



**Statement of the Attorney General
as to the
Quincy Medical Center Transaction**

September 7, 2011

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STATEMENT OF ATTORNEY GENERAL
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QUINCY MEDICAL CENTER, INC. TRANSACTION

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The Attorney General, in accordance with her statutory duties under G.L. c. 180, § 8A(d), issues this statement (the “Statement”) regarding the proposed transaction (the “Transaction”) by which Quincy Medical Center, Inc. (“Quincy Medical Center”) and its affiliated entities QMC ED Physicians, Inc. (“QMC ED”) and Quincy Physician Corporation (“QPC”) (collectively, the “Quincy Sellers”), propose to sell and transfer, as part of a “pre-packaged” sale in the Quincy Sellers’ pending Chapter 11 bankruptcy proceedings,¹ substantially all of their health care assets and operations to Quincy Medical Center, A Steward Family Hospital, Inc., f/k/a Steward Medical Holdings Subsidiary Five, Inc. (the “Steward Buyer”), an indirect subsidiary of Steward Health Care System LLC (the “Steward Parent”) (the Steward Buyer and the Steward Parent each individually and together, “Steward”), an affiliate of Cerberus Capital Management, L.P. (“Cerberus”). Steward also will assume, pursuant to the terms of the Transaction, certain liabilities of the Quincy Sellers.

The Attorney General notes that, effective November 6, 2010, the Steward Parent acquired the Caritas Christi health system, including its six Catholic faith-based hospitals in eastern Massachusetts (the “Caritas Transaction”).² See Statement of the Attorney General as to the Caritas Christi Transaction dated October 6, 2010 (the “AG Statement in the Caritas Transaction”). On May 1, 2011, Steward acquired two additional for-profit Massachusetts hospitals.³ On May 26, 2011, the Attorney General received written notice pursuant to G.L. c.

¹ The Quincy Sellers’ Chapter 11 cases are being jointly administered under the case: In re: Quincy Medical Center, Inc., Case No. 11-16934-MSH, pending in the United States Bankruptcy Court, District of Massachusetts (the “Bankruptcy Court”). The Attorney General is a party in interest to these Chapter 11 proceedings pursuant to Section 1221(d) of the Bankruptcy Abuse Prevention and Consumer Protection Act of 2005 (“BAPCPA”) as “the attorney general of the State in which the debtor is incorporated, was formed or does business.” See also BAPCPA, Section 1221(e) which provides as follows: “RULE OF CONSTRUCTION.--Nothing in this section shall be construed to require the court in which a case under chapter 11 of title 11, United States Code, is pending to remand or refer any proceeding, issue, or controversy to any other court or to require the approval of any other court for the transfer of property.” The public policy concerning the BAPCPA reforms includes the intent to ensure that the transfer of non-profit organizations to for-profit organizations through the bankruptcy process also conforms to state law.

The Attorney General understands that the Quincy Sellers intend to seek post-closing, contingent upon the assent of the Attorney General, approvals from the Massachusetts Supreme Judicial Court concerning: (a) the use of the Quincy Sellers’ donor-restricted funds, which, consistent with applicable general non-profit and charities law, are excluded assets under the APA, and (b) reorganization or dissolution, as may be appropriate or necessary.

² These hospitals now operate as Steward Carney Hospital, Inc. (“Steward Carney Hospital”) (Dorchester), Steward Good Samaritan Medical Center, Inc. (Brockton), Steward Holy Family Hospital, Inc. (Methuen), Steward Norwood Hospital, Inc. (Norwood), Steward St. Elizabeth’s Medical Center of Boston, Inc. (Brighton), and Steward St. Anne’s Hospital Corporation (Fall River).

³ These hospitals now operate as Merrimack Valley Hospital, A Steward Family Hospital, Inc. (Haverhill) and Nashoba Valley Medical Center, A Steward Family Hospital, Inc. (Ayer).

180, § 8A(d), that Morton Hospital and Medical Center, Inc., seeks to sell its assets and operations to Steward.⁴ While the Attorney General’s review of this Transaction, consistent with Section 8A(d), necessarily is specific to Quincy Medical Center and its proposed sale to Steward, the Attorney General is mindful of the dynamic state of the Massachusetts hospital and health care markets, including market changes in light of Steward’s recent and relatively rapid expansion, and, in the public interest, the Attorney General has taken such factors into consideration in her review.

I. INTRODUCTION

1.1 Transaction Overview

The hospital now known as Quincy Medical Center, a 196-licensed-bed acute care hospital in Quincy, Massachusetts, was founded in 1890 as Quincy City Hospital and operated for 109 years as a municipal hospital. In 1999, with the approval of the City of Quincy and the Massachusetts Legislature, Quincy Medical Center became, and continued its operation as, a new non-profit, charitable organization.⁵

Quincy Medical Center is part of a health system with affiliated entities (individually and collectively, “Quincy”). The other Quincy Sellers, QMC ED and QPC, are both non-profit corporations controlled by Quincy Medical Center. QMC ED and QPC do not employ physicians; rather, their sole purpose is to own certain third-party payor contracts and provider numbers under which Quincy Medical Center services are billed to third-party payors. Also, Quincy Medical Center holds a 20% interest in South Suburban Oncology Center Limited Partnership, a for-profit joint venture with Shields Oncology Services; and, QMC ED holds a 10% interest in BMC NAB Business Trust, which owns the Shapiro Ambulatory Care Center located on the Boston Medical Center campus.⁶

⁴ See Statement of the Attorney General in the Morton Hospital and Medical Center, Inc. Transaction dated September 7, 2011 (the “AG Statement in the Morton Transaction”). In addition, Steward is in the process of acquiring two hospitals in Rhode Island, Landmark Medical Center in Woonsocket, and its subsidiary, Rehabilitation Hospital of Rhode Island in Smithfield. Steward also has entered an asset purchase agreement to acquire Saints Medical Center, Inc., in Lowell Massachusetts, although the Attorney General has not yet received written notice pursuant to G.L. c. 180, § 8A(d) of such proposed transaction.

⁵ The deed transferring the hospital premises from the City of Quincy (the “Deed”) required compliance with the home rule petition that permitted the City’s transfer of hospital assets and certain liabilities, Chapter 94 of the Acts of 1999 (“Chapter 94”). Among other things, Chapter 94 provides that: “the termination of any major clinical services, including, without limitation, emergency services, by the corporation at the new Quincy hospital shall require approval by a vote of at least two-thirds of the governing board of the corporation, and, in the case of emergency services, the approval of the city council and the mayor.” Chapter 94, Section 3(d). The deed conveying the Quincy Medical Center property to the Steward Buyer will incorporate the requirements of Chapter 94. Further, Chapter 94 required the transferee (Quincy Medical Center) to be and remain a non-profit corporation, which it has. However, Chapter 94 acknowledged that Quincy Medical Center has all the rights, powers, and authorities of a non-profit corporation, including the right to sell substantially all of its assets to a for-profit entity.

⁶ Other entities affiliated with or formed to support the operations of Quincy Medical Center that are not part of the Chapter 11 bankruptcy proceeding or included in the Transaction are: (a) Quincy Medical Center Foundation, Inc., a non-profit, charitable organization formed to generate philanthropic support for Quincy Medical Center; and (b)

The Transaction is the culmination of a review and evaluation process by Quincy Medical Center to address its increasing financial difficulties, including substantial outstanding debt, bond covenant breaches, outdated facilities, and need for capital. During this process, which started in approximately 2009, Quincy engaged outside consultants and advisors and reviewed and explored its options, which included: (a) remaining a stand-alone hospital, (b) clinically affiliating with other non-profit entities, (c) becoming part of another non-profit system, (d) transferring its assets to a for-profit entity, and (e) filing for bankruptcy.

On June 27, 2011, the Quincy Medical Center Board of Trustees (the “Board”)⁷ approved execution of the Asset Purchase Agreement with Steward, which subsequently was amended by a First Amendment to Asset Purchase Agreement dated August 15, 2011, and further amended by a Second Agreement to Asset Purchase Agreement dated September 7, 2011 (as amended, the “APA”). The Attorney General received formal notice of the Transaction from Quincy Medical Center, as required by G.L. c. 180, § 8A(d)(1), in a letter dated July 8, 2011 (“Transaction Notice”), which initiated this review.

Initial Terms of the APA and the Transaction

Key elements of the APA and the Transaction prior to the amendments of the APA are set forth below.

(a) The Steward Buyer will pay purchase consideration for the assets to be transferred consisting of the following: (i) at least \$35 million and up to \$38 million, depending on the Transaction closing date (the “Closing”),⁸ (ii) assumption of certain liabilities, and (iii) certain post-Closing commitments (defined in this Section 1.1, below).

(b) The Steward Buyer will spend or commit to spend, within five years from the Closing, no less than \$34 million in capital expenditures to improve, furnish, equip, and expand the services of the hospital post-Closing (referred to herein as “Steward Quincy Medical Center”), including no less than \$15 million within the first year post-Closing and another \$10 million in the second year post-Closing.⁹

Quincy Medical Center Auxiliary, Incorporated, a non-profit, charitable organization that fundraises for the benefit of Quincy Medical Center.

⁷ The 11-member Board consists of: four community representatives, two Mayoral appointees from the community, four physicians (including the Medical Staff President who serves *ex officio*), and the Chief Executive Officer (who serves *ex officio*).

⁸ A later Closing date reduces the purchase consideration as follows—if the Closing occurs: (a) on or prior to October 1, 2011 (\$38 million), (b) after October 1 and on or prior to November 1, 2011 (\$37 million), and (c) after November 1, 2011 (\$35 million). In addition, as a result of an August 15, 2011 auction in the Bankruptcy Court, the purchase price shall be increased by \$115,000, which shall be allocated towards the Steward Buyer’s winning bid of the 10% ownership interest in BMC NAB Business Trust held by QMC ED (see First Amendment to Asset Purchase Agreement dated August 15, 2011).

⁹ Within that capital expenditure obligation, Steward commits no less than five million dollars in each of the first and second years post-Closing in information technology (“IT”) investment. Over the first 12 to 18 months post-

(c) During years six through ten post-Closing, the Steward Buyer shall, in addition to capital investment for program expansions and service line developments, spend or commit to spend an estimated range of approximately \$4 million annually or \$20 million in aggregate for the routine needs of Steward Quincy Medical Center, based on an average of 110% to 125% of the annual depreciation expense of Steward Quincy Medical Center.

(d) The Steward Buyer will maintain an acute care hospital in Quincy providing at least the same scope of services as Quincy Medical Center currently provides, and the Steward Buyer will not close or limit the services provided at Steward Quincy Medical Center immediately prior to Closing, for ten years post-Closing, except that the Steward Buyer may close or limit such services if Steward Quincy Medical Center, beginning six-and-one-half years post-Closing, has experienced two consecutive fiscal years of negative operating margins (after year-three post-Closing) and given the Massachusetts Department of Public Health (“DPH”) at least 18 months prior written notice of its intent to close; accordingly, the no-close commitment of the Steward Buyer is ten years post-Closing but is qualified from year six-and-one-half through ten post-Closing (as clarified and enhanced by the Section 1.1(p), below, the “No-Close Period”).

(e) The Steward Buyer’s obligations are also subject to any applicable restrictions and covenants contained in the Deed (see footnote 5, above).

(f) The Steward Buyer will maintain charity care and community benefit expenditures at least at the current levels for Quincy Medical Center during the No-Close Period.

(g) A local governing board for Steward Quincy Medical Center will be maintained, composed of medical staff members, community leaders, and appropriate executive officers, which shall be subject to the authority of the Steward Buyer’s board of directors, certificate of incorporation, and bylaws, and which shall, subject to such authority, have responsibility, in accordance with DPH regulations as applicable, for the following decisions concerning Steward Quincy Medical Center: (i) approval of borrowings in excess of \$500,000, (ii) additions or conversions which constitute substantial changes in service, (iii) approval of capital and operating budgets, including prioritization of capital investments, (iv) approval of the filing of an application for Determination of Need, (v) development of strategic plans for the community served by Steward Quincy Medical Center, (vi) medical staff credentialing, and (vii) community benefit planning.

Closing, Steward shall ensure the full deployment of Meditech 6.0 and Advance Clinical Systems and computerized physician order entry. In addition, the Steward Quincy Medical Center’s intensive care unit (“ICU”) beds will be rolled into Steward’s electronic ICU monitoring system, providing 24/7 remote intensivist coverage. The APA also provides that Steward shall, consistent with relevant law: (a) wire community-based physicians who become part of Steward Network Services, Inc., with electronic medical records; (b) afford physicians access to Steward’s managed care contracts, medical management/care management infrastructure, Steward quality and safety group’s medical management systems, and medical malpractice insurance through Steward’s off-shore company; and (c) afford opportunity for senior Quincy Medical Center physicians to take leadership positions on Steward’s system-wide committees for quality and safety. APA Section 8.20(f).

(h) The Steward Buyer will offer comparable employment and terms of employment for the approximately 1,100 Quincy employees at the time of Closing, and the Steward Buyer will recognize each bargaining unit provided for under existing collective bargaining agreements.

(i) The Steward Buyer will continue to use the “Quincy Medical Center” name or some reasonably similar name.

Additional Terms of the Amended APA and the Transaction

In addition, at the urging of the Attorney General, Steward has agreed to the following.

(j) The Steward Buyer’s capital expenditure obligation in years six through ten post-Closing has been clarified to include a minimum aggregate commitment of at least \$10 million, in addition to the commitment to spend an average of 110% to 125% of annual depreciation.

(k) If the Steward Buyer fails to meet its minimum capital expenditure obligations under the APA in the first five years post-Closing, the Steward Buyer shall donate such unspent amounts to a Massachusetts health care charity, after written notice to and approval by the Attorney General.

(l) During the No-Close Period, the Steward Buyer will not close or reduce the number of its 22 inpatient, geriatric psychiatric beds.

(m) For so long as the Steward Buyer operates Steward Quincy Medical Center, the Steward Buyer shall continue to provide the community benefit outreach services to the substantial Asian population in the service area, which currently include an Asian Outreach Coordinator position, a chest clinic, and the provision and training of medical interpreters, subject to such changes over time that may be necessary or appropriate to ensure that such community benefit programs remain properly aligned with the needs and interests of Steward Quincy Medical’s patients and the community post-Closing.

(n) The Steward Buyer’s obligation to offer comparable employment to all employees at Closing applies to those employees on short-term disability, maternity leave, vacation, or leaves of absence with a specified date of return; and further, the Steward Buyer will set initial terms and conditions of employment for all transferred employees (as defined in the APA) consistent with APA Section 9.2(a) and will recognize bargaining units provided for under collective bargaining agreements that expired in 2011.

(o) The No-Close Period is, in essence, seven years unqualified and an additional three years qualified; and further, the Steward Buyer must provide DPH with certain financial performance information in any notice of intent to close, and the Steward Buyer must provide not only DPH but also the Attorney General with an 18-month notice of negative financial performance, along with a subsequent six-month notice of an intent to close.

(p) For as long as the Steward Buyer operates Steward Quincy Medical Center (not just during the ten-year No Close Period), Steward Quincy Medical Center shall maintain charity

care and community benefits programs pursuant to the Attorney General's Community Benefits Guidelines for Non Profit Hospitals.

(q) For as long as the Steward Buyer operates Steward Quincy Medical Center (not just during the ten-year No Close Period), Steward Quincy Medical Center will adopt and implement charity care policies generally consistent with the current Quincy Medical Center charity care policies and will comply with the Recommended Hospital Debt Collection Practices set forth in the Attorney General's Community Benefits Guidelines for Non Profit Hospitals. In addition, the Steward Buyer will continue to accept Medicare and Medicaid patients consistent with current Quincy Medical Center practices, to accept emergency room patients regardless of ability to pay consistent with applicable law, and to provide culturally and linguistically appropriate services consistent with those currently provided at Quincy Medical Center.

(r) The Steward Buyer may not sell or transfer a majority interest in Steward Quincy Medical Center for five years post-Closing, except as part of an otherwise permitted sale of the Steward health system as a whole or Steward Medical Holdings LLC ("Steward Medical Holdings"), which holds the Steward secular hospitals, including the Steward Buyer.

(s) The Steward Buyer committed that the following APA provisions will apply to any successor-in-interest to the Steward Buyer: (i) ongoing obligations for community benefit and charity care, including debt collection practices, (ii) regulatory cooperation; (iii) the no-closure commitments, including maintaining at least the current scope of services and maintaining current community benefit and charity care expenditure levels for the No-Close Period, (iv) the capital expenditures commitment in years six through ten post-Closing; (v) the local governing board commitment, (vi) the donor-naming commitment; provided that only items (i) and (ii) apply if the Steward Buyer satisfies the No-Close Period criteria (including notice provisions) and otherwise could close the hospital rather than sell it or if the sale occurs after the tenth anniversary of the Closing. Also, the Steward Buyer will give the Attorney General at least 90 days prior notice of any sale.

(t) The Steward Buyer, notwithstanding its for-profit status, will fully cooperate with any investigation, inquiry, study, report, or evaluation conducted by the Attorney General under her oversight authority of the non-profit charitable hospital industry to the same extent and subject to the same protections and privileges as if Steward were a public charity.

(u) The Steward Buyer agrees that all naming commitments made in the past to Quincy donors will be honored.

(v) Quincy Medical Center has reserved funds to assure that endowment funds and other donor-restricted gifts, which are excluded from the Transaction, are appropriately segregated and used for appropriate purposes, as well as the reorganization or dissolution of the Quincy entities post-Closing, as may be appropriate or necessary. To that end, Quincy Medical Center shall be subject, along with Steward, to a Transition, Windup, and Reorganization Agreement with the Attorney General (described in Section 5.3, below).

(w) The scope of the existing assessment and monitoring of Steward by the Attorney General and DPH has been clarified to include expressly the monitoring, assessment, and evaluation of the impact of the Transaction on health care costs, access, and services within the communities served by Steward, consistent with an Assessment and Monitoring Agreement with the Attorney General (described in Section 5.2, below).

(x) The Attorney General shall have the right to enforce certain post-Closing provisions of the APA related to the public interest (e.g., No-Close Period, capital expenditures, community benefits, charity care), subject to an Enforcement Agreement with the Attorney General (described in Section 5.1, below).

1.2 Statutory Basis for Attorney General Review

Under G.L. c. 180, § 8A(d), the Attorney General reviews transactions involving the sale or transfer of non-profit hospital assets or operations to for-profit entities. Section 8A(d)(1) provides, in part:

“A nonprofit acute-care hospital . . . shall give written notice of not less than 90 days to the attorney general . . . before it enters into a sale, lease, exchange, or other disposition of a substantial amount of its assets or operations with a person or entity other than a public charity. . . . When investigating the proposed transaction, the attorney general shall consider any factors that the attorney general deems relevant, including, but not limited to, whether:

- (i) the proposed transaction complies with applicable general nonprofit and charities law;*
- (ii) due care was followed by the nonprofit entity;*
- (iii) conflict of interest was avoided by the nonprofit entity at all phases of decision making;*
- (iv) fair value will be received for the nonprofit assets; and*
- (v) the proposed transaction is in the public interest.”*

The results of her investigation and review inform her in responding to the Transaction approval sought by the Quincy Sellers from the Bankruptcy Court. Bankruptcy Court approval is required for the Transaction to proceed.¹⁰

1.3 Questions Posed

Consistent with the prior Section 8A(d) reviews by the Office of the Attorney General concerning the Caritas Transaction and the conversion of The Nashoba Community Hospital

¹⁰ The disposition of endowment funds and other donor-restricted assets, which are excluded from the Transaction, as well as the reorganization or dissolution of Quincy charitable entities, as may be appropriate or necessary, are subject to the post-Closing review and approval of the Massachusetts Supreme Judicial Court and subject to the oversight of the Attorney General. See Exhibit 5.3, Transition, Wind-up, and Reorganization Agreement.

Corporation d/b/a Deaconess Nashoba Hospital (the “Nashoba Transaction”),¹¹ in considering the above statutory factors, the Attorney General seeks to answer the following questions.

(a) Did the Board comply with applicable general non-profit and charities law in its decision to sell to a for-profit entity? Compliance with several aspects of applicable general non-profit and charities law are addressed in paragraphs (b) through (e), below. In addition, consistent with relevant charities law, public charities, which hold their assets in charitable trust for the benefit of the public, cannot sell their assets and operations to a for-profit entity simply because they may operate better or more effectively with private equity. Charitable board members considering for-profit conversion must act in accordance with the legal doctrine of *cy pres*.¹² The record must support the Board’s application, based on the facts and circumstances in this case, of the relevant “impossible or impracticable” *cy pres* legal standard, namely, that: (i) Quincy Medical Center could not continue to survive in its current charitable form as a stand-alone community hospital, and (ii) there was no reasonably viable non-profit option for the continuation of Quincy Medical Center’s current operations.

(b) Did Quincy Medical Center carefully, thoughtfully, and deliberately explore and evaluate available options? The Board’s determination to sell and transfer the assets and operations of Quincy Medical Center to a for-profit entity, where assets are held for the benefit of private owners and no longer held for the benefit of the public, must have been considered and approved in a deliberative manner that carefully evaluated all options.

(c) Did Quincy Medical Center appropriately and effectively assure disclosure of, and then manage, any conflicts of interest related to the Transaction? Consistent with relevant law, conflicts of interest concerning charitable organizations are not necessarily inappropriate or harmful, but they must be disclosed and appropriately handled to assure that private or individual interests (e.g., including those of physicians, employees, management, unions, vendors, or other third parties) do not take priority over those of the institution and the public it serves.

(d) Is the purchase consideration, taken as a whole, fair and reasonable? Quincy Medical Center should receive fair value for the charitable assets it holds for the benefit of the public.

(e) Is the Transaction in the public interest? As set forth in Section 4.5, below, the Attorney General is authorized to, and did, consider a variety of factors to assess whether the Transaction is in the public interest.

¹¹ See Statement of the Attorney General as to The Deaconess Nashoba Hospital Transaction dated December 20, 2002 (the “AG Statement in the Nashoba Transaction”).

¹² *Cy pres* means “as near as possible” and is the legal principle that requires charitable funds to be used according to the charitable purposes for which they are held, unless it is impossible or impracticable to continue to do so. The application of this standard under charities law protects charitable assets, including non-profit hospitals subject to Section 8A(d) review, from improper diversion to for-profit entities.

1.4 Review Process

The Attorney General, principally through her Non-Profit Organizations/Public Charities Division, and also involving her Antitrust Division and Health Care Division, conducted an investigation of the Transaction in the context of the above statutory factors by, among other actions: (a) holding a public hearing in Quincy on August 9, 2011, (b) posting the Transaction Notice, the APA, and all other exhibits to the Transaction Notice on the Attorney General's website, (c) accepting comments from other health care providers, employees, unions, and members of the public, (d) obtaining information from health care providers interested in or potentially impacted by the Transaction, (e) holding meetings and discussions with interested parties, (f) reviewing financial records, minutes, reports, and other documents provided in response to document production requests of the Attorney General, (g) submitting interrogatories to be answered under oath to all members of the Board and senior management and reviewing the responses to same, (h) interviewing key Board members and senior management, including the former Interim Chief Executive Officer and the current Chief Executive Officer (who is the former Chief Financial Officer) of Quincy, (i) interviewing Steward's President and Chief Executive Officer, as well as Steward's Executive Vice President of Corporate Strategy and Management, (j) consulting with other state agencies and with local and state officials, and (k) retaining the services of consultants and outside counsel to assist the Attorney General in her analysis.

During her review, the Attorney General urged and Steward agreed to expand its commitments to the Attorney General and the public through amendments to the APA and Transaction enhancements as described in Sections 1.1(j) through (x), above. Among other commitments, Steward has agreed to clarify the scope of its existing agreement with the Attorney General to include the monitoring, assessment, and evaluation of the impact of the Transaction on health care costs, access, and services within the communities served by Steward, as described in Sections 1.1(x), above.

II. FINDINGS: SUMMARY

For the reasons and with the conditions set forth in Sections IV and V of this Statement, the Attorney General makes the following findings.

2.1 The Board determined that: (a) Quincy Medical Center could not continue to survive in its current charitable form as a stand-alone community hospital, and (b) there was no reasonably viable non-profit option for the continuation of Quincy Medical Center's current charitable operations. Quincy Medical Center has filed for bankruptcy. If the Transaction does not occur, Quincy Medical Center most likely will run out of cash and close by year-end. No non-profit bidder submitted a response to Quincy Medical Center's request for proposals ("RFP") prior to its filing for bankruptcy on July 1, 2011. Subsequent to its bankruptcy filing, no non-profit qualified bidder has submitted in Bankruptcy Court a competing bid to Steward's "stalking horse" bid to purchase the assets of the Quincy Sellers. Accordingly, the Attorney General finds that the record supports a reasonable basis for the Board's determination, consistent with applicable general non-profit and charities law.

2.2 While noting the Attorney General’s process recommendations referenced in Section III and in Section 4.2, below, the Board complied with standards of due care. Starting in approximately 2009, the Board actively explored the following options: (a) remaining a stand-alone hospital, (b) clinically affiliating with other non-profit entities, (c) becoming part of another non-profit system, (d) transferring its assets to a for-profit entity, and (e) filing for bankruptcy. In doing so, it retained the services of qualified, independent consultants and advisors and reached a decision only after a thoughtful and deliberative, albeit expedited, process directed by the Board, through its executive committee (the “Executive Committee”).¹³

2.3 While noting the Attorney General’s process recommendations referenced in Section III and in Section 4.3, below, there was no self-dealing or conflict of interest mismanagement concerning the Transaction. Members of the Board and senior management had no existing financial interests or business relationships with Steward. Steward’s obligation to offer all Quincy Seller employees at the time of Closing, including senior management, comparable employment with Steward at Closing was an APA provision sought and negotiated by the Board. No financial terms and conditions have been negotiated between Steward and members of Quincy senior management with respect to future service. No member of Quincy senior management will receive an increase in salary, incentive payment or bonus, or other form of compensation as consideration for identifying or finding Steward or for negotiating, effectuating, or entering into the Transaction. The interests of current Board members in future service on the Steward Quincy Medical Center board arises out of a local governance condition sought and negotiated by the Board. With respect to the selection of Board members to serve on the Steward Quincy Medical Center board, such individuals were not nominated by Quincy Medical Center or appointed by Steward until after the APA was executed (such appointments are to be effective upon Closing).

2.4 The purchase consideration for the assets and operations of Quincy Medical Center is fair and reasonable. Compensation for the charitable assets was the result of the evaluation of an RFP process, negotiations with two interested for-profit bidders, and final terms and conditions negotiated and determined in an arm’s length manner unaffected by personal or other interests. From an industry benchmarking perspective (e.g., earnings before interest, depreciation, and amortization (“EBIDA”) multiple), the compensation is above the range of comparables for similar transactions. While the \$35 to \$38 million purchase price consideration under the APA (amount tied to date of Closing; see footnote 8), in and of itself, is fair and reasonable, the additional Steward obligations under the APA, including commitments to charity care, community benefits, minimum operational period, and capital expenditures, also are of value to the public.

2.5 The Transaction serves the public interest. As noted in the AG Statement in the Caritas Transaction, there are risks to the public intrinsic in any change of control, including a non-profit to for-profit conversion. In making its determination, the Board considered such risks and attempted to mitigate them with APA post-Closing commitments in the public interest (see

¹³ The Executive Committee of the Board consists of the Board Chair (a community Board member in the banking industry), two additional community Board members (one in the banking industry and one an attorney), and the Interim President and Chief Executive Officer (with vote), as well as the Chief Financial Officer (without vote).

Sections 1.1 (a)-(i), above). In addition, consistent with the public interest, the Attorney General has worked to enhance the Transaction, including with additional protections and transparency (see Sections 1.1(j)-(x), above). Furthermore, public input concerning the Transaction almost universally acknowledged that the most likely alternative to the Transaction – the closure of Quincy Medical Center – was unacceptable and not in the best interests of the community.

III. PUBLIC COMMENTS AND PROCESS RECOMMENDATIONS

During the review process, the Attorney General received comments from a variety of sources, the majority of which were supportive of the Transaction. Attached in Appendix A is a summary of such sources and commentary, including at the August 9, 2011 public hearing.

As an educational tool for charities, the Attorney General notes the process recommendations set forth in Appendix B of the AG Statement in the Morton Transaction.

IV. CONCLUSIONS AND FINDINGS: DETAIL AND DISCUSSION

4.1. The Transaction complies with applicable general non-profit and charities law.

Applying the relevant “impossible or impracticable” *cy pres* legal standard under applicable general non-profit and charities law, the Board determined that: (a) Quincy Medical Center could not continue to survive in its current charitable form as a stand-alone community hospital, and (b) there was no reasonably viable non-profit option for the continuation of Quincy Medical Center’s current charitable operations. The Attorney General’s analysis concerning the first part of the Board’s determination is set forth in this Section 4.1. The Attorney General’s analysis concerning the second part of the Board’s determination is set forth in Section 4.2, below.

Analysis

Quincy’s financial distress resulted in violation of its days cash on hand bond covenant in 2009. In March 2010, Quincy engaged the law firm Casner & Edwards, LLP as special counsel to the Board to apprise the bondholders of Quincy’s financial situation and to begin to prepare creditors for a merger, acquisition, or potential bankruptcy filing. In approximately March of 2011, Quincy engaged Navigant Consulting and Navigant Capital Advisors (individually and together, “Navigant”), national firms with experience in merger and acquisition transactions specializing in advising health care clients facing strategic, financial, and other challenges. In an April 19, 2011 presentation, Navigant advised the Board that Quincy was not generating sufficient cash flow to service its debt and make routine capital expenditures, despite performance improvements and cost reduction efforts that had been implemented since 2009 or additional ones that Navigant could identify. Given Quincy Medical Center’s high debt and its inability to meet bond covenant requirements, the Board determined that Quincy Medical Center could no longer survive as a stand-alone community hospital; the Board also determined that bankruptcy likely was the only vehicle to attract a capital partner and to restructure and recapitalize Quincy in order to continue its operations.

Regarding Quincy Medical Center’s ability to survive in its current charitable form as a stand-alone community hospital, the Attorney General requested and reviewed relevant documents and information, including financial, utilization, and market data pertaining to Quincy and the markets served, as well as interrogatory responses from, and interviews with, Board members and senior management concerning Quincy’s financial and operational viability. Such data included the following: audited and internal financial statements, including balance sheets, income statements, and cash flow statements, capital budgets, internal operating statements, data available from the Massachusetts Division of Health Care Finance and Policy and the Massachusetts Health Data Consortium, and Quincy inpatient and outpatient utilization statistics. The Attorney General engaged Health Strategies & Solutions, Inc. (“HS&S”) to assist with the review of this data, Quincy, and the Transaction.

Below is a summary of utilization and financial information for Quincy Medical Center for the past several years, including data to support the Attorney General’s finding that the record shows a reasonable basis for the Board’s determination that it is impracticable, if not impossible, for Quincy Medical Center to continue operations in its current charitable form as a stand-alone community hospital.

QUINCY MEDICAL CENTER (QMC) UTILIZATION¹⁴

Measure	FY2008	FY2009	FY2010	FY2011 (9 mos.)	FY2011 (ann.)	% Δ 2008-2010
QMC discharges	6,643	6,604	6,064	4,499	5,999	(8.7%)
MA hospitals total discharges	857,055	862,233	N/A	N/A	N/A	0.6%
QMC total patient days	33,514	33,114	31,537	22,774	30,365	(5.9%)
QMC ALOS	5.0	5.0	5.2	5.1	5.1	4.0%
MA hospitals ALOS	4.8	4.6	N/A	N/A	N/A	(4.2%)
QMC average daily census	91.6	90.7	86.4	83.24	83.24	(5.6%)
QMC occupancy percentage for licensed beds	46.7%	46.3%	44.1%	42.6%	42.6%	(5.9%)
MA hospitals median occupancy percentage for licensed beds	62.7	61.3	N/A	N/A	N/A	(2.2%)
QMC occupancy percentage for staffed beds	70.5%	78.2%	74.5%	71.7%	71.7%	5.5%
MA hospitals median occupancy percentage for staffed beds	70.5%	68.1%	N/A	N/A	N/A	(3.4%)
QMC ED visits	39,123	38,597	37,896	28,587	38,116	(3.1%)
QMC outpatient surgery cases	2,715	2,704	2,500	1,782	2,376	(7.9%)

¹⁴ In the data tables in this Section 4.1, the abbreviation “QMC” means “Quincy Medical Center” as defined above. Sources for the data in this chart include the following: Quincy Medical Center financial and utilization statements and monthly financial reports, October 2007 to June 2011, and the Massachusetts Division of Health Care Finance and Policy: Study of the Reserves, Endowments, and Surpluses of Hospitals in Massachusetts, May 2010. FY 2011 data are based on nine months (October 1, 2010 to June 30, 2011). Occupancy percentage for Quincy Medical Center licensed beds is based on 196 licensed beds. Occupancy percentage for Quincy Medical Center staffed beds is based on 130 staffed beds for FY 2008 and 116 staffed beds for FY 2009 to FY 2011.

- (a) Quincy Medical Center’s discharge volume and patient days have declined over the past several years. Both FY 2010 and annualized FY 2011 discharges are more than 8% lower than FY 2008 discharge volume.
- (b) Quincy Medical Center’s average length of stay (“ALOS”) remained relatively constant from FY 2008 to FY 2011 YTD. Quincy Medical Center’s ALOS is higher than the most recently available Massachusetts hospital median.
- (c) Quincy Medical Center’s outpatient surgery volume decreased by 7.9% between FY 2009 and FY 2010, and is projected to drop an additional 5.0% in FY 2011.

QUINCY MEDICAL CENTER (QMC) FINANCIAL PERFORMANCE¹⁵
(\$ in thousands)

Measure	FY2007	FY2008	FY2009	FY2010	FY2011 (9 Mos.)	FY2011 (Ann.)
QMC net patient service revenue	\$99,086	\$96,323	\$101,709	\$97,298	\$72,464	\$96,619
QMC total revenues	\$106,348	\$104,960	\$109,397	\$103,002	\$76,070	\$101,427
QMC total operating expenses	\$109,850	\$107,448	\$111,018	\$108,831	\$83,955	\$111,940
QMC total operating margin \$	(\$3,502)	(\$2,488)	(\$1,621)	(\$5,829)	(\$7,885)	(\$10,513)
QMC total operating margin %	(3.3%)	(2.4%)	(1.5%)	(5.7%)	(10.4%)	(10.4%)
QMC total net income	\$913	(\$2,755)	(\$1,760)	(\$5,928)	(\$8,262)	(\$11,016)
QMC total net margin	0.9%	(2.6%)	(1.6%)	(5.8%)	(10.9%)	(10.9%)
MA hospital median total margin	3.0%	1.4%	2.2%	2.6%	N/A	N/A
QMC FTEs per adjusted occupied bed	N/A	3.61	3.66	3.56	3.58	3.58
MA hospitals median FTEs per adjusted occupied bed	2.95	3.09	3.04	N/A	N/A	N/A

- (a) Quincy Medical Center had both a negative operating margin and negative total net income in each year from FY 2008 to FY 2010; these figures are projected to decline further in FY 2011. Quincy Medical Center financial performance has not enabled the organization to generate funds to sufficiently maintain and invest in facilities, infrastructure, programs and services, and major equipment.

¹⁵ Sources for the data in this chart include the following: Quincy Medical Center financial and utilization statements and monthly financial reports, October 2007 to June 2011, and Ingenix Almanac of Hospital Financial and Operating Indicators, 2011. FY 2011 data are based on nine months (October 1, 2010 to June 30, 2011).

QUINCY MEDICAL CENTER (QMC) FINANCIAL POSITION¹⁶
(\$ in thousands)

Measure	9/30/07	9/30/08	9/30/09	9/30/10	6/30/11	%Δ 2007-2010
QMC cash and cash equivalents	\$933	\$4,760	\$4,799	\$3,026	\$3,072	224.3%
QMC investments	\$18,118	\$13,658	\$12,603	\$13,758	\$5,997	(24.1%)
QMC total current assets	\$21,563	\$21,416	\$22,317	\$19,728	\$21,500	(8.5%)
QMC accounts payable	\$17,008	\$15,107	\$11,741	\$12,843	\$22,254	(24.5%)
QMC total current liabilities	\$28,155	\$24,114	\$21,899	\$21,581	\$21,116	(23.3%)
QMC current ratio	0.77	0.89	1.02	0.91	1.02	19.4%
MA hospitals median current ratio	1.52	1.46	1.50	1.55	N/A	2.0%
United States hospital median current ratio (100-199 beds)	2.05	1.89	1.98	N/A	N/A	N/A
QMC days cash on hand (all sources)	66.1	64.8	59.2	58.6	41.0	(11.4%)
MA hospitals median days cash (all sources)	62.9	69.9	78.7	N/A	N/A	N/A
United States hospital median days cash (100-199 beds)	81.6	71.0	115.7	N/A	N/A	N/A

- (a) Quincy Medical Center’s cash and cash equivalents are very limited and the organization’s liquidity position is poor. Quincy Medical Center’s investments declined by more than 67% from September 30, 2007 to June 30, 2011. Quincy Medical Center’s days cash on hand have fallen consistently over the past several years, and as of June 30, 2011, they were approximately one-half of the most recently available median level for Massachusetts hospitals.
- (b) Over the first nine months of FY 2011, Quincy Medical Center’s accounts payable have almost doubled.

¹⁶ Sources for the data in this chart include the following: Quincy Medical Center financial and utilization statements and monthly financial reports, October 2007 to June 2011, and Ingenix Almanac of Hospital Financial and Operating Indicators, 2011.

QUINCY MEDICAL CENTER (QMC) FINANCIAL POSITION¹⁷ (Continued)

Measure	9/30/07	9/30/08	9/30/09	9/30/10	6/30/11	%Δ 2007-2010
QMC total assets	\$70,870	\$88,827	\$84,606	\$79,364	\$71,215	12.0%
QMC total long term debt	\$36,225	\$60,076	\$59,452	\$58,794	\$55,629	62.3%
QMC total liabilities	\$64,380	\$84,189	\$81,352	\$80,375	\$76,744	24.8%
QMC total net assets	\$6,490	\$4,637	\$3,254	(\$1,012)	(\$7,924)	(115.6%)
QMC long-term debt to capitalization	84%	93%	95%	102%	117%	21%
Massachusetts hospital median long-term debt to capitalization	31%	36%	38%	N/A	N/A	N/A
United States hospital median long-term debt to capitalization (100-199 beds)	35%	35%	36%	N/A	N/A	N/A
<hr/>						
QMC equity financing	9.2%	5.2%	3.8%	(1.3%)	(11.1%)	(114%)
Massachusetts hospital median equity financing	48.9%	49.0%	38.1%	39.2%	N/A	N/A
United States hospital median equity financing (100-199 beds)	52.0%	45.9%	49.2%	N/A	N/A	N/A

- (a) From September 30, 2007 to June 30, 2011, Quincy Medical Center’s long-term debt and total liabilities both increased by more than \$12 million. Overall, Quincy Medical Center has a negative net asset position, which has deteriorated significantly over the first nine months of FY 2011.
- (b) Quincy Medical Center’s long-term debt to capitalization ratio, which measures the organization’s reliance on debt, increased substantially between September 30, 2007 and September 30, 2010. This measure is nearly three times higher than the most recent state and national hospital medians and indicates that Quincy Medical Center is highly leveraged. Quincy Medical Center’s equity financing percentage declined from 9.2% as of September 30, 2007 to negative (1.3%) as of September 30, 2010; this is reflective of the organization’s negative net asset position.
- (c) On July 1, 2011, Quincy Medical Center filed for Chapter 11 bankruptcy with the Bankruptcy Court.

Financial Capacity of Steward

In her review of the Transaction, the Attorney General also considered the financial capacity of Steward. Steward management reports that the organization has in excess of \$100 million in unrestricted cash availability, and access to an additional \$400 million through approved financing. Steward management also reports that the organization has a forward

¹⁷ Sources for the data in this chart include the following: Quincy Medical Center financial and utilization statements and monthly financial reports, October 2007 to June 2011, and Ingenix Almanac of Hospital Financial and Operating Indicators, 2011.

commitment of \$400 million from the Steward Parent, out of a fund with approximately \$2.5 billion available.¹⁸

Steward expects to receive an additional \$50 million by 2016 in government funding, by achieving “meaningful use” of IT, including electronic health records. Steward also has current annual earnings before interest, taxes, depreciation and amortization of more than \$80 million. Accordingly, Steward’s reportedly available resources are more than sufficient to finance the Transaction and fund post-Closing commitments.

Key Findings

Quincy Medical Center’s financial performance and position have deteriorated substantially over the past several years. Quincy does not have the resources to meet current and long-term financial obligations, as evidenced by its recent bankruptcy filing. It is impracticable, if not impossible, for Quincy Medical Center to remain independent.

Based on a tour of the grounds and facilities, as well as interviews with management and Board members, Quincy Medical Center requires significant capital investment to upgrade, maintain, and improve existing facilities and equipment. Without a capital partner, Quincy Medical Center will not be able to continue its operations as a community hospital provider of acute care and other health care services.

The APA capital expenditures commitment by Steward over the next ten years (including \$34 million over the first five years post-Closing, and at least \$10 million in the following five years) will provide funding to address existing deficiencies and meet ongoing needs. In addition, Steward’s reportedly available resources are more than sufficient to finance the Transaction and fund post-Closing commitments.

4.2 The Board and senior management complied with standards of due care.

Members of the Board, as well as senior managers, are fiduciaries and must at all times in their dealings with Quincy act in a manner consistent with their obligations of due care and loyalty. The duty of care means that these individuals must act prudently, act in good faith, and exercise reasonable judgment. For the reasons set forth below, the Attorney General finds that the Board and senior management acted consistent with that duty.

The Attorney General requested and reviewed relevant documents and information, including financial data, organizational and governance documents, transactional documents, business records, and minutes of Board and committee meetings, as well as interrogatory responses from, and interviews with, Board members and senior management concerning Quincy’s consideration of alternative transactions as well as the Transaction.

Below is a summary of the record evidencing due care by the Board, including Quincy’s initial exploration of clinical affiliations, and consideration of increasing financial pressures,

¹⁸ Steward’s capital commitment in the Caritas Transaction is \$400 million by November 6, 2014.

bankruptcy filing, potential merger or acquisition and related RFP process, and, ultimately, selection of Steward.

Board and Executive Committee Documentation

As a threshold matter, the Attorney General notes that the Board met regularly, kept and approved minutes of its regular meetings, and received regular reports from committees and management at Board meetings. Regular meetings of the Board generally lasted approximately two hours, and attendance by Board members was generally good. However, the Attorney General notes that neither the Board nor its Executive Committee generated minutes of the numerous special meetings of the Board, executive sessions of regular meetings of the Board, or Executive Committee meetings where topics such as filing for bankruptcy, the RFP process, including meetings with Navigant and counsel, or the review of the two final proposals from for-profit bidders were discussed. Quincy stated that its practice of not taking minutes during this review period was implemented primarily due to the highly confidential and sensitive nature of the discussions, including the potential bankruptcy filing, as well as the relative speed of the proceedings. The Board's practice in this regard left a poor record of the Board and Executive Committee's meetings and deliberations throughout the process leading to approval of the Transaction.

Based on her review of the Transaction, including interviews of Board members and Quincy senior management and document production review, the Attorney General finds that Quincy's approach of not taking minutes during the review process was a deviation from the Board's typical documentation practices and was implemented primarily in light of the speed of the process and the highly confidential and sensitive nature of the discussions, including the potential bankruptcy filing. The Attorney General also finds that, notwithstanding the lack of minutes, the Board and its Executive Committee did meet regularly, including with consultants and advisors, met with increasing frequency as the RFP process progressed and as financial pressures increased, and satisfied the fiduciary of obligation of due care concerning the RFP process and the Board's review and approval of the Transaction. In addition, six written presentations to the Board and Executive Committee by Navigant were maintained, five of which are included as exhibits to the Transaction Notice.¹⁹ The documents produced, substantiated by interviews and interrogatory answers, reflect that Quincy, working with its consultants and advisors, engaged in a detailed, if expedited, RFP process, and that the bulk of the RFP process work with Navigant was conducted by the Executive Committee.

The Attorney General emphasizes to charitable organizations, that, while concerns regarding speed and confidentiality are understandable, deliberations related to potential non-profit hospital acquisitions should be carefully and consistently documented; and further, confidentiality concerns do not override the need for charities to document significant and sensitive deliberations and votes, including those in executive sessions. In addition, charities can implement procedures to address such confidentiality concerns (e.g., entering executive sessions and treating draft minutes as confidential, controlled documents that are not emailed, mailed, or posted on governance intranet sites, but rather, distributed and collected at meetings). The

¹⁹ The first Navigant presentation to the Board on February 4, 2011, which set forth Navigant's qualifications to assist and advise Quincy, is not a Transaction Notice exhibit.

Attorney General refers to her process recommendations concerning minutes set forth in Appendix B(4) of the AG Statement in the Morton Transaction.

Increasing Financial Pressures/Clinical Affiliations (2006-2011)

The minutes of the regular meetings of the Board produced to the Attorney General show: (a) a pattern of financial problems, which were consistently reported to and discussed by the Board, and (b) ongoing efforts by the Board to address the financial situation, including a focus on cost reductions and increasing volume. In 2006, due to declining financials, Quincy engaged the health care consulting firm FTI Cambio, which identified performance improvement opportunities and recommended governance reforms. Quincy continued to experience financial difficulty. Financial reports delivered to the Board during 2007 show consistent losses, and there appears to have been some concern related to Quincy's accountants being able to consider Quincy a going concern. The Board discussed options including refinancing, possible performance improvements, and governance reforms.

In 2009, Boston Medical Center, largely due to its own financial difficulties, could no longer sustain, and terminated, its ten-year relationship of clinical affiliation and support to Quincy Medical Center. Quincy Medical Center next pursued a clinical affiliation with South Shore Hospital, which was not successful and only lasted approximately eight months, in part due to the difficulties of a more or less horizontal provider affiliation and in part due to lack of support from the Quincy Medical Center medical staff (the "Medical Staff") for such affiliation.

In or around 2009, Quincy Medical Center defaulted on its days cash on hand bond covenant. As noted in Section 4.1, above, Quincy engaged Casner & Edwards in March 2010 to apprise the bondholders of Quincy's financial situation and to begin to prepare creditors for a merger, acquisition, or potential bankruptcy filing. In compliance with requirements under the bond documents, Quincy engaged a consultant, Alvarez & Marsal Healthcare Industry Group ("Alvarez & Marsal"), to identify potential performance improvement initiatives. At the March 16, 2010, Board meeting, these events were reported to the Board. In one of its reports to the Board, Alvarez & Marsal noted that Quincy's situational assessment included the recent termination of the ten-year Boston Medical Center affiliation, the short-lived South Shore Hospital affiliation and the lack of Medical Staff support for such affiliation, the search for a new tertiary care affiliation partner, the transition of the Quincy Board Chair, declining Quincy Medical Center volumes, worsening financials, increasing competitive pressures, the violation of bond covenants, and the departure in April of 2010 of the Quincy Chief Executive Officer, Dr. Gary Gibbons, a vascular surgeon, all of which had a cumulative disruptive effect on Quincy Medical Center operations.

During 2010, Quincy continued to search for another clinical affiliation partner and had communications with several non-profit organizations, including Beth Israel Deaconess Medical Center, Caritas Christi, Partners HealthCare, and Tufts Medical Center ("Tufts"). In May of 2010, Quincy Medical Center engaged John Kastanis, an experienced health care senior administrator, as Interim Chief Executive Officer, in part to allow Quincy Medical Center to focus on addressing issues that involved major change. In June 2010, Quincy entered a new clinical affiliation with Tufts.

In late 2010 and early 2011, the Board continued to receive and review detail on the declining financials and to consider revenue opportunities and the advice provided to the Board from Quincy's consultants and advisors. Continued losses were reported in the financial reports, and the Board discussed various cost-cutting measures, including management eliminations and restructuring and lowering vendor costs. Throughout this time, the Board and its Executive Committee were focused on Quincy's financial and operational issues, including an upcoming call with bondholders. The Board continued to receive reports on the findings of Alvarez & Marsal and Quincy's efforts to implement its consultant's recommendations.

Quincy's developing clinical affiliation with Tufts was a positive one. However, Tufts could provide Quincy with clinical expertise and resources but could not provide a capital infusion. Since Tufts had a clinical affiliation with one of the hospitals owned by Vanguard Health Systems, Inc. ("Vanguard"), Quincy and Vanguard explored opportunities, and Vanguard made an acquisition proposal to the Board in or around February 2011. Vanguard is a national operator of for-profit hospitals, including two licensed Massachusetts hospitals, with three hospital facilities, in Worcester, Framingham, and Natick.

Despite these efforts, Quincy continued to experience into 2011 significant financial losses, deterioration in financial performance, erosion of cash position, deferred facility maintenance and equipment upgrades, and continuing reduction in average daily census and outpatient volume.

RFP Process regarding Merger/Acquisition (2011)

Consistent with its obligation to pursue and consider all reasonably viable non-profit options before considering conversion to a for-profit, Quincy determined that it required the services of an independent financial advisor, including to assess its strategy concerning creditors. As noted in Section 4.1, above, Quincy engaged Navigant in or around March of 2011. The Board had considered both Navigant and Alvarez & Marsal, and the Board selected Navigant due to its experience with distressed community hospitals. Soon after its engagement, Navigant confirmed the Board's understanding that Quincy's cash flow was insufficient to service its debt and fund necessary capital expenditures. The Board, primarily through its Executive Committee, worked with Navigant to develop an RFP to send to potential merger or acquisition partners for a "stalking horse" bidder in connection with a bankruptcy filing. The Board's priorities included ensuring the continued availability of acute care hospital services in the community and protecting Quincy employees. Throughout this time, Quincy also was advised by its outside legal counsel, Mintz, Levin, Cohn, Ferris, Glovsky, and Popeo, P.C. ("Mintz Levin"), on, among other things, the RFP process and the fiduciary obligations of Board members. In April 2011, the Board engaged O'Neill and Associates as an advisor concerning strategic communications during the RFP process and bankruptcy.

In April 2011, Navigant presented the Board with a list of 23 potential partners for Quincy, including 11 non-profit and 12 for-profit organizations and both regional and national provider systems. These 23 providers were contacted during the RFP process. Ten of them (five non-profit and five for-profit) signed confidentiality agreements with Quincy and, in May 2011,

received an RFP. Only two providers submitted a response to the RFP – Vanguard and Steward, both for-profit entities.

In June 2011, the Board, primarily through its Executive Committee, pursued due diligence and negotiations in earnest with both for-profit entities. Both potential partners made presentations to the Board in June 2011. The Board's criteria to evaluate the proposals included: (a) a long-term commitment to maintaining a full-service acute care hospital in Quincy and the services and programs currently offered by Quincy Medical Center, (b) fair value for Quincy's assets and operations, (c) a commitment to fund capital expenditures, (d) a commitment to abide by the Chapter 94 Deed restriction (see footnote 5), (e) a plan for meaningful local input into the hospital's clinical and operational decisions, (f) plans for Quincy employees, including recognizing current unions, and (g) access to resources such as a physician network, competitive managed care contracts, greater discounts on purchasing hospital supplies, strong IT infrastructure, including electronic medical records software, participation in research and teaching programs, administrative and operational support, and clinical specialty services not currently provided at Quincy. (Transaction Notice at pp. 8-9).

In evaluating the proposals, the Board understood and valued the recent clinical affiliation it had with Tufts and the relationship Tufts had with Vanguard. Despite that synergy, the Board applied the above criteria and determined that the Steward proposal was superior and in the best interests of Quincy and the community it serves, and consistent with Quincy's obligations to creditors, for reasons including the following: (a) a longer No-Close Period (by five years), (b) a higher purchase price (by \$25-28 million), (c) a larger capital commitment in the five years post-closing (by \$7 million), and (d) acceptance of Deed restrictions (see footnote 5) versus requiring removal of Deed restrictions prior to Closing.²⁰

The Board's evaluation criteria also included another factor – a description of how the provision of health care services in Quincy's service area related to the purchaser's current operations and strategic plans. (Transaction Notice at p. 9). Given that Steward Carney Hospital and Quincy Medical Center are approximately four miles apart, the Board pursued in negotiations, and the Attorney General pursued in interviews, Steward's plans concerning the delivery of services post-Closing at both Steward Carney Hospital and Steward Quincy Medical Center. The Board understood that after the two hospitals are part of the same system, Steward may make changes to administrative services or the distribution of clinical services across the two hospitals in order to achieve efficiency, cost savings, or other improvements, but that Steward will do so subject to the commitments made in each of the two separate acquisition transactions.

At its June 27, 2011 Board meeting, which lasted approximately three and one-half hours, the Board approved unanimously (with one voting Board member absent) the Transaction and the filing of the petition in Bankruptcy Court.

²⁰ The Attorney General notes that, other than the four physician members on the 11-member Board (one of whom is the Medical Staff President), the Board did not actively solicit input from its Medical Staff, largely due to the sensitivities of a potential bankruptcy filing.

Key Findings

The record reviewed by the Attorney General demonstrates involvement by an engaged and committed Executive Committee and Board. Although the RFP process itself was expedited in light of Quincy's deteriorating financial situation, the Board carefully evaluated all options, including the only two bids received, which were both from for-profit entities. In approving the Transaction, the Board acted diligently, deliberatively, and in the best interests of Quincy, consistent with its fiduciary duty of care (and with its duty of loyalty, which is described in Section 4.3).

The Attorney General finds that the Board appropriately applied the "impossible or impracticable" *cy pres* legal standard under applicable general non-profit and charities law. As noted in the Attorney General's process recommendations set forth in Appendix B(1) of the AG Statement in the Morton Transaction, a charitable organization that cannot continue its charitable operations in its current form first must determine if there is a reasonably viable non-profit option for continuing such operations prior to selling its assets and operations to a for-profit entity. Since no non-profit bidder submitted a response to Quincy's RFP or submitted a competing bid to Steward's "stalking horse" bid in the Bankruptcy Court to purchase the Quincy Sellers, the Board reasonably determined that it had no reasonably viable non-profit option.

In addition, in making its determination to enter into the Transaction, the Board reasonably relied on the advice of qualified, independent consultants and advisors. The Attorney General notes that is consistent with the fiduciary obligations of a Board member, including the duty of care, to rely on information, opinions, and reports of professional third parties as to matters which the Board member reasonably believes to be within the competence of such professional or expert. *See* G.L. c. 180, § 6C.

4.3 The Board and senior management complied with standards for disclosure and managing conflicts of interest.

Consistent with the duty of loyalty, the members of the Board and senior management, as fiduciaries, must act in the best interests of the organization rather than themselves. When their personal interests are implicated, the interests must be disclosed and appropriately handled to assure that decisions are truly made in the interests of the charity. For the reasons set forth below, the Attorney General finds that the Board and senior management acted consistent with those standards.

The Attorney General requested and reviewed relevant documents and information, including the Quincy conflict of interest bylaws language, as well as interrogatory responses from, and interviews with, Board members and senior management concerning conflict of interest disclosures and the Transaction.

Quincy Medical Center has appropriate conflicts of interest language in its bylaws requiring disclosures of potential conflicts and annual acknowledgements. Based on their interrogatory answers, no Board member has a material financial, business, or personal relationship with Steward. However, neither the Board nor the Executive Committee considered

or disclosed potential conflicts of interest that members of the Board, including its Executive Committee, may have had with respect to potential partners being solicited during the RFP process.²¹ As set forth in Appendix B(3) of the AG Statement in the Morton Transaction, the Attorney General notes process recommendations for charitable organizations concerning the appropriate disclosure and management of conflicts of interest, particularly when a potential for-profit conversion is being considered.

Prior to the APA execution, no Board member, or any family member of any such individual, had any direct or indirect financial relationship with or business interest in Steward or Cerberus. Consistent with a desire by the Board for local participation in governance post-Closing, members of the Board will be nominated by Quincy and appointed by Steward to serve as members of the Steward Quincy Medical Center local governing board effective upon Closing. In an interview of Steward senior management, the Attorney General was informed that Steward does not compensate the members of its local governing boards and does not intend to do so with respect to individuals serving on the Steward Quincy Medical Center board.

Prior to the APA execution, no member of the Quincy senior management team, or any family member of any such individual, had any direct or indirect financial relationship with or business interest in Steward. The current members of the Quincy senior management team, like all Quincy employees, are expected to be employed by Steward post-Closing. However, no financial terms and conditions have been negotiated between Steward and members of Quincy senior management with respect to future employment. Based on interrogatory responses from and interviews with Quincy representatives, no member of Quincy senior management will receive an increase in salary, incentive payment or bonus, or other form of compensation as consideration for identifying or finding Steward or negotiating, effectuating, or entering into the Transaction.

Key Findings

While noting the Attorney General's process recommendations set forth in Appendix B of the AG Statement in the Morton Transaction, the Attorney General finds that there was no self-dealing or conflict of interest mismanagement. Board members and senior management had no existing financial interests or business relationships with Steward. Further, the Attorney General finds that there was no undue influence on the Board members concerning their review, negotiation, and consideration of the two final proposals, and that the Board acted in the interests of Quincy (and not any private individual or group of individuals) in establishing the criteria for, negotiating, and entering into the APA and the Transaction.

4.4 The Transaction purchase price is consistent with fair market value.

The duty of care, to which the Board and senior management are subject, obligates the organization to obtain the best possible arrangement for its assets. The Attorney General

²¹ One Board member, who serves on the Executive Committee, also serves as a member of the Tufts Board of Governors, which is an advisory, not governing, body. Tufts was one of the 23 entities solicited by Navigant on behalf of Quincy as a potential partner; it received an RFP (but did not submit a response).

requested and reviewed relevant documents and information, including documents and information referenced in Sections 4.1, 4.2, and 4.3, above, as well as interrogatory responses from, and interviews with, Board members and management concerning the value of Quincy Medical Center.

The Transaction purchase consideration is defined to be the sum of: (a) cash purchase price of \$38 million (if Closing occurs on or before October 1, 2011), \$37 million (if Closing occurs after October 1 and on or before November 1, 2011), or \$35 million (if Closing occurs after November 1, 2011), (b) the assumption of certain liabilities, and (c) Steward's post-Closing commitments set forth in Section 8.20 of the APA (and summarized in Section 1.1., above). APA, Section 3.1.

In evaluating the fairness of the purchase price and the value to Quincy, the Attorney General's review included the above, as well as the following issues.

Industry Benchmarks

In FY 2010, Quincy Medical Center had EBIDA of approximately \$1.4 million. This is based on a net loss of (\$5.8 million), interest of \$2.9 million (added back), and depreciation/amortization of \$4.2 million (added back). The purchase price of between \$35 million and \$38 million is approximately 25 times Quincy Medical Center's EBIDA. This is significantly higher than the typical range for hospital acquisitions. Quincy Medical Center's annualized FY 2011 EBIDA has declined to negative (\$2.4 million).

In FY 2010, Quincy Medical Center had patient service revenue of approximately \$97 million. The purchase price of between \$35 million and \$38 million is approximately 0.36 to 0.39-times annual patient service revenue. Data compiled by Irving Levin Associates (August 2011) for six comparable transactions indicates a range for purchase price at 0.2 to 1.0-times annual patient service revenue. The Transaction price, as a multiple of annual patient service revenue, falls within the range for these transactions.

Market Response

The purchase price is the result of a diligent and active search for a partner or buyer that would address the problems facing Quincy. Absent process failures, including mismanaged conflicts of interest, none of which have been identified in the Attorney General's review (see Sections 4.1, 4.2, and 4.3, above), it is such a process that is the best indicator of market value. As set forth in the AG Statement in the Caritas Transaction, the best determinant of fair market value, particularly in the complex marketplace of health care where sellers may have significantly divergent conditions and negotiating positions, is neither opinions nor industry ranges, but rather, the market response to a carefully designed and managed sale process.

Facing a deteriorating financial condition, Quincy engaged Navigant in March 2011 to reach out to other non-profit and for-profit organizations that may have had an interest in an affiliation with or acquisition of Quincy, in a broad-based, systematic, and comprehensive manner, including the RFP process described in Section 4.2, above. Only two parties submitted

a response to Quincy's RFP, and Quincy pursued diligent and arms-length negotiations concerning these two proposals from for-profit bidders. Moreover, no qualified bidder submitted a proposal to challenge Steward's "stalking horse" bid to purchase the assets of the Quincy Sellers during the Bankruptcy Court sale process. Although Quincy did not engage Navigant or any other third party to provide a separate fairness opinion, Quincy did rely on Navigant to provide market data concerning the Transaction purchase consideration, including Navigant's reporting to the Board during its April 19, 2011 presentation that the "likely valuation for Quincy Medical Center is in the range of \$15 million to \$25 million." (Transaction Notice Ex. L at p. 13).

Other

The Attorney General's financial advisor, HS&S, reviewed the Transaction, as well as the indicators of value. HS&S advised the Attorney General that: (a) the purchase consideration for the Transaction is commercially reasonable; it not only is consistent with the fair value of Quincy but exceeds the fair value of Quincy, and (b) there is no compelling need to complete an independent financial valuation of Quincy. As such, the Attorney General has concluded that a separate fairness opinion is not necessary.

Moreover, there is substantial independent support for the fairness of the purchase consideration of the Transaction inherent in: (a) a review of industry experience for health systems in a distressed financial position, (b) the restrictions placed on the future use of the assets, and perhaps most importantly, (c) the RFP process that Quincy undertook to explore alternatives to the Transaction.

Key Findings

The Attorney General finds that the Transaction affords Quincy Medical Center, and the public it serves, fair value for its assets and operations. The purchase consideration for the Transaction is commercially reasonable and exceeds the fair value of Quincy Medical Center. There is no compelling need to complete an independent financial valuation of Quincy Medical Center.

4.5 The Transaction is in the public interest.

For the reasons set forth above and below, the Attorney General finds that the Transaction is in the public interest.

The Attorney General requested and reviewed all of the documents, information, and interrogatory responses previously disclosed, as well as interviews with key Board members and members of both Quincy and Steward senior management.

As noted in Section III, above, much of the public commentary that the Attorney General received was supportive of the Transaction. As noted in Section 1.1, above, components of the Transaction that are beneficial to and consistent with the public interest include: (a) paying Quincy at least \$35 million and as much as \$38 million, which will be applied to towards the

discharge of Quincy's secured and unsecured debt, (b) committing no less than \$34 million in Steward Quincy Medical Center capital expenditures within five years post-Closing, with \$15 million to be expended in the first year post-Closing and another \$10 million in the second year post-Closing, (d) committing no less than an additional \$10 million in capital expenditures in years six through ten post-Closing, (e) not closing Quincy Medical Center and maintaining an acute care hospital in Quincy that shall provide at least the same scope of services as Quincy Medical Center currently provides during the No-Close Period, which is essentially seven years unqualified and an additional three years qualified post-Closing, subject to certain performance and notice criteria for the final three years, (f) maintaining charity care pursuant to the Attorney General's Community Benefits Guidelines for Non Profit Hospitals for as long as the Steward Buyer operates Steward Quincy Medical Center, including maintaining the current levels of charity care during the No-Close Period, (g) maintaining community benefit programs pursuant to the Attorney General's Community Benefits Guidelines for Non Profit Hospitals for as long as the Steward Buyer operates Steward Quincy Medical Center, including maintaining the current levels of community benefit expenditures during the No-Close Period, (h) not closing or reducing the number of the 22 inpatient, geriatric psychiatric beds during the No-Close Period, (i) maintaining Quincy Medical Center's current Asian outreach services, which include the funding of an Asian Outreach Coordinator position, a chest clinic, and the provision and training of interpreters, subject to such changes over time that may be necessary or appropriate to ensure that such community benefit programs remain properly aligned with the needs and interests of Steward Quincy Medical Center's patients and the community post-Closing, (j) maintaining a local governing board for Steward Quincy Medical Center, with designated responsibilities consistent with DPH requirements, subject to the authority of the Steward Buyer's board of directors, organizing documents, and bylaws, (k) not selling or transferring a majority interest in Steward Quincy Medical Center for five years post-Closing, except as part of an otherwise permitted sale of the Steward health system as a whole or Steward Medical Holdings, (l) offering comparable employment positions to the approximately 1,100 Quincy employees at the time of Closing, as well as setting initial terms and conditions of employment for all transferred employees (as defined in the APA) consistent with APA Section 9.2(a) and recognizing bargaining units provided for under collective bargaining agreements that expired in 2011, (m) honoring naming commitments made by Quincy in the past to donors, (n) adopting and implementing debt collection practices generally consistent with Quincy Medical Center's current debt collection practices and the Recommended Hospital Debt Collection Practices set forth in the Attorney General's Community Benefits Guidelines for Non Profit Hospitals, (o) continuing to accept Medicare and Medicaid patients, to accept emergency room patients regardless of ability to pay consistent with applicable law, and to provide culturally and linguistically appropriate services consistent with those currently provided at Quincy Medical Center, (p) committing that the following APA provisions will apply to any successor-in-interest to the Steward Buyer (after 90 days prior notice of such sale to the Attorney General): ongoing obligations for community benefit and charity care, including debt collection practices; regulatory compliance; the no-closure commitments, including maintaining at least substantially the same services and maintaining current community benefit and charity care expenditure levels for the No-Close Period; the capital expenditures commitment in years six through ten post-Closing; the local governing board commitment, and the donor-naming commitment; provided that only the community benefits/charity care and regulatory cooperation and regulatory cooperation obligations will apply if the Steward Buyer satisfies the No-Close Period criteria

(including notice provisions) and otherwise could close the hospital rather than sell it or if the sale occurs after the tenth anniversary of the Closing, (q) agreeing that the Attorney General shall have the right to enforce certain post-Closing provisions of the APA related to the public interest, (r) funding (through a Quincy Medical Center reserve) and assuring, with the cooperation of both Quincy and Steward, that endowment and other donor-restricted funds are appropriately segregated and used for appropriate purposes, as well as the reorganization or dissolution of the Quincy entities, as may be appropriate or necessary, (s) confirming that the Steward Buyer, notwithstanding its for-profit status, will fully cooperate with any investigation, inquiry, study, report, or evaluation conducted by the Attorney General under her oversight authority of the non-profit charitable hospital industry to the same extent and subject to the same protections and privileges as if Steward were a public charity, (t) clarifying that the existing assessment and monitoring of Steward by the Attorney General and DPH includes the impact of the Transaction on health care costs, access, and services within the communities served by Steward, and (u) agreeing that if Steward fails to meet its minimum capital expenditure obligations under the APA during the first five years post-Closing, Steward shall donate such unspent amounts to a Massachusetts health care charity, after written notice to and approval by the Attorney General.²²

As stated in the AG Statement in the Nashoba Transaction (at pp. 19-20):

The change of ownership structure from a non-profit community based organization to a for-profit organization ultimately answerable to the shareholders creates a significant alteration in the amount of local control and input the community will have in the hospital's future direction and operations. This change also raises question about the level of charity care provided by [the for-profit] and the disposition of restricted funds held by the hospital to be used for the provision of health related services.

As in the Nashoba Transaction, the Board was aware of and attempted to mitigate against these risks by prioritizing and negotiating certain post-Closing obligations of Steward, including concerning charity care (APA Section 8.20(a) and (i)), community benefits (APA Section 8.20(a) and (i)), No-Close Period (APA Section 8.20(d)), and local governing board (APA Section 8.20(e)). As part of her review process, the Attorney General was able to confirm enhanced commitments from Steward with respect to each of these APA post-Closing commitments in the public interest. See Section 1.1(j)-(x), above.

Moreover, at the August 9, 2011 public hearing concerning the Transaction, many speakers focused on the public interest element of the Attorney General's statutory review. While expressing some reservations about the operation of Steward Quincy Medical Center post-

²² As a result of the Transaction, Steward Quincy Medical Center, as a for-profit, will pay local property tax and sales tax, and presumably, the capital expenditure commitments will generate economic activity. As stated in the AG Statement in the Caritas Transaction (p. 25, footnote 11): "The Attorney General does not dispute the value of those jobs and revenues to employees, contractors, and local communities. Nevertheless, all of those expenditures, as with virtually any expenditure by a health care provider, will eventually be paid for by the public through state and federal taxes that support Medicare, Medicaid, and other state and federal payer programs, as well as by premium dollars. As such, these factors were not necessary to the Attorney General finding that the Transaction is in the public interest."

Closing as a for-profit organization, including concerns about continuing to provide cost-effective care and services needed by vulnerable populations in the community, as well as respect for patient dignity and patient and employee rights, almost all speakers acknowledged that the most likely alternative to the Transaction – the closure of Quincy Medical Center – was unacceptable and not in the best interests of the community.

As noted in the preamble, above, the Attorney General, as part of the review required under Section 8A(d) and her assessment of whether the Transaction is in the public interest, took into consideration Steward’s recent and relatively rapid expansion in the marketplace. Both the Antitrust Division and the Health Care Division of the Office of the Attorney General, along with the Non-Profit Organizations/Public Charities Division, participated in this review. The Antitrust Division conducted a non-public antitrust review of the Transaction to determine if the Transaction had the potential to substantially lessen competition in violation of state and federal antitrust laws and harm the public interest. The Antitrust Division concluded, based upon its interviews of market participants, review of relevant documents and data, and consultations with its economic expert, that the Transaction poses little present antitrust risk and that no enforcement action is warranted at this time. Nor does the Attorney General conclude that the Transaction is against the public interest based on this antitrust analysis.²³

The Attorney General is committed to monitoring and evaluating the impact of the Transaction, as well as the Caritas Transaction and any other Steward acquisitions, on the relevant marketplace. As stated in the AG Statement in the Caritas Transaction (Appendix A, p. A-9), in the event that Steward, a community-hospital based health care system, can provide effective care in a local setting without raising costs to the public, reducing services, or limiting access or choice, the public would be well-served, and the Attorney General wants to document and understand the basis of that success. In the event the effort is not successful, the Attorney General wants to document and understand the basis of that failure. While some would prefer that the Attorney General use this Section 8A(d) review process to, in essence, regulate the conduct of Steward, the Attorney General strongly supports transparency, believes solutions must be system-wide, and views her role as working, with others, to better inform the executive branch, the Legislature, policy makers, and the public. The evaluations undertaken as part of the Assessment and Monitoring Agreement will further that objective, consistent with the provisions of G. L. c. 180 § 8A(d)(5). The Attorney General is conducting its assessment and monitoring of Steward, which runs until November 6, 2015, through its Health Care Division.²⁴

²³ It should be noted that many health care providers in the Commonwealth are exploring various new business arrangements. While such arrangements have the potential to benefit consumers if they seek to contain costs and achieve quality goals, they also have the potential to harm consumers if such arrangements result in markets that enable the merged entity to seek to extract supra-competitive price increases which will be passed on to patients and their employers. The Attorney General will continue to aggressively enforce the antitrust laws to ensure that any projected benefits of consolidation among health care providers are not outweighed by anticompetitive effects.

²⁴ As noted in the AG Statement in the Caritas Transaction (Appendix A, p. A-8), “Steward’s stated objective is to improve and further develop a community-hospital based health care system capable of (i) managing risk, (ii) providing high quality, local, and accessible care, and (iii) reducing out-migration of patients who now obtain services, otherwise available at a Caritas Hospital, at higher cost, less accessible settings. By keeping significantly more of that patient care, and the associated revenues, within the Steward system, Steward states it will provide an appropriate return to its investors while providing a lower-cost alternative to the public. If achieved in the manner described, this model may well provide an attractive alternative to systems centered around academic medical

Key Findings

The Transaction serves the public interest. As noted in the AG Statement in the Caritas Transaction, there are risks to the public intrinsic in any change of control, including a non-profit to for-profit conversion. In making its determination, the Board considered those risks and attempted to mitigate them with APA post-Closing commitments in the public interest (see Section 1.1 (a)-(i), above). In addition, consistent with the public interest, the Attorney General has worked to enhance the Transaction, including with additional protections and transparency (see Section 1.1(j)-(x), above). Furthermore, public input concerning the Transaction almost universally acknowledged that the mostly likely alternative to the Transaction – the closure of Quincy Medical Center – was unacceptable and not in the best interests of the community.

V. ANCILLARY AGREEMENTS

In connection with her review of the Transaction, the Attorney General, consistent with the authority of her office and G.L. c. 180, § 8A(d), has required the various parties to enter into the following agreements to better ensure compliance with Transaction matters related to the public interest.

5.1 An Enforcement Agreement, materially in the form attached hereto as Exhibit 5.1, by and among the Attorney General, the Quincy Sellers, and the Steward Buyer, and with the Steward Parent as guarantor, with respect to the enforcement of certain post-Closing provisions of the APA. Subsequent to the Closing, Quincy may not be in a position, nor have the resources, to monitor and enforce the post-Closing obligations of Steward. The Attorney General’s findings of public interest are expressly predicated on those obligations and, as such, she obtained from Steward and Quincy the right to enforce those provisions on behalf of the public.

5.2 An Assessment and Monitoring Agreement, materially in the form attached hereto as Exhibit 5.2, by and among the Attorney General, Quincy Medical Center, and Steward clarifying that the scope of the existing assessment and monitoring agreement with the Attorney General concerning Steward includes monitoring, assessment, and evaluation of the impact of the Transaction on health care costs, access, and services within the communities served by Steward, certain aspects of which will be conducted by DPH consistent with G.L. c. 180A § 8A(d)(5).

5.3 A Transition, Windup, and Reorganization Agreement, materially in the form attached hereto as Exhibit 5.3, by and among the Attorney General, Quincy Medical Center, and the Steward Buyer with respect to the identification, segregation, and future use of donor-restricted funds, including endowment funds, and other corporate transition, windup, and reorganization matters concerning charitable entities and assets, as may be appropriate or

centers or large physician groups. A community-hospital based health care system is, however, untested in Massachusetts, and the Attorney General is not in a position to evaluate or predict Steward’s likelihood of success.” With less than one year of Steward operating performance in Massachusetts, the impact of Steward’s market presence in the Commonwealth has not yet been measured.

necessary. Quincy Medical Center has reserved funds, and Steward has agreed to cooperate, to assure that such purposes are accomplished, including the appropriate disposition of donor-restricted funds.

VI. CONCLUSION and NOTICE WAIVER

For the reasons and subject to the conditions set forth above, the Attorney General finds that: (1) it is impracticable, if not impossible, for Quincy Medical Center to continue to survive in its current charitable form and that the Transaction complies with applicable general non-profit and charities law, (2) while noting the Attorney General's process recommendations referenced in Section III and Section 4.2, due care was followed by the Board and senior management, (3) while noting the Attorney General's process recommendations referenced in Section III and Section 4.3, there was no self-dealing or conflict of interest mismanagement concerning the Transaction, (4) the Transaction affords Quincy fair value for its assets and operations, and (5) the Transaction is in the public interest.

Based on the foregoing, and subject to the security and transparency afforded by the agreements set forth and described in Section V, above, the Attorney General hereby: (1) waives the obligation of Quincy Medical Center under Section 8A(d)(1) to provide her office at least 90 days prior written notice of the Transaction, and (2) states her intent to assent to a motion to be filed by Quincy with the Bankruptcy Court seeking the Court's approval of the Transaction as contemplated by and consistent with this Statement.

APPENDIX A
PUBLIC COMMENTARY

As referenced in Section III of the Statement, the Attorney General received comments from a variety of sources concerning the Transaction, including those summarized below.

The August 9, 2011 public hearing was conducted jointly by the Attorney General and DPH; it was held at the Quincy High School and lasted nearly three hours. Approximately 50 individuals testified concerning the Transaction. The majority of speakers were unequivocally in support of the Transaction. Elected or municipal officials who spoke in favor of the Transaction included the Mayor of the City of Quincy, a state Senator, two state Representatives, and representatives of a Congressman's office and the Quincy City Council. Other individuals from the community who spoke in favor of the Transaction include representatives from Quincy Asian Resources, Manet Community Health Center ("Manet"), South Shore Elder Services, Norwell Visiting Nurse Association and Hospice, the Interfaith Social Service Agency, Atrius Health, the Quincy Chamber of Commerce, the South Shore Chamber of Commerce, and the Massachusetts Building Trades Council, as well as Quincy and Steward senior management, Board members, physicians, employees, including union representatives, and nurses from both Quincy Medical Center and Steward-affiliated hospitals.

One constituency at the public hearing who expressed some reservation about the Transaction were members of the Massachusetts Nurses Association ("MNA"), including nurses who work at Steward hospitals. While generally supportive of the Transaction, the MNA representatives expressed concerns arising primarily from their view that Steward was not honoring the terms of a contractual agreement with the MNA concerning a defined benefit pension plan. Interpreting and enforcing the terms of collective bargaining agreements, and related contractual disputes between labor and management, is not the role or within the authority of the Office of the Attorney General concerning Section 8A(d) reviews of non-profit hospital conversions, which are conducted under the authority of Massachusetts non-profit and charities law and principally by the Attorney General's Non-Profit Organizations/Public Charities Division. With the active encouragement of the Attorney General, Steward and the MNA are pursuing the due process options available to them to resolve this management/labor dispute, including arbitration.

In addition, while generally supportive of the Transaction, management from Manet, a federally funded health center in Quincy, expressed concerns regarding the market impact of Steward's operation of the hospital and its potential effect on the delivery of primary care services in the Quincy service area. As noted in Section 4.5, above, the Attorney General's Antitrust Division reviewed the Transaction and found that the Transaction poses little present antitrust risk, that no enforcement action is warranted at this time, and that the Transaction is not against the public interest based on this antitrust analysis. In addition, some of the conditions requested by Manet, such as continued community benefit programs and charity care, as well as post-Closing monitoring of Steward and the impact of the Transaction on costs, access, and services in the market, are addressed by the Attorney General's requested enhancements to the Transaction. (See Section 1.1(j)-(x), above, and Exhibits 5.1-5.3).

TABLE OF EXHIBITS

- Exhibit 5.1 Enforcement Agreement
- Exhibit 5.2 Assessment and Monitoring Agreement
- Exhibit 5.3 Transition, Windup, and Reorganization Agreement

1168051

Exhibit 5.1 Enforcement Agreement

ENFORCEMENT AGREEMENT

This Enforcement Agreement (the “Agreement”) is entered into as of the ____ day of September, 2011 by and among **MARTHA COAKLEY**, as she is the Attorney General of the Commonwealth of Massachusetts (hereinafter on behalf of herself and her successors and assigns, the “Attorney General”), **QUINCY MEDICAL CENTER, INC.** a Massachusetts not-for-profit corporation, and its affiliates **QMC ED PHYSICIANS, INC. and QUINCY PHYSICIAN CORPORATION.** (collectively the “Sellers”), **QUINCY MEDICAL CENTER, A STEWARD FAMILY HOSPITAL, INC.,** a Delaware corporation f/k/a **STEWARD MEDICAL HOLDINGS SUBSIDIARY FIVE, INC.** (“Purchaser”) and **STEWARD HEALTH CARE SYSTEM, LLC**, a Delaware limited liability company, as Guarantor (“Guarantor”).

RECITALS

The Sellers and the Purchaser are parties to an Asset Purchase Agreement, dated June 30, 2011, as amended by a First Amendment to Asset Purchase Agreement, dated August 15, 2011 and a Second Amendment to Asset Purchase Agreement, dated September ____, 2011 (as so amended, the “Asset Purchase Agreement”), pursuant to which the Sellers are selling substantially all of their assets used in the operation of a health care system to the Purchaser.

The transactions contemplated by the Asset Purchase Agreement are required to be reviewed by the Attorney General pursuant to G.L. c.180, § 8A(d). In connection with such review, the Attorney General has identified certain provisions of the Asset Purchase Agreement that relate to the public interest, which include certain post-closing commitments of the Purchaser, and wishes to have the right to enforce such provisions as a third party beneficiary thereof, as more specifically set forth herein.

TERMS

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the parties, it is agreed as follows:

1. Defined Terms. All capitalized terms used herein and not otherwise defined herein shall have their meanings as defined in the Asset Purchase Agreement.
2. Enforcement of Certain Provisions. Notwithstanding the provisions of Section 13.13 of the Asset Purchase Agreement, the Attorney General shall be a third-party beneficiary of, and shall have the right to enforce Sections 8.20(a)-(e) and (i)-(l) (Post-Closing Obligations) and 9.1 (Offers of Employment) of the Asset Purchase Agreement (the “AG’s Enforceable Provisions”), in each case in accordance with the terms and conditions of the Asset Purchase Agreement.
3. Consent Required. The written consent of the Attorney General shall be required for any waiver of, or amendment to, Section 2.3 (Assumption of Liabilities) of the Asset

Purchase Agreement, any amendment to the AG's Enforceable Provisions, or any other amendment to the Asset Purchase Agreement that affects the Attorney General's rights hereunder.

4. Effect on Agreement. All of the terms, conditions, covenants, provisions, representations, and warranties contained in the Asset Purchase Agreement and any documents executed in connection therewith shall remain in full force and effect except as modified hereby.

5. Remedies. Each of the Purchaser and the Guarantor recognizes that monetary damages will be inadequate for the Purchaser's breach of the AG's Enforceable Provisions and this Agreement. In addition to any legal remedies the Attorney General may have, the Attorney General shall be entitled to specific performance, injunctive relief, and such other equitable remedies as a court of competent jurisdiction may deem appropriate, without the requirement to post any bond in connection therewith.

6. Enforceability. The invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other term or provision of this Agreement or contained in the Asset Purchase Agreement.

7. Amendment. This agreement may be amended only by a writing executed by each of the parties.

8. Waiver. Any waiver by any party of any breach hereof by another party shall not be deemed to be a waiver of any subsequent or continuing breach or breach of any other provision hereof, by such party.

9. Execution. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any one counterpart.

10. Contract Under Seal. This Agreement shall be deemed to be a contract under seal, to be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

11. Jurisdiction/Venue. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement shall be brought against any of the parties solely in the courts of the Commonwealth of Massachusetts and each of the parties (a) consents to the jurisdiction of such courts in any such action or proceeding and (b) waives any objection to venue laid therein and any defense of inconvenient forum to the maintenance of any action or proceeding so brought.

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the first day above written.

**ATTORNEY GENERAL OF THE
COMMONWEALTH OF MASSACHUSETTS**

By: _____
Name:
Title:

QUINCY MEDICAL CENTER, INC.

By: _____
Name:
Title:

QUINCY ED PHYSICIANS, INC.

By: _____
Name:
Title:

QUINCY PHYSICIAN CORPORATION

By: _____
Name:
Title:

**QUINCY MEDICAL CENTER, A STEWARD
FAMILY HOSPITAL, INC., f/k/a STEWARD
MEDICAL HOLDINGS SUBSIDIARY FIVE,
INC.**

By: _____
Name:
Title:

D R A F T

The undersigned Guarantor hereby guarantees the obligations of the Purchaser under the AG's Enforceable Provisions and this Agreement.

STEWARD HEALTH CARE SYSTEM LLC

By: _____

Name:

Title:

1168144

Exhibit 5.2 Assessment and Monitoring Agreement

ASSESSMENT AND MONITORING AGREEMENT

This Assessment and Monitoring Agreement (the “Assessment and Monitoring Agreement”) is entered into as of the ____ day of September, 2011 by and among **MARTHA COAKLEY**, as she is the Attorney General of the Commonwealth of Massachusetts (hereinafter on behalf of herself and her successors and assigns, the “Attorney General”), **QUINCY MEDICAL CENTER, INC.**, a Massachusetts non-profit, charitable corporation (“QMC”), for itself and on behalf of its non-profit charitable affiliates QMC ED Physicians, Inc. and Quincy Physician Corporation (collectively, together with QMC, the “Quincy Entities”), and **STEWARD HEALTH CARE SYSTEM LLC**, a Delaware limited liability company (together with its current and future affiliates, successors and assigns, collectively, “Steward”).

RECITALS

The Quincy Entities and a subsidiary of Steward are parties to an Asset Purchase Agreement, dated June 30, 2011, as amended by a First Amendment to Asset Purchase Agreement, dated August 15, 2011 and a Second Amendment to Asset Purchase Agreement, dated September ___, 2011 (as so amended, the “APA”), pursuant to which the Quincy Entities are selling substantially all of their assets used in the operation of a health care system to a Steward subsidiary.

The Attorney General and Steward are also parties to an Assessment and Monitoring Agreement, dated October 20, 2010 (the “Caritas Monitoring Agreement”), pursuant to which the Attorney General, on behalf of the public, is overseeing and studying the impact of a prior transaction in which Steward acquired certain Massachusetts hospitals.

The transactions contemplated by the APA (the “Transaction”), are required to be reviewed by the Attorney General, pursuant to G.L. c.180, § 8A(d). In connection with such review, which review includes consideration of the public interest, as well as the health care assessment provisions of G.L. c. 180, § 8A(d)(5), the Attorney General wishes to evaluate, assess, and monitor the impact of certain aspects of the Transaction, and wishes to better enable the Department of the Public Health (the “Department”) to evaluate, assess, and monitor the impact of certain other aspects of the Transaction on the availability, access, and cost of health care services within the communities served by Steward’s acute care hospitals, including the hospital being acquired in the Transaction, and any other Massachusetts hospitals acquired by Steward (the “Communities”) for the time period covered by the Caritas Monitoring Agreement, subject to the rights and responsibilities of a subsidiary of Steward under Section 8.20 of the APA, all as more specifically set forth herein.

TERMS

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

1. Attorney General Monitoring Responsibilities. The Attorney General shall, on behalf of the public, (a) oversee Steward's compliance with certain post-Closing conditions of the APA pursuant to that certain Enforcement Agreement by and among the Attorney General, Steward, and the Quincy Entities, dated as of September ____, 2011, including, without limitation, establishing a baseline for the commitments set forth in Section 8.20(a) of the APA, and (b) evaluate, assess, and monitor the impact of the Transaction on (i) the cost of health care, by price, total medical expense, or other appropriate measures of cost impact as determined by the Attorney General, (ii) changes in treatment and referral patterns including, without limitation, those related to physician recruitment and contracting, and (iii) consumer options and choice within the Communities, all in accordance with the terms and conditions of this Assessment and Monitoring Agreement. Notwithstanding the foregoing, the parties hereto acknowledge that (x) the health care system is rapidly changing and the Attorney General may, in consultation with Steward but otherwise in her sole discretion, determine that additional metrics or areas of inquiry, not otherwise under the primary responsibility of the Department pursuant to Section 4 hereinafter, are required to adequately measure and assess the impact of the Transaction on the provision of health care services to the Communities, and (y) certain aspects of the evaluation and assessment may incorporate, rely upon, or support otherwise independent investigations by the Attorney General of costs within the Massachusetts health care system. For purposes of this Assessment and Monitoring Agreement, the evaluation, assessment, and monitoring undertaken by the Attorney General, including all responsibilities referenced in this Assessment and Monitoring Agreement, shall be referred to as the "Attorney General Study." While focused on the Communities, the Attorney General Study will take into account, incorporate, and provide comparisons to broader regional and state trends and use, to the extent possible, publicly available information.

2. Cooperation with Attorney General. Steward shall cooperate, at its sole cost and expense, in providing information reasonably required by the Attorney General, and any individual or firm retained by the Attorney General, in connection with the Attorney General Study. Consistent with applicable law including, without limitation, that governing public records, information provided shall be subject to appropriate safeguards with respect to the confidentiality of information that Steward provides and nothing in this Assessment and Monitoring Agreement is to be construed as a waiver by Steward of any rights it may have to assert that information it provides pursuant hereto is not subject to public disclosure under applicable law. Notwithstanding the foregoing, Steward recognizes and acknowledges that the purpose and intent of this Assessment and Monitoring Agreement and the Attorney General Study conducted hereby is to periodically inform the public about the impact of the Transaction and, in the furtherance thereof, information and data provided by Steward may be used in an aggregated form in reports released to the public. Steward shall be provided with a draft copy of any report prior to its issuance and shall have a reasonable opportunity to comment on the form or content of the aggregated information released therein. The provisions of this Section 2 relate only to information requested and provided with respect to the Attorney General Study and do not alter, restrict, limit, waive, expand, or further define any rights or

obligations of the Attorney General, with respect to information demanded, requested, obtained from, or delivered by, Steward pursuant to the authority of her office under existing law in matters other than the Attorney General Study.

3. Payment of Costs, Fees and Expenses of the Attorney General Study. The costs, fees, and expenses of the Attorney General in undertaking the Attorney General Study including, without limitation, the fees and expenses of any individuals or firms retained by the Attorney General to assist in conducting the Attorney General Study shall be payable from the trust account or accounts funded by Steward and established pursuant to Section 3 of the Caritas Monitoring Agreement. Steward shall have no further obligation to the Attorney General or any individual or firm retained by the Attorney General under this Assessment and Monitoring Agreement for such costs, fees and expenses.

4. Department Monitoring Responsibilities under G.L. c.180 § 8A(d)(5). The Attorney General, Steward, and QMC acknowledge that the Department will conduct an evaluation, assessment, and monitoring of the impact of the Transaction on the availability of, and access to, health care services within the Communities in accordance with the provisions of G.L. c. 180, § 8A(d)(5) (the “Department Study”). The costs, fees, and expenses of the Department in undertaking the Department Study including, without limitation, the fees and expenses of any individuals or firms retained by the Department to assist in conducting the Department Study shall be payable from the trust account or accounts funded by Steward and established pursuant to Section 4 of the Caritas Monitoring Agreement. Steward shall have no further obligation to the Department, or any individual or firm retained by the Department, under G.L. c.180 § 8A(d)(5), for such costs, fees and expenses. By his signature hereinafter, the Commissioner of the Department of Public Health hereby acknowledges the provisions of this paragraph 4.

5. Enforceability/No Assignment. The invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other term or provision of this Agreement. This Agreement may not be assigned by QMC or Steward without the written consent of the Attorney General or by the Attorney General without the written consent of QMC and Steward. The terms hereof shall be binding upon any successor to the interests of QMC or Steward.

6. Amendment. This Assessment and Monitoring Agreement may be amended only by a writing executed by each of the parties.

7. Waiver. Any waiver by any party of any breach hereof by another party shall not be deemed to be a waiver of any subsequent or continuing breach or breach of any other provision hereof, by such party.

8. Execution. This Assessment and Monitoring Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement,

and any of the parties hereto may execute this Assessment and Monitoring Agreement by signing any one counterpart.

9. Contract Under Seal. This Assessment and Monitoring Agreement shall be deemed to be a contract under seal, to be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

10. Jurisdiction/Venue. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Assessment and Monitoring Agreement shall be brought against any of the parties solely in the courts of the Commonwealth of Massachusetts and each of the parties (a) consents to the jurisdiction of such courts in any such action or proceeding and (b) waives any objection to venue laid therein and any defense of inconvenient forum to the maintenance of any action or proceeding so brought.

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IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the first day above written.

**ATTORNEY GENERAL OF THE
COMMONWEALTH OF
MASSACHUSETTS**

By: _____
Name:
Title:

QUINCY MEDICAL CENTER, INC.

By: _____
Name:
Title:

**STEWARD HEALTH CARE SYSTEM
LLC**

By: _____
Name:
Title:

Acknowledged:

John Auerbach, Commissioner
Department of Public Health

Exhibit 5.3 Transition, Windup, and Reorganization Agreement

TRANSITION, WINDUP, AND REORGANIZATION AGREEMENT

This Transition, Windup, and Reorganization Agreement (the “Agreement”) is entered into as of the ____ day of September, 2011 by and among **MARTHA COAKLEY**, as she is the Attorney General of the Commonwealth of Massachusetts (hereinafter on behalf of herself and her successors and assigns, the “Attorney General”), **QUINCY MEDICAL CENTER, INC.** a Massachusetts non-profit, charitable corporation (“QMC”), for itself and on behalf of its non-profit charitable affiliates, including QMC ED Physicians, Inc., and Quincy Physician Corporation (collectively, together with QMC, the “Quincy Entities” and each a “Quincy Entity”), and **QUINCY MEDICAL CENTER, A STEWARD FAMILY HOSPITAL, INC.**, a Delaware corporation f/k/a **Steward Medical Holdings Subsidiary Five, Inc.** (“Steward”).

RECITALS

Certain of the Quincy Entities and Steward are parties to an Asset Purchase Agreement, dated June 30, 2011, as amended by a First Amendment to Asset Purchase Agreement, dated August 15, 2011, and a Second Amendment to Asset Purchase Agreement, dated September ____, 2011 (as so amended, the “Asset Purchase Agreement”), pursuant to which the Quincy Entities are selling substantially all of their assets used in the operation of a health care system to Steward.

The Attorney General, through her Non-Profit Organizations/Public Charities Division (the “Division”) wishes to establish a framework for the orderly dissolution or reorganization of the Quincy Entities and the handling of all funds donated to a Quincy Entity and held for charitable purposes (the “Quincy Endowment Funds”) following the closing of the transactions contemplated by the Asset Purchase Agreement (the “Closing”), all as more specifically set forth herein.

TERMS

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

1. Effective Date; Termination. This Agreement shall be effective as of the date hereof. This Agreement (a) shall automatically terminate if the Asset Purchase Agreement is terminated prior to the Closing and (b) may be terminated in writing by the Attorney General if she determines that the obligations of the parties hereunder have been fulfilled.

2. Windup, Dissolution, Consolidation, or Merger. On or prior to the first anniversary of the Closing date, QMC shall, consistent with the applicable provisions of G.L. c. 180, other public charities law, and federal and state tax law, cause the windup and dissolution, or the consolidation or merger, of the Quincy Entities, such that only those Quincy Entities with remaining assets, missions, and purposes shall survive (each, a “Surviving Quincy Entity”).

3. Reorganization. On or prior to the first anniversary of the Closing date and as may be appropriate or necessary, QMC shall cause each Surviving Quincy Entity to be reorganized consistent with its mission and purpose. Any change to the mission or purpose of any Surviving Quincy Entity shall be approved by the Division, and, if required, by order of the appropriate Massachusetts court.

4. Quincy Endowment Funds. On or prior to the first anniversary of the Closing date, QMC shall cause all Quincy Endowment Funds, together with all applicable donor instruments and use and financial documentation, to be (a) transferred to, or retained by, the appropriate Surviving Quincy Entity and (b) thereafter held and used for the donor-specified purposes and term. Any changes in the ownership, management, or use conditions of any fund constituting a Quincy Endowment Fund shall be approved by the appropriate Massachusetts court, with the prior assent of the Attorney General, or as otherwise provided by G.L. c. 180A, § 5.

5. Payment of Expenses. QMC shall retain the services of an accounting firm and a law firm to assist it with the performance of its obligations hereunder. The fees, costs, and expenses of such services and any other expenses associated with QMC's performance of its obligations hereunder shall be paid from the reserve of [\$250,000 set aside by QMC in connection with (Insert language from the Plan and Disclosure Statement to be filed with the bankruptcy court)].

6. Steward Cooperation. Steward shall cooperate with QMC's efforts to carry out its obligations under this Agreement and shall permit any Steward employees who are former employees of QMC and whose expertise or knowledge may be valuable to QMC in carrying out its obligations under this Agreement to cooperate and assist QMC therewith.

7. Schedules. Attached hereto are the following schedules, each of which is incorporated herein by reference. QMC shall provide the Division with any updates and amendments of and to such schedules within two calendar weeks of any changes, and shall provide information to supplement such schedules as may be reasonably requested by the Division from time to time.

7.1 Quincy Entities. A listing of all Quincy Entities together with their principal address, EIN, AGO registration number, and principal contact person.

7.2 Quincy Endowment Funds. A listing of all Quincy Endowment Funds held by each Quincy Entity together with the name of the fund, the purpose, restriction or other limitations on the fund, the value of the fund at the last date of determination, and the location where information regarding the fund, including donor, use and financial history, are maintained.

7.3 Remaining Assets. A listing of all other assets held by each Quincy Entity subsequent to the Closing, including, by category and Quincy Entity, a description of the assets and their estimated aggregate value.

8. Segregation of Documents and Instruments. All instruments and other documents evidencing the donation of any part of the Quincy Endowment Funds and any reports of activities involving the Quincy Endowment Funds shall be segregated by QMC from the assets being sold pursuant to the Asset Purchase Agreement. To the extent any such instruments, documents, or reports are transferred to Steward, Steward shall use its best efforts to maintain such assets separately until they are transferred to QMC pursuant to Section 4 hereof.

9. Enforceability/Assignment. The invalidity or unenforceability of any term or provision of this Agreement shall not affect the validity or enforceability of any other term or provision of this Agreement. This Agreement may not be assigned by QMC or Steward without the written consent of the Attorney General or by the Attorney General without the written consent of QMC and Steward. The terms hereof shall be binding upon any successor to the interests of QMC or Steward.

10. Amendment. This agreement may be amended only by a writing executed by each of the parties.

11. Waiver. Any waiver by any party of any breach hereof by another party shall not be deemed to be a waiver of any subsequent or continuing breach or breach of any other provision hereof, by such party.

12. Execution. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Agreement by signing any one counterpart.

13. Contract Under Seal. This Agreement shall be deemed to be a contract under seal, to be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

14. Jurisdiction/Venue. Any action or proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement shall be brought against any of the parties solely in the courts of the Commonwealth of Massachusetts and each of the parties (a) consents to the jurisdiction of such courts in any such action or proceeding and (b) waives any objection to venue laid therein and any defense of inconvenient forum to the maintenance of any action or proceeding so brought.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed on the first day above written.

**ATTORNEY GENERAL OF THE
COMMONWEALTH OF
MASSACHUSETTS**

By: _____
Name:
Title:

QUINCY MEDICAL CENTER, INC.

By: _____
Name:
Title:

**QUINCY MEDICAL CENTER, A
STEWARD FAMILY HOSPITAL, INC.**

By: _____
Name:
Title: