

**CONTRACT BETWEEN  
THE DEPARTMENT OF ATTORNEY GENERAL,  
STOUT RISIUS ROSS, INC., PRIME HEALTHCARE SERVICES, INC., AND  
GARDEN CITY HOSPITAL**

In consideration of their respective promises and obligations under this agreement (“Agreement” or “Payment Contract”), the Michigan Department of Attorney General (“Department”), Stout Risius Ross, Inc. (“SRR”), Prime Healthcare Services, Inc. (“Buyer”), and Garden City Hospital (“Seller”) agree as follows:

The Department and SRR have entered into a CONTRACT BETWEEN THE DEPARTMENT OF ATTORNEY GENERAL AND SRR of even date herewith and attached hereto as **Exhibit A** (the “SRR Contract”) under which SRR will provide services to assist the Department in its review of the sale of Garden City Hospital to Prime Healthcare Services, Inc., and other related matters as assigned by the Attorney General or his designee, as more fully specified in the SRR Contract (collectively “Expert Services”).

The terms of the Transaction specifically make the Department’s review and approval a condition of the Transaction.

The primary purpose of this Contract is to facilitate the Department in completing a thorough but expeditious review of the respective definitive agreements and other matters related to the Sale.

It is anticipated that this Contract will facilitate the Department’s review in a manner that:

- Reasonably limits the costs and expenses of the Expert services under this Contract;
- Minimizes disruption and inconvenience to Seller personnel;
- Avoids unnecessary delay in completing the Department’s review.

**1. Issuing Office**

This Contract is issued by the Department, which is the only State office authorized to change the terms and conditions of this Contract.

**2. Description of Services**

A. Buyer agrees to be solely responsible for the payment of all fees and expenses for all Expert Services performed by SRR in accordance with the SRR Contract between the Department and Contractor attached to this agreement as Exhibit A (“SRR Contract”). While Buyer will bear sole responsibility for all compensation and reimbursement of expenses payable to SRR in accordance with this section and the SRR Contract, SRR’s work will be exclusively directed by the Department and performed

solely for and on behalf of the Department. All Expert Services will constitute work product subject to the attorney work-product doctrine.

B. Responsibilities of Buyer:

1. to pay a non-refundable retainer in the amount of \$37,500; Contractor's professional fees for all services described in this Agreement and Exhibit A hereto shall be a fixed fee of \$75,000 (the "Opinion Fee"); Buyer agrees to pay for all compensation and reimbursement of expenses payable to SRR in accordance with this section and the SRR Contract, provided that Buyer's maximum liability for payment of services rendered by SRR is unconditionally capped at \$125,000.
2. to reimburse SRR for reasonable and necessary meals, lodging, telephone, and travel expenses. Any expenses exceeding \$500.00 will require prior approval by Buyer and will not be unreasonably denied.
3. to refrain from providing information to or otherwise interacting with SRR, except as specifically requested by the Department or SRR.
4. to conspicuously mark as "Confidential" only such information it believes in good faith to be confidential, under applicable law, including information it has produced pursuant to non-disclosure agreements with third parties, including Seller. Buyer may permit the Department and/or SRR to review such information on an "inspection only" basis without acquiring possession of documents embodying the information. Buyer shall in good faith discuss with the Department the extent to which such information may be disclosed by the Department at the conclusion of its review. Buyer agrees that if Buyer, Seller, and the Department are not able to resolve this issue, either party may seek guidance from the court.

C. Responsibilities of Seller:

1. to give the Department and SRR reasonably prompt access to requested documents via a limited-access (e.g., password-protected) web page hosted by Buyer, Seller, or its legal counsel and to make other information and members of Seller's officers, trustees, directors, and management available for interviews by SRR and/or the Department upon request;
2. to refrain from providing information to or otherwise interacting with SRR, except as specifically requested by the Department or SRR;
3. to conspicuously mark as "Confidential" only such information it believes in good faith to be confidential, under applicable law, including information it has received pursuant to non-disclosure agreements with

third parties, including Buyer. Seller may permit the Department and/or SRR to review such information on an “inspection only” basis without acquiring possession of documents embodying the information. Seller shall in good faith discuss with the Department the extent to which such information may be disclosed by the Department at the conclusion of its review. Seller agrees that if Seller, Buyer and the Department are not able to resolve this issue, either party may seek guidance from the court.

4. Seller agrees that all other information may be disclosed to, or subject to disclosure to, third parties under Michigan law.

D. Responsibilities of the Department:

The Department agrees to direct SRR:

1. to reasonably minimize disruption to Seller and Buyer personnel;
2. to proceed expeditiously to avoid unnecessary delay in the Department’s completion of its review;
3. to transmit billing statements to the Department, specifically and individually identifying expenses at the end of the invoice;
4. to invoice the Department the Opinion Fee upon issuance of SRR’s written report and the Opinion;
5. to transmit to the Department a summary invoice containing only the Opinion Fee, expenses incurred pursuant to this Agreement, and instructions for payment;
6. to immediately cease work if Seller or Buyer communicates in writing to the Department that the Sale will not proceed;
7. to agree not to attempt to download, “screen print” or otherwise capture, or otherwise attempt to acquire possession of, and not to duplicate or otherwise disclose to any individual or entity other than the Department in accordance with the SRR Contract, material conspicuously marked "Confidential" by Seller or Buyer;
8. to direct SRR to execute the Non-Duplication Agreement in the forms attached as **Exhibit B** to both this Payment Contract and the SRR Contract.

**3. Term of Contract**

This Payment Contract covers services rendered from the date of the SRR Contract until the time that the Contractor delivers its Opinion or the Contract is terminated. This Contract may be extended only by the written agreement of the parties.

**4. Compensation for Services Provided**

A. The SRR Contract will specify a fixed-fee of \$75,000 (the “Fixed-Fee”) (excluding expenses reimbursable under the SRR Contract) Buyer agrees to pay for all compensation and reimbursement of reasonable expenses payable to SRR in accordance with this section and the SRR Contract, *provided* that Buyer’s maximum liability for payment of services rendered by SRR is unconditionally capped at \$125,000.

B. Buyer will make the payments specified in paragraphs 2.B.1 and 2.B.2 of this Agreement and shall pay all invoices within 14 days after receipt.

**5. Identification of SRR’s Key Personnel**

The Department intends to retain SRR and its key personnel listed below:

Jay B. Wachowicz	Managing Director
Jeffrey S. Phillips	Managing Director

The parties agree and understand that these managing directors will be supported by various analysts, associates, vice-presidents, senior vice-presidents and directors at SRR’s direction.

SRR, Seller and Buyer shall promptly notify the Department of any potential conflicts of interest involving SRR or persons performing services for SRR. The Department, upon receiving a notification setting forth facts alleged to constitute a potential conflict, shall promptly investigate the allegations and report its conclusion to SRR, Seller and Buyer.

**6. Billings**

SRR will prepare and submit invoices and billing statements in accordance with the SRR Contract, and the Department shall process them in accordance with the SRR Contract.

The Department shall direct SRR to furnish copies of billing statements and supporting documents to Buyer, upon request, after the Department’s review has been concluded and its report and Opinion has been issued.

7. **Notices**

All communications, notices, and invoices concerning this Contract must be addressed to:

For the Department: William R. Bloomfield, Assistant Attorney General AND  
Joseph J. Kylman, Charitable Trust Auditor  
Department of Attorney General  
Corporate Oversight Division – Charitable Trusts  
Williams Bldg.  
525 W. Ottawa – 6th Floor  
Lansing, MI 48933  
517-335-0855  
517-335-1935 (fax)  
BloomfieldW@michigan.gov  
KylmanJ@michigan.gov

For Buyer: Troy A. Schell  
General Counsel  
Prime Healthcare Management, Inc.  
3300 East Guasti Road, Third Floor  
Ontario, California 91761  
Office: 909-235-4311  
Fax: 909-235-4419  
tschell@primehealthcare.com

For Seller: Gary R. Ley  
President & Chief Executive Officer  
Garden City Hospital  
6245 Inkster Road  
Garden City, MI 48135  
734-458-4421  
734-421-3342 (fax)  
gley@gchosp.org

For SRR: Jay B. Wachowicz, Managing Director  
Stout Risius Ross, Inc.  
4000 Town Center, 20<sup>th</sup> Floor  
Southfield, MI 48075  
248-432-1288  
248-208-8822 (fax)  
jwachowicz@srr.com

**8. Termination**

Seller or Buyer may terminate this Contract upon sixty (60) days written notice to the Department. Buyer shall remain obligated to pay SRR for services already rendered and expenses already incurred in accordance with the terms of the SRR Contract.

**9. Disclosure of Information**

Pursuant to the Confidentiality and Non-Duplication Agreements collectively attached as **Exhibit B**, the Department and SRR agree not to acquire or attempt to acquire possession of, nor to duplicate, material conspicuously marked "Confidential" by Seller or Buyer, whether made available electronically on a limited-access basis through a web site of Seller, Buyer, or its legal counsel or in hard copy for inspection only. Without limitation, neither the Department, nor SRR will not attempt to download, "screen print" or otherwise capture or reproduce Confidential information.

The Department shall in good faith discuss with Seller and Buyer the extent to which such information may be disclosed by the Department at the conclusion of its review. The Department agrees that if Seller, Buyer, and the Department are not able to resolve any confidentiality issues, any party may seek guidance from the court.

**12. Non-Discrimination**

In the performance of this Contract, all the parties agree not to discriminate against any employee or applicant for employment, with respect to their hire, tenure, terms, conditions or privileges of employment, or any matter directly or indirectly related to employment, because of race, color, religion, national origin, ancestry, age, sex, height, weight, marital status, physical or mental disability unrelated to the individual's ability to perform the duties of the particular job or position. This covenant is required pursuant to the Elliott-Larsen Civil Rights Act, 1976 PA 453, MCL 37.2101, *et seq.*, and the Persons with Disabilities Civil Rights Act, 1976 PA 220, MCL 37.1101, *et seq.*, and any breach thereof may be regarded as a material breach of the Contract. In connection with the performance of services under this Contract, all parties agree to comply with the Federal Civil Rights Act of 1964, 42 USC §2000d.

**13. Unfair Labor Practices**

The State shall not award a contract or subcontract to any employer or any subcontractor, manufacturer or supplier of the employer, whose name appears in the current register compiled by the Michigan Department of Energy, Labor, and Economic Growth. The State may void this Contract, if after the award of the Contract, the name of the Contractor appears in the register. 1980 PA 278, MCL 423.321 *et seq.*

**14. Independent Contractor**

The relationship of SRR to the Department in this Contract is that of an independent contractor. No liability or benefits, such as workers compensation rights or liabilities, insurance rights or liabilities, or any other provisions or liabilities, arising out of or related to a contract for hire or employer/employee relationship, arise, accrue or be implied to either party or either party's agent, subcontractor or employee as a result of the performance of this Contract. SRR will be solely and entirely responsible for its acts and the acts of its agents and employees during the performance of this Contract.

**15. Governing Law and Jurisdiction**

This Contract shall be subject to, applied, and interpreted according to the laws of the State of Michigan. No action shall be commenced against the Department or the Attorney General, his designee, agents or employees for any matter whatsoever arising out of the Contract, in any courts other than a court of competent jurisdiction of the State of Michigan.

**16. Entire Agreement**

This Contract, including attached **Exhibit A** and **Exhibit B**, represents the entire agreement between the parties and supersedes all proposals or other prior agreements, oral or written, and all other communications between the parties relating to the Department retaining the Contractor's services.

*[Signature Page Follows]*

**18. Authorized Signature**

Buyer agrees that Troy A. Schell is authorized to sign on its behalf.

Dated: \_\_\_\_\_  
Prime Healthcare Services, Inc.

Seller agrees that Gary R. Ley is authorized to sign on its behalf.

Dated: \_\_\_\_\_  
Garden City Hospital

SRR agrees that Jay B. Wachowicz is authorized to sign on its behalf.

Dated: \_\_\_\_\_  
SRR

Dated: \_\_\_\_\_  
William Schuette, Attorney General, or his  
designee

Incorporated Exhibits

Exhibit A – SRR Contract

Exhibit B – Seller Confidentiality and Non-Duplication Agreement