

Summary of Board Due Diligence

In recent years, Frisbie Memorial Hospital (“Frisbie”) has experienced many of the challenges typical of small independent hospitals. But the impact on Frisbie has been tremendous. For the last two fiscal years, Frisbie has incurred operating losses of approximately \$23 million and \$20 million due to decreased reimbursement and escalating costs. Those losses are spiraling given such trends as continued reductions in reimbursement from Medicaid and managed care payors, and reduced payments as more of the cost of care is shifted to patients in high deductible plans, increasing uncompensated care. Adding to the situation, in 2017 Frisbie incurred a substantial expense in implementing a computer conversion to provide needed clinical and financial systems, resulting in depletion of cash reserves.

In 2018, Frisbie retained Prism Healthcare Partners (“Prism”), a healthcare consulting firm that helps hospitals and health systems improve financial, operational and clinical performance, to evaluate Frisbie’s operations. In an April 2018 presentation to the Board of Trustees, the projection was that Frisbie would not be able to sustain its capital needs and that its baseline cash would completely deplete that fiscal year. Frisbie’s estimate of its debt service coverage ratio was estimated to continue to stay in the negative over the next five years.

Prism made recommendations on measures to reduce costs. Frisbie implemented many of these recommendations, and this implementation has slowed the rate at which Frisbie is losing money. But the fact remains that Frisbie is operating at a loss, not a profit.



Frisbie’s Efforts to Find a Strategic Partner

Recognizing its financial straits, in the summer of 2018, Frisbie began outreach to search for a strategic partner. When it began its search, the most important factors for Frisbie were access to capital and maintaining high quality care. Frisbie also considered the potential partner’s commitment to the community; complementary services; reputation and culture; staff considerations; local board representation; the MD network; and not-for-profit status. (Id.)

Frisbie identified and contacted ten potential candidates to gauge their interest in a potential strategic transaction, sending each a Request for Proposal (“RFP”). A copy of the RFP sent to these ten entities is submitted herewith as Attachment A. Of the ten RFPs sent out:

- Two entities either declined to return a non-disclosure agreement (“NDA”) or failed to respond at all
- Five entities returned the NDA but declined to respond to the RFP
- Three entities submitted a response to the RFP

Given the financial situation, it was disappointing but not surprising that only three of the ten healthcare systems chose to submit an RFP. The three expressions of interest were from SolutionNHealth (“Solution”), Steward Health Care System LLC (“Steward”), and HCA. Both Stewart and HCA were invited to give presentations to the Board of Trustees.

Solution offered a two-year Management Services Agreement that Solution believed would “create a structure and provide the necessary support for [Frisbie] to receive the various clinical, operational, administrative and other various services.” This proposal was attractive for several reasons, including Solution’s history in the community, reputation, and vision. However, Solution made no effort to quantify any cost savings in its RFP response. Solution also conceded to Frisbie that if access to capital was a top priority, it believed it was not the best choice for a partner. As a result, Frisbie believed the proposal offered too little to make a material impact on its financial situation and rejected the proposal.

Steward proposed an asset purchase agreement pursuant to which Steward would acquire substantially all of Frisbie’s assets (with some exceptions), retire long-term debt and liabilities, and fund \$150 million in facility improvement, IT enhancements, and network development projects. The funding commitment was initially attractive to Frisbie. However, that funding would be spread over a period of five years for identified projects. The amount Frisbie anticipated would be received at or near closing was not sufficient to adequately alleviate Frisbie’s financial issues. In short, it was questionable whether the funding at closing could cover Frisbie’s anticipated monthly expenses. In addition, Frisbie believed that Steward’s relative lack of experience within New Hampshire was a disadvantage to its ability to successfully operate Frisbie and to improve patient care.

HCA’s proposal was ultimately viewed as the most attractive. HCA proposed an asset purchase agreement and the creation of a community foundation to manage the net proceeds. HCA’s indication of its willingness to commit to fund capital expenditures had a greater potential to lessen Frisbie’s financial constraints; even though HCA’s overall dollar value was lower than Steward’s offer, the amount that Frisbie would receive at or near closing was higher and thus preferable. In other words, HCA’s funding commitment had the potential to ease Frisbie’s financial issues. In addition, Frisbie believed that HCA had the experience and respect within the state of New Hampshire that would lead to a greater chance of not only Frisbie’s success, but also patient care. Frisbie and HCA shared some existing synergies in tertiary services. Finally, HCA’s proposal more comprehensively addressed Frisbie’s perception of the needs of its patients, employees, organization, and the greater Rochester community. Based on these considerations, Frisbie selected HCA as the optimal choice in September 2018.

Following this initial decision, the parties expanded their due diligence activities. Frisbie also engaged a valuation firm, Ketchum Valuation Consulting, to provide an independent opinion of the fair value of the assets to be sold to HCA. Frisbie and HCA executed a Letter of Intent (“LOI”) in January 2019. Following the execution of the LOI, Frisbie engaged Stroudwater Associates (“Stroudwater”) to assist the Board and the Board’s outside counsel with the due diligence process and the development of the definitive asset purchase agreement. Stroudwater facilitated multiple meetings for Frisbie Board members and the board members from the two other HCA hospitals in New Hampshire, Portsmouth Regional Hospital and Parkland Medical Center. Stroudwater also arranged meetings for the Frisbie Board members and management with representatives of other small community hospitals recently acquired by HCA, including Memorial Satilla Health, in Waycross, Georgia.

The Board designated a workgroup of Board members who regularly met with legal counsel and advisers from Stroudwater and participated directly in the negotiation and finalization of the definitive asset purchase agreement which was approved by the Frisbie Hospital Board on September 18, 2019 and The Frisbie Foundation on September 26, 2019.

Use of Sale Proceeds.

The Board also undertook an in depth investigation and assessment of options for the future use and management of the sale proceeds. The Board explored maintaining a separate grant-making foundation as well as met with three existing New Hampshire foundations about accepting and managing the sale proceeds. Meetings were held with The New Hampshire Charitable Foundation, The Endowment for Health and the Foundation for Seacoast Health. After extensive discussion, the Boards initially approved pursuing the establishment of a donor advised fund within the New Hampshire Charitable Foundation. The Boards’ goal is to maximize the use of the sale proceeds to benefit the health and well-being of the residents of the Greater Rochester community and believed that it would be more efficient and less costly to establish and administer a donor advised fund than establishing and maintaining a separate foundation. Frisbie, HCA and The New Hampshire Charitable Foundation, however, have been unable to agree upon a mutual acceptable arrangement. Therefore, at this time, Frisbie proposes repurposing The Frisbie Foundation to receive and administer the sale proceeds.

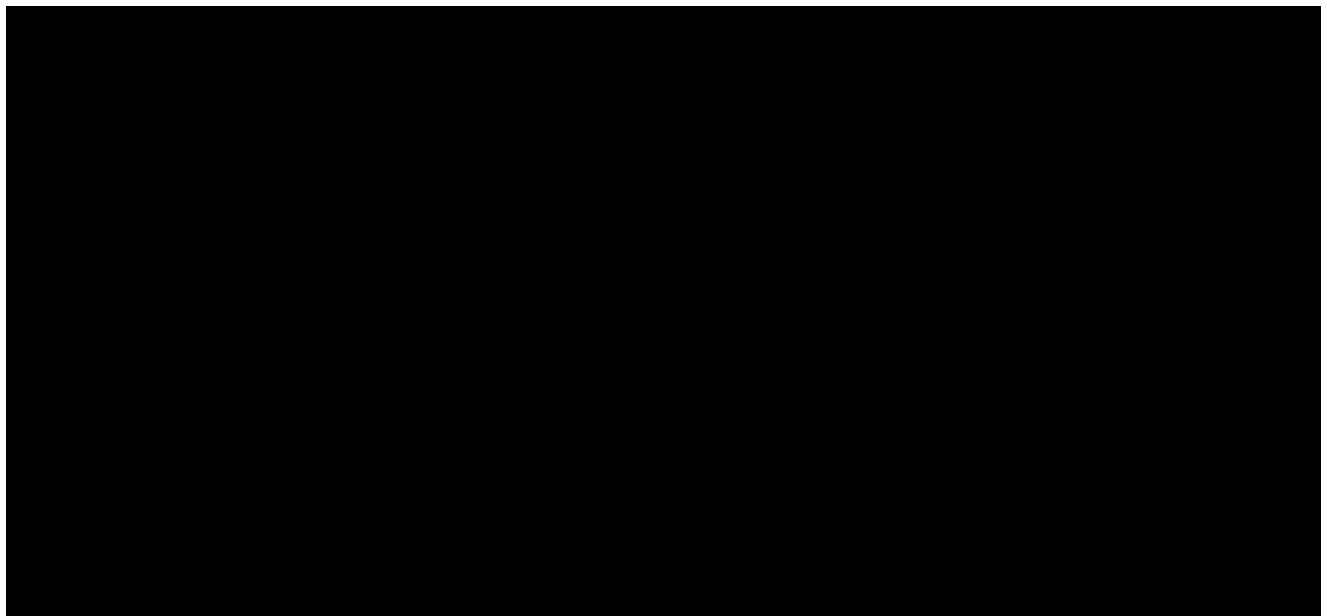
Frisbie continues to believe that the HCA strategic transaction offers Frisbie the best chance for the hospital to survive and is the most optimal means to ensure the community’s continued access to health care services. Furthermore, the proceeds from the sale will produce an on-going community benefit for the Greater Rochester community.



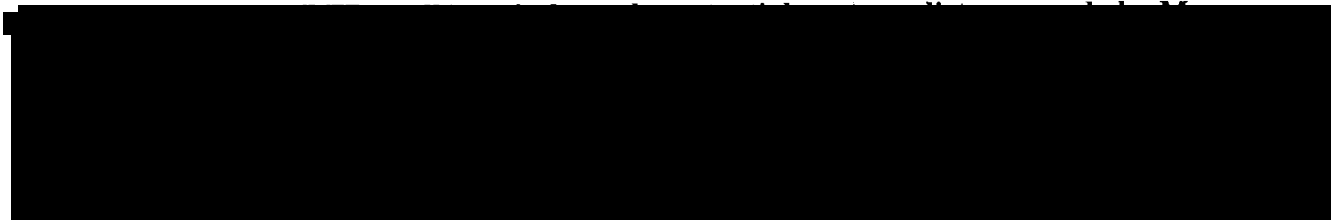
**Board of Trustees
Executive Session
May 30, 2018
Belknap Room**

- Present:** John Britton, Jocelyn Caple, Bill Cormier, Mark Farrell, John Hall, Brian Hughes, Jim Jalbert, Bill Kiley, Frank Jones, Jeanette Poulin, Ron Poulin, Julie Reynolds, Brian Szymanski
- Excused:** Lisa Stanley
- Guests:** Prism Healthcare Consultants Neil Faux and via telephone Ramona Lacy
- Staff:** Karen Gravel

Chairman Hughes called the meeting to order at 5:15 pm.



Partnership Request for Proposal (RFP)



Respectfully submitted,

Karen Gravel, CAP-OM
Senior Executive Assistant

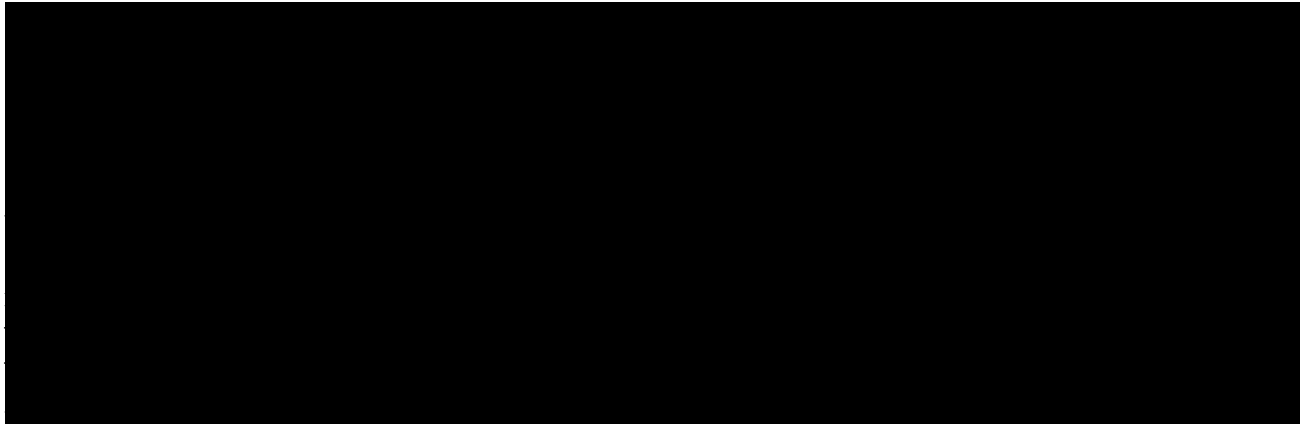


**Board of Trustees
Executive Session
June 27, 2018
Belknap Room**

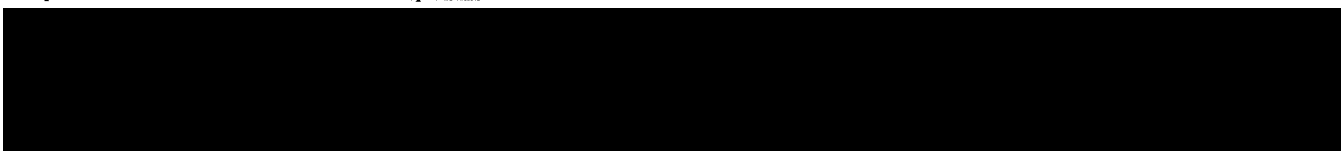
Present: John Britton, Jocelyn Caple, Bill Cormier, Mark Farrell, John Hall, Brian Hughes, Jim Jalbert, Frank Jones, Jeanette Poulin, Ron Poulin, Julie Reynolds, Lisa Stanley
Excused: Brian Szymanski
Staff: Karen Gravel

Chairman Hughes called the meeting to order at 6:00 pm.

Topic – Draft Non-Disclosure Agreement and Draft Request for Proposal



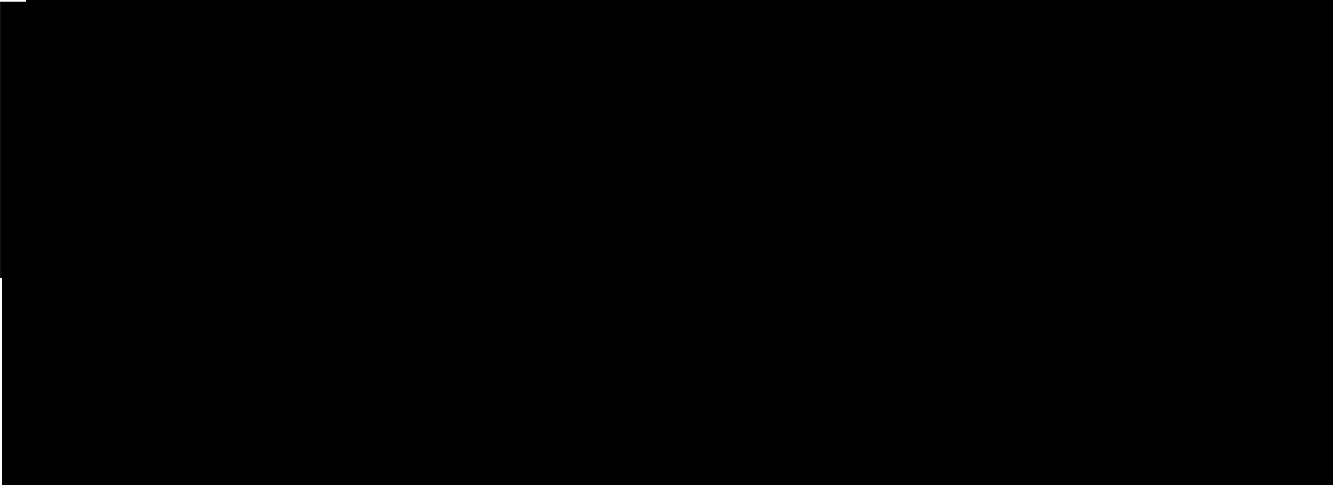
Topic – Transaction Counsel Proposal



Transaction counsel recommends the Board work with a consultant to prepare information for state review. The estimated overall cost for legal services will be in the six figures. Ms. Stanley requested estimated hours for professional services provided by transaction counsel. Chairman Hughes received an overall budget from transaction counsel and asked Prism to review this information. Prism responded that the budget was appropriate and in line with industry standards.

Topic – Next Steps

Chairman Hughes noted the next step in the RFP process is to have the draft cover letter and NDA reviewed and approved by transaction counsel, with a target date of July 9, 2018. Conference calls may be scheduled with RFP responders and Chairman Hughes, Dr. Caple, and Bob Cochrane to address questions they may have.





It's about People. Technology. Trust.

CONFIDENTIAL

**Board of Trustees
Executive Session
September 27, 2018
Belknap Room**

Present: John Britton, MD, Jocelyn Caple, MD, Bill Cormier, Mark Farrell, John Hall, Brian Hughes, Frank Jones, Bill Kiley, MD, Jeanette Poulin, Ron Poulin, Julie Reynolds, Lisa Stanley, Brian Szymanski, MD

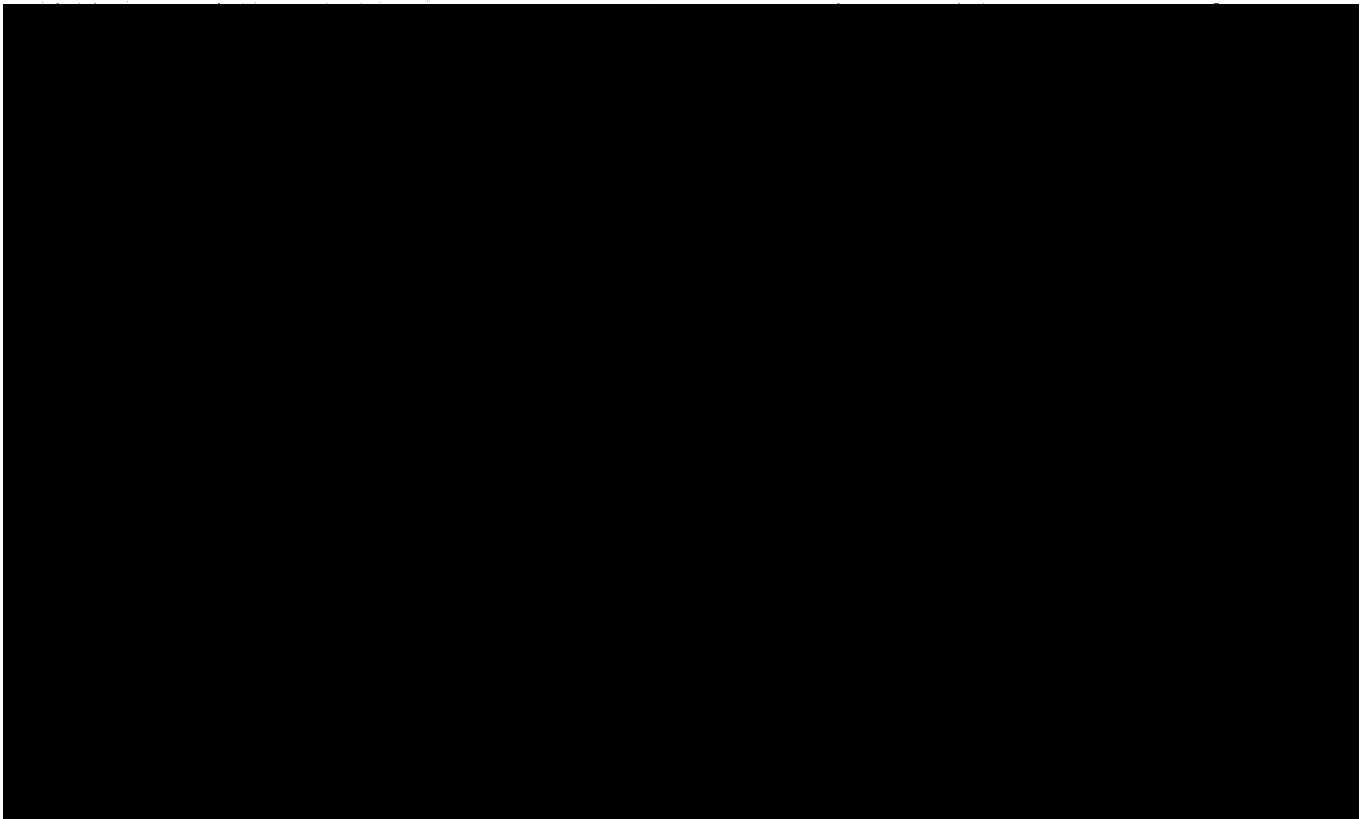
Excused: Jim Jalbert

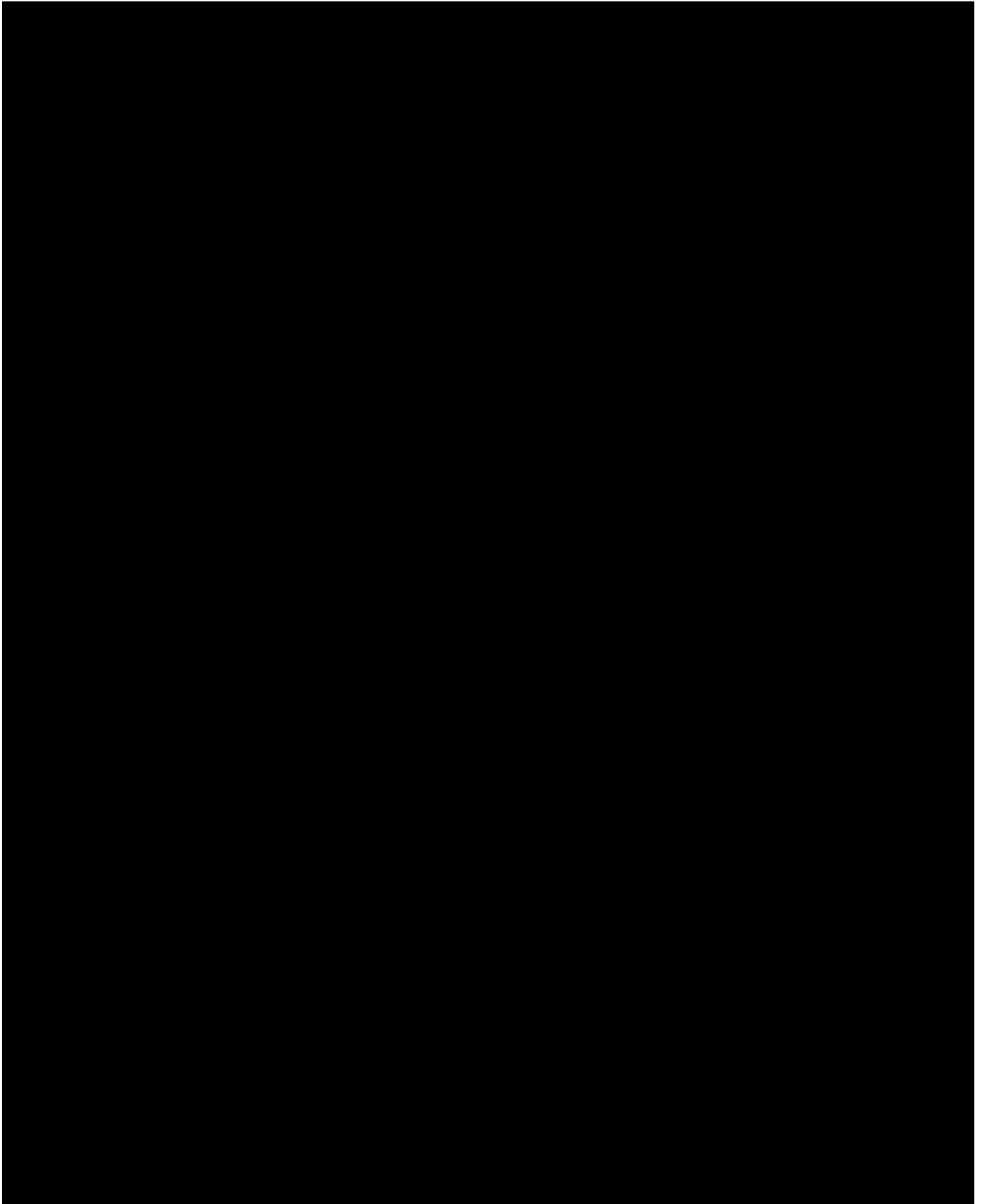
Guests: Josh McElveen, McElveen Strategies LLC
Jon List, John Mallia, and via telephone Ramona Lacy, Prism Healthcare Partners LTD

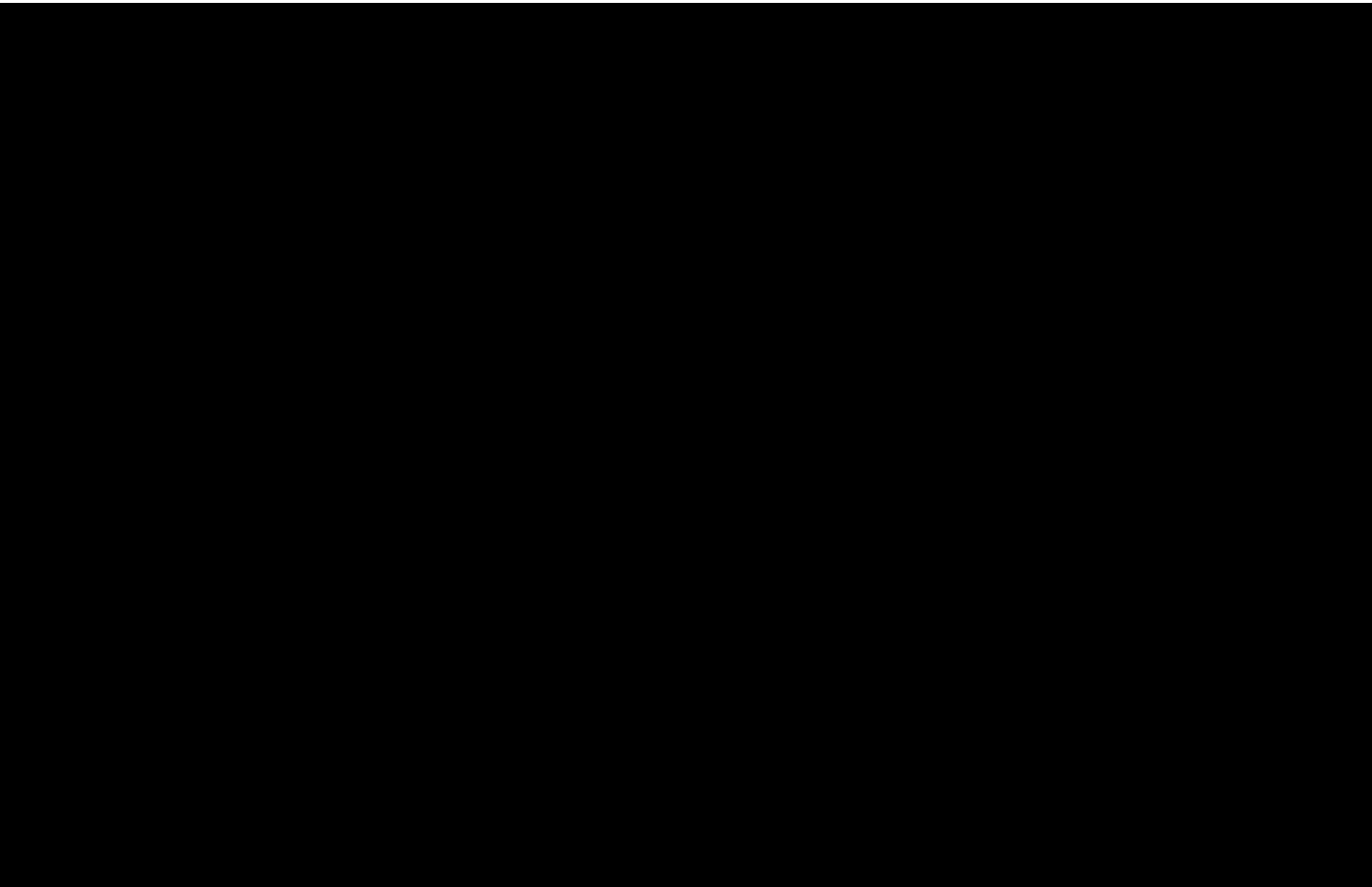
Staff: Karen Gravel

Chairman Hughes called the meeting to order at 5:51 pm. He noted Dr. Caple, Interim President & CEO, Dr. Kiley, Medical Staff President, Josh McElveen, Jon List, John Mallia, and Ramona Lacy will attend Executive Sessions meetings related to the Potential Partner Request for Proposal. Discussion ensued regarding the format for Executive Session meetings. All meeting participants understand these meetings are confidential and an open format for discussion.

Topic – Status of Potential Partner Request for Proposal







With no further business to discuss, the meeting was adjourned at 7:30 p.m.

Respectfully submitted,

Karen Gravel, CAP-OM
Senior Executive Assistant

FRISBIE MEMORIAL HOSPITAL

BOARD RESOLUTION

WHEREAS, the Board of Trustees approved the issuance of a Request for Proposals in July 2018 seeking a strategic transaction to ensure the continued operation of the hospital to meet the health care needs of the community served by the Frisbie Memorial Hospital (“Frisbie”);

WHEREAS, in September 2018 the Board of Trustees determined that it is in Frisbie’s best interests, and it is in furtherance of its charitable healthcare purposes and mission that Frisbie pursue a transaction with HCA Healthcare;

WHEREAS, the Board of Trustees has received and carefully considered and reviewed a draft letter of intent which was negotiated with HCA Management Services, L.P.


NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees approves the outline of the transaction as set forth in the Letter of Intent between Frisbie Memorial Hospital and HCA Management Services, L.P., in substantially the form attached hereto as Attachment A;

FURTHER RESOLVED, that the Board Chair or another officer as designated by the Chair be, and hereby is, authorized, empowered and directed to execute and deliver the Letter of Intent; and

FURTHER RESOLVED, that the designated Board Committee and management with the advice of legal counsel are hereby authorized, empowered and directed to proceed to negotiate and develop definitive agreements to consummate the proposed transaction, provided such definitive agreements shall remain subject to the review and approval of the full Board.

IN WITNESS WHEREOF, I certify that the above resolutions authorized and approved at a meeting of the Board of Trustees duly noticed and held on 9th day of January, 2019.

Date: January 9, 2019


Name: William Cormier
Title: Secretary

January 10, 2019

Frisbie Memorial Hospital
 11 Whitetail Road
 Rochester, NH 03867
 Attention: Jocelyn Caple, MD, MBA

Re: Frisbie Memorial Hospital

Ladies and Gentlemen:

On behalf of HCA Management Services, L.P. and its affiliates (collectively, "HCA", "we" or "us"), we are pleased to submit this non-binding letter of intent (this "LOI") to Frisbie Memorial Hospital and its affiliates (collectively, "Frisbie Memorial" or "Seller") to acquire, directly or indirectly, from Frisbie Memorial substantially all of the assets that are associated with, or used in the operation of, Frisbie Memorial Hospital, a 112 licensed bed acute-care hospital located in Rochester, New Hampshire (the "Hospital"), and certain of Frisbie Memorial's other health care facilities, operations, businesses and practices (collectively with the Hospital, the "Facilities"), as further described in this LOI and the non-binding term sheet (the "Term Sheet") attached hereto as Exhibit A (the "Proposed Transaction"). We are prepared to proceed with a customary due diligence review and simultaneous negotiation of definitive agreements with a view toward expeditiously completing the Proposed Transaction and ensuring the continued delivery of high quality and efficient healthcare services to the communities that Frisbie Memorial serves. HCA and Frisbie Memorial are sometimes referred to herein, individually, as a "Party" and, collectively, as the "Parties". Capitalized terms used in this LOI that are not otherwise defined in this LOI shall have the meanings set forth in the Term Sheet.

1. Type of Transaction. As more fully described in the Term Sheet, pursuant to the Definitive Agreements, the initial drafts of which would be prepared by HCA, the Proposed Transaction would be structured as a sale by Frisbie Memorial to HCA of the Assets. This LOI and the Term Sheet set forth some, but not all, of the material non-binding terms and conditions regarding the Proposed Transaction. The particular structure of the Proposed Transaction may be revised once the Parties have had the opportunity to evaluate the accounting, securities, tax, regulatory and legal consequences of the Proposed Transaction.

2. Purchase Price. Based on the unaudited nine (9) month trailing financial data of Seller through June 30, 2018, HCA intends to pay Seller as full consideration for the Assets an amount in cash equal to \$70,000,000, which amount is subject to the adjustments set forth in the Term Sheet (the "Purchase Price"). The Purchase Price would be subject to adjustment pursuant to HCA's due diligence review of the Facilities, the Assets and the books and records of Seller.

3. Access to Information.

(a) From the date hereof until the earlier of the execution of the Definitive Agreements or the termination of this LOI, Frisbie Memorial shall permit Representatives (as defined below) of HCA full and complete access to inspect and appraise Frisbie Memorial, the Facilities, the Assets and the business prospects of Frisbie Memorial, and shall disclose and

Handwritten initials: X MC

make available to Representatives of HCA all financial information, books, agreements, papers, records and personnel relating to the ownership and operation of the Facilities and the Assets. HCA agrees that its inspection shall not unreasonably interfere with the operations of Frisbie Memorial. After the date hereof and before entering into the Definitive Agreements, HCA shall cause to be prepared (at HCA's expense): (i) a survey of the real property portion of the Assets by a surveyor acceptable to HCA and (ii) a preliminary environmental site assessment by an engineering consulting firm acceptable to HCA, each in a form acceptable to HCA.

(b) Upon the execution of the Definitive Agreements, each of Frisbie Memorial and HCA shall obtain, as soon as practicable, all other necessary consents and/or applicable governmental or regulatory approvals (or exemptions therefrom) relating to the Proposed Transaction.

(c) Frisbie Memorial recognizes HCA's commitment to complying with federal and state statutes and regulations governing physician relationships, including the federal Stark law and Anti-Kickback Statute, and shall work diligently to provide HCA, on a priority basis, access to all non-privileged documents and information relevant to ensuring that all aspects of Frisbie Memorial's operations, and all elements of the Proposed Transaction comply with said statutes and regulations. Frisbie Memorial shall also make available to HCA the individual(s) primarily responsible for Frisbie Memorial's ethics and compliance policies, practices, procedures and related matters. The Parties agree to schedule a preliminary introductory call with such individual(s) and HCA's designated Representatives within ten (10) days of the date hereof.

4. No Violation. Each Party represents and warrants to the other Party that: (a) neither such Party nor any of its respective affiliates is currently bound under any enforceable contract with any third party concerning a transaction with respect to any of the Assets or that would otherwise materially interfere with the Proposed Transaction, (b) this LOI and the Proposed Transaction will not violate any contract or commitment currently binding on such Party or any of its respective affiliates and (c) such Party is fully authorized to enter into this LOI. Each Party has prepared and delivered this LOI in reliance on such representations and warranties.

5. Confidentiality; Disclosure; Expenses.

(a) Except as otherwise required by law, each Party agrees to keep this LOI and its contents confidential and not disclose the same to any third party (except to attorneys, accountants, agents, bankers and other consultants hired by such Party in connection with the Proposed Transaction and except to any applicable governmental or regulatory agencies in connection with any required notification or application for approval or exemption therefrom) without the prior written consent of the other Party. The Confidentiality and Non-Disclosure Agreement between Frisbie Memorial and HCA, which was fully executed by the parties on or about July 25, 2018 (the "NDA") and is attached hereto as Exhibit D, shall remain in full force and effect. For the avoidance of doubt, the terms of this LOI shall be subject to the NDA.

(b) Except as required by law, any release to the public of information with respect to the Proposed Transaction or the matters set forth herein shall be made only in the form and manner approved by both Parties.

(c) Except as otherwise provided in this LOI, each Party shall be responsible for its own respective expenses in connection with the Proposed Transaction, regardless of whether the Definitive Agreements are executed. The cost of documentary stamps, transfer taxes, recording fees and similar Closing costs shall be allocated at the Closing in the manner customary in the location of Seller.

6. Exclusivity. From the date hereof until the earlier of (a) the execution of the Definitive Agreements, (b) the 90th day following the date (the "Exclusivity Termination Trigger Date") on which both (i) Seller's responses to the "priority" due diligence requests set forth in the DRL (as defined below) are complete and (ii) Seller's responses to all other due diligence requests set forth in the DRL are substantially complete (in each case, as determined by HCA in its reasonable discretion and communicated by HCA to Seller), or (c) the 120th day following the date of this LOI, Seller shall, and shall cause each of its affiliates and its and their respective officers, directors, employees, agents, advisors, consultants and representatives (collectively, "Representatives") to, deal exclusively with HCA regarding the Proposed Transaction or any other direct or indirect acquisition or lease of any of the Facilities or the Assets and, without the prior written consent of HCA, Seller shall not, and shall cause its Representatives not to, (A) solicit, facilitate, initiate, continue, respond to or engage in discussions or negotiations with any person or entity, directly or indirectly (whether such negotiations are initiated by Seller, any of its Representatives or otherwise), other than HCA (or its designated Representatives), relating to (x) the possible acquisition or lease of any of the Facilities, the Assets (or a material portion thereof) or any equity interest in any entity that directly or indirectly owns any of the Facilities or any of the Assets (including by merger or consolidation) or (y) any other significant transaction involving Seller, the Facilities or the Assets (each, an "Alternative Transaction"); (B) provide information or documentation with respect to any of the Facilities or the Assets to any person or entity, other than HCA (or its designated Representatives), relating to an Alternative Transaction; (C) afford any access to the personnel, offices, facilities, properties or books and records of Seller to any person or entity, other than HCA (or its designated Representatives), relating to an Alternative Transaction; (D) enter into an understanding, arrangement or agreement with any person or entity, other than HCA (or its designated Representatives), providing for an Alternative Transaction; or (E) otherwise assist or facilitate the making of, or cooperate in any way regarding any inquiry, offer or proposal by any person or entity, other than HCA (or its designated Representatives), relating to an Alternative Transaction. If Seller or any of its Representatives receives any inquiry, offer or proposal relating to an Alternative Transaction, then Sellers will promptly notify the person making such inquiry, offer or proposal of the existence of this exclusivity covenant (but not disclose the identity of any other Parties or any terms of this LOI) and of Seller's inability to discuss any Alternative Transaction until the obligations under this Section 6 are terminated. Seller recognizes and acknowledges that a breach of the provisions of this Section 6 would cause irreparable and material loss and damage to HCA and that, accordingly, Seller agrees that HCA shall be entitled to injunctive relief, specific performance or other equitable relief for any such breach or threatened breach; provided, however, that the remedies provided for herein shall be cumulative and shall not preclude the assertion by HCA of any other rights or seeking any other remedies against Seller and/or its Representatives. Notwithstanding the foregoing, in the event this LOI and further negotiations with respect to the Proposed Transaction are terminated (1) by Seller pursuant to Section 10 prior to the Exclusivity Termination Trigger Date, the covenants of Seller set forth in this Section 6 shall continue in full force and effect until the 120th day following the date of this LOI, or (2) by HCA pursuant to

Section 10, then the covenants of Seller set forth in this Section 6 shall terminate on the date of such termination by HCA.

7. Continuation of Frisbie Memorial's Operations. From the date hereof until the earlier of the Closing or the termination of this LOI, Frisbie Memorial shall continue to operate the Facilities and the Assets in the ordinary course of Frisbie Memorial's business, including, without limitation, making all normal and planned capital expenditures and shall not (a) remove, dispose of or transfer any of the Assets, except in the ordinary course of business (with adequate replacement of any transferred Assets), (b) make any material change in the business or operation of the Facilities or the Assets, or (c) enter into any other significant contract, commitment or transaction with respect to the Facilities or the Assets (other than the Definitive Agreements, if entered into with HCA), except in the ordinary course of business. Nothing in this Section 7 shall obligate either Party to take any action or omit to take any action that would reasonably be expected to breach any obligation (contractual, fiduciary or otherwise) of such Party.

8. Diligence Process; Timing; Schedule Preparation. The Parties acknowledge that, on or prior to the date hereof, HCA provided to Seller a copy of HCA's Deal Team Handbook and attachments thereto (collectively, the "Deal Team Handbook"), including, without limitation, HCA's due diligence request list ("DRL"). The Deal Team Handbook sets forth guidelines and procedures for facilitating a well-organized due diligence process and includes a timeline by which the Parties intend to complete all material steps in the due diligence process including, without limitation, the date by which Seller will complete production of all documents in response to HCA's due diligence requests. Subject to the right of either Party to terminate this LOI and further negotiations between the Parties as set forth in Section 10, Seller agrees to use commercially reasonable efforts to comply with the guidelines and procedures set forth in the Deal Team Handbook, including, without limitation, completing its response to HCA's due diligence requests by the date provided in the Deal Team Handbook. The Parties acknowledge that due diligence information shall be uploaded by Seller after consultation and coordination with, and at the direction of, HCA's Representatives, to an HCA virtual data room maintained by Intralinks. In the course of performing its due diligence review, HCA and its Representatives intend to prepare detailed lists and matrices regarding, among other matters, Seller's permits and approvals, accreditations, contracts, owned real property, leased real property and third-party leases. The Parties acknowledge that, as a result of such due diligence activity, the interests of both Parties may be served by HCA's preparation of the initial drafts of the schedules related to the aforementioned items that will be incorporated into the Definitive Agreements. Such preparation by HCA would, however, in no way limit Seller's obligation to HCA that such schedules in their final form be complete and accurate in all respects.

9. Governing Law. This LOI, and all matters arising out of or relating to this LOI, shall be governed by, and construed in accordance with, the laws of the State of New Hampshire, without giving effect to conflicts of law principles.

10. Non-Binding LOI and Term Sheet. Except for the provisions of Sections 3 through 11 (collectively, the "Binding Provisions"), neither this LOI nor the Term Sheet is intended to be, and is not, a legally binding agreement, and neither this LOI nor the Term Sheet shall give rise to any legally enforceable obligations or liabilities of either of the Parties or their

respective affiliates. Further, due to the complexity of the Proposed Transaction, and because this LOI and the Term Sheet include only some, and not all, of the material terms of the Proposed Transaction, it is the express intention of the Parties that, except for the Binding Provisions, no binding contractual agreement shall exist between the Parties unless and until the Parties shall have executed and delivered the Definitive Agreements, which shall contain the provisions outlined in the Term Sheet and representations, warranties, covenants and other terms and conditions customary in a transaction of this type, all of which must be acceptable to both Parties in their sole discretion (including, without limitation, contingencies for all necessary regulatory approvals). No verbal understandings or agreements or facts arising out of the course of dealing between the Parties or any of their respective affiliates prior to or subsequent to the date hereof shall be binding unless and until the Parties shall have executed and delivered the Definitive Agreements and such understandings, agreements or facts are memorialized therein. Subject to the Binding Provisions, either Party may for whatever reason terminate this LOI and further negotiations with respect to the Proposed Transaction by written notice to the other Party. In such event of termination, there shall be no obligations or liabilities between the Parties or their respective affiliates as a result of, or relating to, the execution of this LOI, any acts or omissions of the Parties or their respective Representatives in connection with the Proposed Transaction, including any actual or alleged oral agreements or course of dealing between the Parties or any of their respective affiliates relating thereto, any action taken in reliance on this LOI or such termination, except with respect to a breach of the Binding Provisions. The Binding Provisions shall survive any such termination.

11. Entire Agreement; Amendment. This LOI, together with the NDA (which shall survive the execution and delivery of this LOI), represents the entire agreement between the Parties, and, together, this LOI and the NDA supersede all prior or contemporaneous oral or written understandings, negotiations, letters of intent or agreements between the Parties. This Section 11 shall be deemed a "merger" clause, and this LOI (together with the NDA) is intended as a complete integration of the Parties' agreement as to the Binding Provisions. No verbal or written modifications of, amendments to, or waivers of any rights or obligations under this LOI, including any indications of intent to be bound, shall be valid or enforceable unless and until made in writing and signed and delivered by each of the Parties.

Please indicate your approval of the terms and conditions of this proposal and your intention to enter into these negotiations by executing it in the space provided below and returning one executed copy to HCA, whereupon we shall proceed promptly with our evaluation and review of the Facilities and the Assets and with the preparation and negotiation of the Definitive Agreements.

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We look forward to a successful and mutually rewarding relationship in respect of the Proposed Transaction.

Sincerely,

HCA Management Services, LP

By: HPG Enterprises, its general partner

By: 
Name: Monica C. Citado
Title: VP, Development

AGREED THIS 9 DAY
OF JANUARY, 2019

Frisbie Memorial Hospital

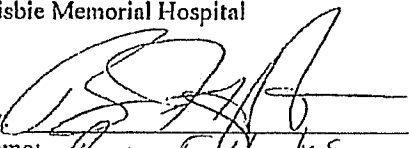
By: 
Name: Brian E. Douglas
Title: Chairman, Board of Trustees

EXHIBIT AACQUISITION TERM SHEET ("TERM SHEET")

The following is a summary of some, but not all, of the material non-binding terms of a proposed transaction (the "*Proposed Transaction*") between Frisbie Memorial and HCA. The particular structure of the Proposed Transaction may be revised once the Parties have had the opportunity to evaluate the accounting, securities, tax, regulatory and legal consequences of the Proposed Transaction, and it is the Parties' expressed intention to ensure that the Proposed Transaction is compliant with all applicable laws and regulations. This Term Sheet is an Exhibit to that certain letter of intent ("*LOI*") by and between Frisbie Memorial and HCA dated January 10, 2019, and subject to the terms and conditions contained in the LOI in all respects. Capitalized terms used in this Term Sheet that are not otherwise defined in this Term Sheet shall have the meanings set forth in the LOI.

1. Type of Transaction	
A. Structure of Proposed Transaction	The Proposed Transaction would be structured as a sale by Seller to HCA of good and marketable title to substantially all of the assets that are associated with, or used in the operation of, Frisbie Memorial Hospital, a 112 licensed bed acute-care hospital located in Rochester, New Hampshire (the " <i>Hospital</i> "), and certain of Frisbie Memorial's other health care facilities, operations, businesses and practices, including, but not limited to, its interest in the Skyhaven Ambulatory Surgery Center, (collectively with the Hospital, the " <i>Facilities</i> "), including, without limitation, the assets listed on Exhibit B attached hereto, other than the Excluded Assets defined below (collectively, the " <i>Assets</i> "). Subsequent to the execution of the Definitive Agreements and pending the receipt of final regulatory approvals to consummate the Proposed Transaction, the Parties may agree upon the extension of a line of credit by HCA to Seller pursuant to loan documents acceptable to HCA in its sole and absolute discretion to address the operating expenses of the Hospital.
B. Purchase Price	HCA would pay Seller or Seller's designee as full consideration for the Assets an amount in cash equal to \$70,000,000, which amount is subject to the adjustments set forth in this Term Sheet (the " <i>Purchase Price</i> ").
C. Adjustments to Purchase Price	The Purchase Price would be adjusted at Closing as follows: (a) a reduction for the amount of any indebtedness and/or capital lease obligations of Frisbie Memorial and its affiliates that are assumed or paid off by HCA at the Closing (collectively, the " <i>Indebtedness</i> "); (b) an increase (or reduction) to the extent Net Working Capital as of the Closing exceeds (or is less than) a target amount to be mutually agreed upon in the Definitive Agreements;



	<p>and (c) a reduction for any liability of Seller that is assumed or paid off by HCA at the Closing and is not included in the Indebtedness or Net Working Capital adjustments described above.</p> <p>"<i>Net Working Capital</i>" would mean an amount equal to the difference between those current assets of Seller to be purchased by HCA as of the Closing and those current liabilities of Seller to be assumed by HCA as of the Closing, in each case as identified on <u>Exhibit C</u> attached hereto (which amount may be expressed as a positive number if such current assets exceed such current liabilities or a negative number if such current liabilities exceed such current assets).</p> <p>The Purchase Price would be further subject to adjustment pursuant to HCA's due diligence review of the Facilities, the Assets and the books and records of Seller.</p> <p>If approved in writing by HCA, the Purchase Price may also be adjusted for any significant capital expenditures made by Frisbie Memorial or its affiliates prior to the Closing.</p>
D. Payment of Purchase Price	HCA would pay to Seller or to Seller's designee an amount equal to the Purchase Price, less the Escrow Amount (as defined below), upon the closing of the Proposed Transaction as set forth in the Definitive Agreements (the " <i>Closing</i> ") by wire transfer of immediately available funds to an account of Seller's designation.
E. Encumbrances	Seller would convey to HCA good and marketable title to the Assets, free and clear of all liens, liabilities, encumbrances and defects in title, except for the liens associated with any Indebtedness. Seller would discharge, at or prior to the Closing, any and all indebtedness and capitalized leases outstanding against any of the Assets, except for any Indebtedness.
F. Definitive Agreements	The definitive agreements would include an Asset Purchase Agreement and such other agreements and ancillary documents as mutually agreed to by the Parties (collectively, the " <i>Definitive Agreements</i> ").



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2. Operational Covenants	
A. Capital Commitment	<p>The Definitive Agreements would provide that after Closing HCA would complete the following capital projects: (a) the development of a psych pod in the Hospital's Emergency Department; (b) the replacement of the Hospital's MRI; and (c) the development of a pharmacy clean room; provided, however, that the costs to complete such capital projects would not exceed \$3,500,000.</p> <p>The process and method for completing the aforementioned post-Closing capital projects would be set forth in the Definitive Agreements.</p>
B. Maintenance of Key Services at the Hospital	<p>During the period beginning on the Closing and ending on the five (5) year anniversary of the Closing, and subject to (i) a force majeure event making doing so impossible or commercially unreasonable, (ii) the Advisory Board consenting in advance, or (iii) the occurrence of a contingency set forth in the Definitive Agreements, HCA would not discontinue the provision of emergency department services, inpatient surgical services, inpatient medical services at the Hospital and other mutually agreed upon key health care services provided at the Hospital as of the Closing. Additionally, HCA intends to continue the provision of labor and delivery services and behavioral health services (including geriatric psychiatry services) at the Hospital following the Closing.</p>
C. Uninsured and Charity Care	<p>HCA would compare Frisbie Memorial's and HCA's policies for treatment of charity care patients and uninsured patients who do not qualify for charity care, and at the Closing, would adopt the uninsured discount and charity care policies that provide more access to necessary medical care regardless of ability to pay for services received, and would maintain such policies in place for a period of five (5) years following Closing.</p>
D. Charitable Donations	<p>HCA would direct to the Frisbie Foundation (the "<i>Legacy Foundation</i>") persons who contact HCA with respect to charitable donations to the Facilities.</p>
E. Covenant Enforcement	<p>The Definitive Agreements would provide that either the Legacy Foundation or a successor foundation established by Frisbie Memorial prior to the Closing (the "<i>Foundation</i>") would have the right to enforce certain of HCA's post-closing covenants in the manner set forth in the Definitive Agreements.</p>

<p>3. Excluded Assets and Assumption of Liabilities</p>	
<p>A. Excluded Assets</p>	<p>The following would be excluded from the Assets: (i) cash, cash equivalents and investments, (ii) restricted funds that are not capable of being transferred to HCA, (iii) trustee-held bond reserve funds, (iv) third party payor cost report settlements, (v) claims against third parties directly related to the Excluded Assets or Excluded Liabilities or expressly set forth in the Definitive Agreements, (vi) assets of the Legacy Foundation, and (vii) such other assets, subsidiaries and affiliated businesses as may be mutually agreed to by the Parties in the Definitive Agreements following due diligence by HCA (collectively, the "<i>Excluded Assets</i>").</p>
<p>B. Assumption of Liabilities</p>	<p>HCA would assume prospectively (i) liabilities relating to periods following the Closing associated with the normal and customary contracts, capital leases and operating leases of Frisbie Memorial related to the operations of the Facilities and the Assets that are assumed by HCA, subject to HCA's review and approval thereof, including review to determine that such contracts and leases comply with applicable law and that their business terms are commercially reasonable (including pricing terms and/or rental rates, as applicable) (ii) the current liabilities of Frisbie Memorial included in Net Working Capital as of the Closing and (iii) such other liabilities as may be mutually agreed to by the Parties in the Definitive Agreements following due diligence by HCA (collectively, the "<i>Assumed Liabilities</i>").</p> <p>Except for the Assumed Liabilities, HCA would not assume, and Frisbie Memorial would remain responsible for, and would indemnify, defend and hold HCA harmless from and against, any and all liabilities, losses, claims, damages, indebtedness, costs and expenses (including reasonable attorneys' fees), commitments or obligations of any kind whatsoever (collectively, "<i>Liabilities</i>"), relating to, or arising in connection with, the transfer of the Assets to HCA or the operation of the Facilities and the Assets prior to the Closing or any other Liabilities of Frisbie Memorial or its affiliates (collectively, the "<i>Excluded Liabilities</i>"), including, but not limited to (i) all debts of, or guarantees of debt by, Frisbie Memorial or its affiliates, (ii) any pension and other employee benefit obligations (other than those items in Net Working Capital) and (iii) liabilities relating to the Excluded Assets.</p> <p>Additionally, Frisbie Memorial would indemnify, defend and hold HCA harmless from and against any and all Liabilities incurred by</p>

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	<p>HCA or its affiliates as a result of any breach by Frisbie Memorial of any representation, warranty, covenant or other agreement contained in the Definitive Agreements, subject to customary limitations for a transaction of the size, type and complexity contemplated by the Proposed Transaction and mutually agreed to by the Parties.</p> <p>Seller or the Foundation, on behalf of Seller, would obtain supplemental insurance policies providing for extended reporting periods for claims made after the Closing in respect of events occurring prior to or as of the Closing, in form and substance and in amounts acceptable to HCA, for all claims-made policies held by or for the benefit of Seller, its affiliates, the Facilities or the Assets, including professional liability coverage, relating to all periods prior to and including the date of the Closing and to have the effect of converting such claims-made policies into occurrence coverage, the cost thereof to be paid for by Seller.</p>
<p>C. Guarantee and Escrow</p>	<p>To the extent that sales proceeds are transferred to the Foundation or any affiliate of Seller or the Foundation, then the Foundation or such affiliate(s) would guarantee for the benefit of HCA the indemnification and other continuing obligations of Seller under the Definitive Agreements. At the Closing, HCA would deliver to an escrow agent mutually agreeable to HCA and Seller (the "<i>Escrow Agent</i>") an amount equal to ten percent (10%) of the Purchase Price (the "<i>Escrow Amount</i>"), as collateral to secure the indemnification and other continuing obligations of Seller under the Definitive Agreements (together with all accrued interest thereon, the "<i>Escrowed Funds</i>"). The Escrowed Funds would be held by the Escrow Agent in an investment account mutually agreeable to HCA and Seller. On the two (2) year anniversary of the Closing, all remaining Escrowed Funds, if any, would be released to Seller or the Foundation, as agreed to in the Definitive Agreements (less amounts with respect to unresolved claims which would remain in the escrow account and be released in accordance with the terms of the Definitive Agreements).</p>
<p>4. Advisory Board</p>	<p>Following the Closing HCA would establish an Advisory Board comprised of individuals appointed by Frisbie Memorial and HCA in equal numbers (the "<i>Advisory Board</i>"). The purposes of the Advisory Board would include: fulfilling any Joint Commission governance requirements; approving any changes to HCA's covenants in the Definitive Agreements relating to continuation of operations and services; and receiving and reviewing annual budgets and annual reports prepared by HCA. Advisory Board actions would require the approval of a majority of the members of the Advisory Board, except changes to HCA's covenants in the</p>

	Definitive Agreements relating to continuation of operations and services, which would require the approval of a majority of members of the Advisory Board appointed by Frisbie Memorial and a majority of the members of the Advisory Board appointed by HCA.
5. Employees	
A. General	<p>In order to assure continuity of patient care at the Hospital, HCA intends to hire substantially all of the employees of Seller employed at the Hospital as of the Closing at current base wage and salary levels, except for senior management personnel. Any offers of employment to senior management personnel would be consistent with the usual and customary practices of HCA and would be subject to additional discussion and negotiation with such personnel. HCA reserves the right, however, not to hire any individual employee who does not meet HCA's customary pre-employment screening and employment qualifications. Frisbie Memorial would retain responsibility for any severance payments owed to any Frisbie Memorial employees (including senior management personnel) who are not hired by HCA.</p> <p>Benefits for the employees hired by HCA (including, but not limited to, severance benefits) would be at least as favorable as those generally offered to similarly-situated employees of HCA located in the area of the Hospital. To the extent lawful and permitted under HCA's policies and contracts, HCA would honor prior service credit under Frisbie Memorial's current welfare plans for purposes of satisfying pre-existing condition limitations in HCA's welfare benefit plans and would recognize the date of hire of each employee with Frisbie Memorial for purposes of participation in its service-based policies such as paid time off and participation in its severance policies. With respect to HCA's welfare and retirement plans, to the extent permitted under the terms and conditions of such plans, HCA would waive the usual waiting periods for participation in its welfare and retirement benefit plans and offer immediate enrollment opportunity, subject to each plan's eligibility requirements, but would not make contributions to its retirement plans with respect to prior service. Subject to the limits in its current plans, HCA would assume the accrued liability for vacation, holiday and sick time hours related to such hired employees in an amount not to exceed 200 hours for each such employee so long as such assumed liability is reflected as a current liability in Net Working Capital.</p>
B. Physicians	All physicians employed by Frisbie Memorial at the time of the Closing would have their employment continued through HCA.



	following Closing, conditioned on physicians' compliance at all times with HCA compliance standards. Any physician employment agreements in place with Frisbie Memorial employed physicians who accept offers of employment with HCA shall be assigned to HCA and honored, subject to due diligence.
6. Covenant Not to Compete	Seller and the Foundation would execute and deliver at the Closing a non-competition agreement for a period of five (5) years and within a geographic area, and containing other terms acceptable to HCA, Seller, and the Foundation.
7. Conditions to Closing	As is customary for transactions of this type, HCA's conditions to completing the Proposed Transaction would include, but would not be limited to: (a) the negotiation, execution and delivery of the Definitive Agreements in form acceptable to HCA, which would include, among other things, representations, warranties, covenants, conditions and indemnities that are customary in a transaction of this type, (b) satisfactory completion of HCA's due diligence review of the Facilities and the Assets, (c) no material adverse changes to the Facilities or the Assets prior to the consummation of the Proposed Transaction and (d) receipt of any necessary consents and/or regulatory approvals.
8. Compliance Matters	The Definitive Agreements and the Proposed Transaction would all be in compliance with all applicable state and federal laws and regulations, including but not limited to the federal Stark law, the Anti-Kickback Statute and other applicable healthcare laws and regulations.
9. Governing Law of Definitive Agreements	The Definitive Agreements would be governed by Delaware law.



EXHIBIT B

ASSETS

ASSETS

All of the tangible and intangible assets of Frisbie Memorial associated with or used in the operation of the Facilities, including, without limitation, (a) those assets accounted for on the Balance Sheet of Frisbie Memorial dated June 30, 2018, (b) all real and personal property, including, without limitation, land (whether held for development or otherwise), buildings, furniture, fixtures and equipment, contracts and leases (to the extent HCA elects to assume them), licenses and permits, certificates of need (whether pending or granted), inventory and supplies, all intellectual property rights, patient and other records and claims against third parties that relate to the Assets, and (c) any joint venture or other equity interest in healthcare or related operations.

EXCLUDED ASSETS

See Exhibit A, Section 3.A.

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EXHIBIT C

COMPUTATION OF NET WORKING CAPITAL

Current Assets

Accounts Receivable
Assumable and Usable Prepaid Expenses
Usable Inventories & Supplies
Other current assets to be agreed to by the Parties

Current Liabilities

Accounts Payable
Real Estate Taxes
Vacation, Holiday & Sick Time Hours
Other current liabilities to be agreed to by the Parties

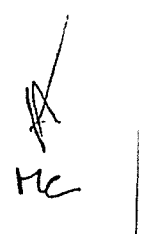
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EXHIBIT D

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT
BETWEEN FRISBIE MEMORIAL AND HCA
(See attached)

Me
JK

CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT

THIS CONFIDENTIALITY AND NON-DISCLOSURE AGREEMENT (the “**Agreement**”) is effective as of the 18th day of July, 2018 (the “**Effective Date**”), and is by and between Frisbie Memorial Hospital (“**Hospital**”) and HCA Management Services, L.P. (“**Potential Affiliation Partner**”). Hospital and Potential Affiliation Partner are sometimes referred to in this Agreement singularly as a “**Party**” and collectively as the “**Parties.**”

WHEREAS, Hospital intends to issue a Request for Proposal (“**RFP**”) for an affiliation with another organization with a shared mission and similar objectives of Hospital (the “**Potential Transaction**”);

WHEREAS, in order to enter into meaningful discussions, the Parties may be required to disclose Confidential Information (as defined hereafter), for the limited purpose of evaluating and negotiating the suitability of entering into the Potential Transaction and such Confidential Information should be kept secret and confidential in accordance with the terms of this Agreement;

WHEREAS, Hospital will provide Potential Affiliation Partner with a RFP which will include Confidential Information; and

WHEREAS, the Parties would not be willing to make Confidential Information available to the other Party without the benefit of this Agreement and intend that this Agreement govern the conditions of the disclosure of all Confidential Information between the Parties.

NOW, THEREFORE, in consideration of the mutual agreements, promises and undertakings set forth in this Agreement, and intending to be bound by this Agreement, each Party, on behalf of itself, its subsidiaries and affiliates and its and their respective directors, officers, managers, members, partners, owners, employees, legal counsel, consultants, accountants, agents, financing sources, financial advisors and advisors (collectively hereafter, “**Representatives**”), agrees as follows:

1. **Confidential Information.**

(a) “**Confidential Information**” is all information or data, regardless of form, that is, prior to, on or after the Effective Date, disclosed to the other Party or its Representatives by, or on behalf of, the disclosing Party (the “**Disclosing Party**”), as well as all information and data generated by a Party or its Representatives that contains, reflects or is derived from the furnished information or data including, without limitation, competitively sensitive information, medical records, employee compensation and benefits, billing and collections information, financial information, projections, plans or planning information, marketing strategies, operations, present or future business plans or activities, technical or non-technical information including patents, copyrights, trade secrets, proprietary information, methods, ideas, concepts, theories, algorithms, protocols, designs, inventions, know-how, processes, software programs, software source documents, formulae, and any other information that should reasonably be recognized as Confidential Information of the Disclosing Party related to the Potential Transaction. Confidential Information also includes the fact that a Party, or its Representatives,

has received the Confidential Information and that discussions are taking place between the Parties with regard to the Potential Transaction, including the status thereof.

(b) The confidentiality and nondisclosure obligations of this Agreement shall not apply to any portion of the Confidential Information that: (i) was demonstrably known by the Party receiving the Confidential Information (the “**Receiving Party**”) prior to receiving the Confidential Information from the Disclosing Party; (ii) is, was or becomes known to the Receiving Party from a third-party source not known (after reasonable inquiry) by the Receiving Party to be under an obligation to Disclosing Party to maintain confidentiality; (iii) is or becomes publicly available through no breach of this Agreement by the Receiving Party; (iv) is required to be disclosed in a judicial or administrative proceeding, although the requirements of Paragraph 3 below shall apply prior to any disclosure being made; or (v) is or has been developed by or for the Receiving Party without the use of, reliance upon or reference to the Confidential Information.

2. **Confidentiality.**

(a) The Receiving Party hereby agrees that: (i) the Confidential Information will be kept strictly confidential; (ii) the Receiving Party and its Representatives will not disclose, divulge or communicate any of the Confidential Information to any person, firm or entity, in any manner whatsoever, other than in conformity with the terms of this Agreement; and (iii) the Receiving Party and its Representatives will not use any Confidential Information for any purpose other than evaluating and negotiating the Potential Transaction. In addition, the Receiving Party agrees that, without the prior written consent of the Disclosing Party or except as provided below, the Receiving Party and its Representatives will not disclose to any other person, firm or entity the fact that the Confidential Information has been made available to the Receiving Party or its Representatives, that discussions or negotiations concerning a Potential Transaction are taking place, or any of the terms, conditions or other facts with respect thereto.

(b) Both Parties agree to take commercially reasonable precautions (not less than the degree of care used by it in safeguarding its own similar information) to prevent Confidential Information from being disclosed to anyone other than an Authorized Disclosee (as defined in Paragraph 2(c) below).

(c) The Receiving Party agrees to transmit the Confidential Information only to such of its Representatives: (i) who reasonably need to know the Confidential Information; and (ii) who are informed of the terms of this Agreement (“**Authorized Disclosees**”). Upon disclosing Confidential Information to their respective Authorized Disclosees, the Parties each shall notify their respective Authorized Disclosees of the confidential nature thereof, and shall direct each such Authorized Disclosee not to disclose further the Confidential Information. The Receiving Party shall be liable for breaches of this Agreement by its Authorized Disclosees; provided, however, that from and after the time any Authorized Disclosee enters into a confidentiality or similar agreement directly with the other Party or any of its Representatives, the Receiving Party shall not be responsible for any action or omission by such Authorized Disclosee that is contrary to the terms hereof or breach thereof by such Authorized Disclosee.

3. **Certain Disclosures.** In the event that the Receiving Party and/or its Representatives becomes legally required or receives a request to disclose all or any part of the Confidential Information by a court, regulatory authority, governmental body, supervisory authority, oral questions, interrogatories, requests for information or documents, subpoena, civil investigation, demand or similar process, the Receiving Party agrees to the extent reasonably practical and legally permissible: (a) to promptly notify the Disclosing Party of the existence, terms, and circumstances surrounding such request; (b) to consult with the Disclosing Party on the advisability of the Disclosing Party, at its sole expense, taking commercially reasonable steps to resist or narrow such request; and (c) to furnish only such portion of the Confidential Information as it is requested or legally compelled to disclose and to exercise reasonable efforts to obtain an order or other reliable assurance that confidential treatment will be accorded to the disclosed Confidential Information.

4. **Ownership and Return of Confidential Information.** The Receiving Party agrees that the Confidential Information is, and will remain, the property of Disclosing Party. Upon the request of the Disclosing Party, the Receiving Party shall use reasonable efforts to destroy or collect and surrender (at the Receiving Party's option) all Confidential Information and all memoranda, notes, records, and other documents or materials (and all copies of same, including "copies" that have been converted to computerized, digital or electronic media in the form of image, data or word processing files either manually or by image capture) based on or including any Confidential Information; provided, however, that the Receiving Party and its Representatives may retain (a) copies of the Confidential Information to the extent that such retention is required to demonstrate compliance with applicable law or professional standards, to comply with a bona fide document retention policy, or in connection with any litigation or proceeding in connection with this Agreement and (b) such Confidential Information stored in an electronic format, which, in the exercise of standard practices for electronic document management, is impractical to delete or destroy; provided, however, that any such Confidential Information so retained shall be held in compliance with the terms of this Agreement. Upon the return or destruction of such materials, an authorized officer of the Receiving Party shall, upon request of the Disclosing Party, certify in writing, that all such materials have been either surrendered or destroyed in accordance with the foregoing. Any oral Confidential Information will continue to be subject to the terms of this Agreement. Nothing in this Agreement shall be construed to grant to the Receiving Party any right, interest or title in, to or under the Confidential Information. No license is hereby granted to the Receiving Party, by estoppel or otherwise, under any patent, trademark, copyright, trade secret or other proprietary rights of the Disclosing Party.

5. **No Relationship or Liabilities.** This Agreement shall create no relationship between the Parties except as expressly stated herein. This Agreement does not create a joint venture or partnership between the Parties and neither Party is obligated to enter into any further contract or business relationship with the other.

6. **Warranty.** Each Party warrants that it has the right to make the disclosures under this Agreement. NO WARRANTIES ARE MADE BY EITHER PARTY UNDER THIS AGREEMENT WHATSOEVER. The Parties acknowledge that although they shall each endeavor to include in the Confidential Information all information that they each believe relevant for the purpose of the evaluation and negotiation of the Potential Transaction, the Parties

understand that no representation or warranty as to the accuracy or completeness of the Confidential Information hereunder is being made by either Party as the Disclosing Party. Further, neither Party is under any obligation under this Agreement to disclose any Confidential Information it chooses not to disclose. Neither Party hereto shall have any liability hereunder to the other Party nor to the other Party's Representatives resulting from any use of the Confidential Information except with respect to disclosure of such Confidential Information in breach of this Agreement.

7. **Term.** The obligations of the Parties under this Agreement shall continue until the earlier of (a) twelve (12) months from the Effective Date and (b) the execution and delivery of a definitive agreement regarding the Potential Transaction by the Parties (or their affiliates), in which case all obligations related to confidentiality shall be governed by such definitive agreement.

8. **No Obligations Regarding Potential Transaction.** Unless a definitive agreement regarding the Potential Transaction is subsequently executed and delivered between the Parties, neither Party nor their respective Representatives will be under any legal obligation of any kind whatsoever with respect to the Potential Transaction by virtue of this Agreement or any other written or oral expression with respect to such Potential Transaction except, in the case of this Agreement, matters specifically referred to herein. The Hospital is under no obligation to deal exclusively with the Potential Affiliation Partner. Further, either Party may determine not to proceed with the Potential Transaction at any time and for any reason. Each of the Parties agrees that the other Party reserves the right, in its sole and absolute discretion, to reject any or all proposals and to terminate discussions and negotiations at any time prior to the execution and delivery of a final definitive agreement.

9. **Equitable Relief.** Notwithstanding anything to the contrary in this Agreement, in the event of a breach or threatened breach by a Party of any provision of this Agreement, the Parties hereby acknowledge and agree that the non-breaching Party shall have the right to seek immediate temporary or permanent injunctive relief, specific performance or other equitable relief, without prejudice to any other rights and remedies otherwise available to the non-breaching Party under this Agreement. Each Party hereto acknowledges and agrees that the Confidential Information provided by the other Party may include a valuable trade secret or other valuable information of the other Party and that any disclosure or unauthorized use thereof may cause irreparable harm and loss to that Party entitling that Party to seek injunctive relief in addition to any other remedy at law or in equity that may be available.

10. **Notice of Breach.** The Receiving Party shall notify the Disclosing Party promptly upon discovery of any known unauthorized use or disclosure of Confidential Information by the Receiving Party or its Representatives, or any other known breach of this Agreement by Receiving Party or its Representatives, and will use commercially reasonable efforts to cooperate with the Disclosing Party to help the Disclosing Party regain possession of Confidential Information and prevent its further unauthorized use.

11. **Potential Affiliation Partner Business.** Hospital acknowledges that Potential Affiliation Partner and its affiliates are in the business of investing in healthcare companies and entities that provide products and/or services to healthcare companies. It is expressly understood

and agreed that nothing contained in this Agreement shall be deemed to limit or prevent in any manner the Potential Affiliation Partner's or its affiliates': (a) ability to conduct its business in the ordinary course as of the date hereof; or (b) investigation, consideration, or making of an investment in or entry into a joint venture or similar arrangement with any entity that is engaged or proposes to engage in the same or a related field of business to that of Hospital, regardless of whether Potential Affiliation Partner pursues the Potential Transaction or any other transaction with Hospital.

12. **HIPAA Requirements.** Each Party agrees that it is responsible for its own compliance with the Health Information Technology for Economic and Clinical Health Act of 2009 (the "**HITECH Act**"), the Administrative Simplification Provisions of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C.A. §1320d et seq. ("**HIPAA**") and any current and future regulations promulgated under the HITECH Act or HIPAA, including without limitation, the federal privacy regulations contained in 45 C.F.R. Parts 160 and 164, the federal security standards contained in 45 C.F.R. Parts 160, 162 and 164, the federal standards for electronic transactions contained in 45 C.F.R. Parts 160 and 162 and the health information breach notification regulations contained in 45 C.F.R. Parts 160 and 164, all as amended from time to time and collectively referred to herein as the "**HIPAA Requirements**". Each Party agrees not to use or further disclose any "Protected Health Information," including "Electronic Protected Health Information," (as such terms are defined in the HIPAA Requirements) other than as permitted by the HIPAA Requirements and the terms of this Agreement. Each Party shall make its internal practices, books, and records relating to the use and disclosure of Protected Health Information available to the Secretary of Health and Human Services extent required for determining compliance with the HIPAA Requirements.

13. **No Waiver.** The failure to enforce at any time any of the provisions of this Agreement, or to require at any time performance by either Party of any of the provisions hereof, shall in no way be construed to be a waiver of such provisions by a Party or to affect the validity of this Agreement, or any part hereof, or the right of either Party thereafter to enforce each and every such provision in accordance with the terms of this Agreement.

14. **Successors and Assigns.** Neither Party may directly or indirectly assign or transfer this Agreement by operation of law or otherwise without the prior written consent of the other Party, which consent will not be unreasonably withheld; provided, however, that each Party may assign this Agreement to an affiliate of that Party without the consent of the other Party. All obligations contained in this Agreement shall extend to and be binding upon the Parties to this Agreement and their respective successors and permitted assigns.

15. **Governing Law.** This Agreement shall be governed by, and interpreted in accordance with, the laws of the State of New Hampshire without regard to conflicts of laws provisions.

16. **Counterparts.** This Agreement may be executed in duplicate originals or faxed or e-mailed counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

17. **No Modification.** No change, modification or alteration of this Agreement shall be valid unless the same is specified in writing and signed by both of the Parties hereto.

18. **Severability.** If any provision of this Agreement is inconsistent or contrary to any applicable law, rule or regulation, then such provision(s) shall be deemed to be modified to the extent required to comply with said law, rule or regulation and as so modified, such provision(s) and this Agreement shall continue in full force and effect.

19. **Notices.** Any notices, requests, demands and other communications between the Parties shall be in writing and shall be deemed to have been delivered when delivered personally or three (3) business days after being mailed by certified or registered mail, postage prepaid, return receipt requested, to the address set forth below or to such other address as a Party may provide in writing to the other.

Hospital:

11 Whitehall Road
Rochester, New Hampshire 03867
Attention:

Potential Affiliation Partner:

HCA Management Services, L.P.
One Park Plaza
Nashville, TN 37203
Attention: Vice President and Assistant Secretary

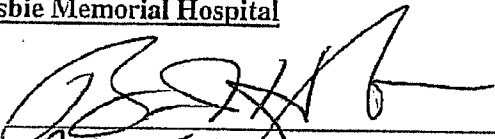
20. **Entire Agreement.** This Agreement is the final agreement with respect to the subject matter hereof.

21. **Attorneys' Fees.** In any action or proceeding arising out of or in connection with this Agreement, the prevailing Party, as determined by findings of a court of competent jurisdiction, will be entitled to seek recovery of all reasonable attorneys' fees and expenses.

[Signature Page Follows]

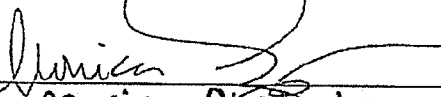
IN WITNESS WHEREOF, the Parties have executed this Confidentiality and Non-Disclosure Agreement as of the Effective Date.

Frisbie Memorial Hospital

By: 
Name: Brian F. Hughes
Title: Chairman of the Board of Trustees

HCA Management Services. L.P.

By: HPG Enterprises, LLC, its General Partner

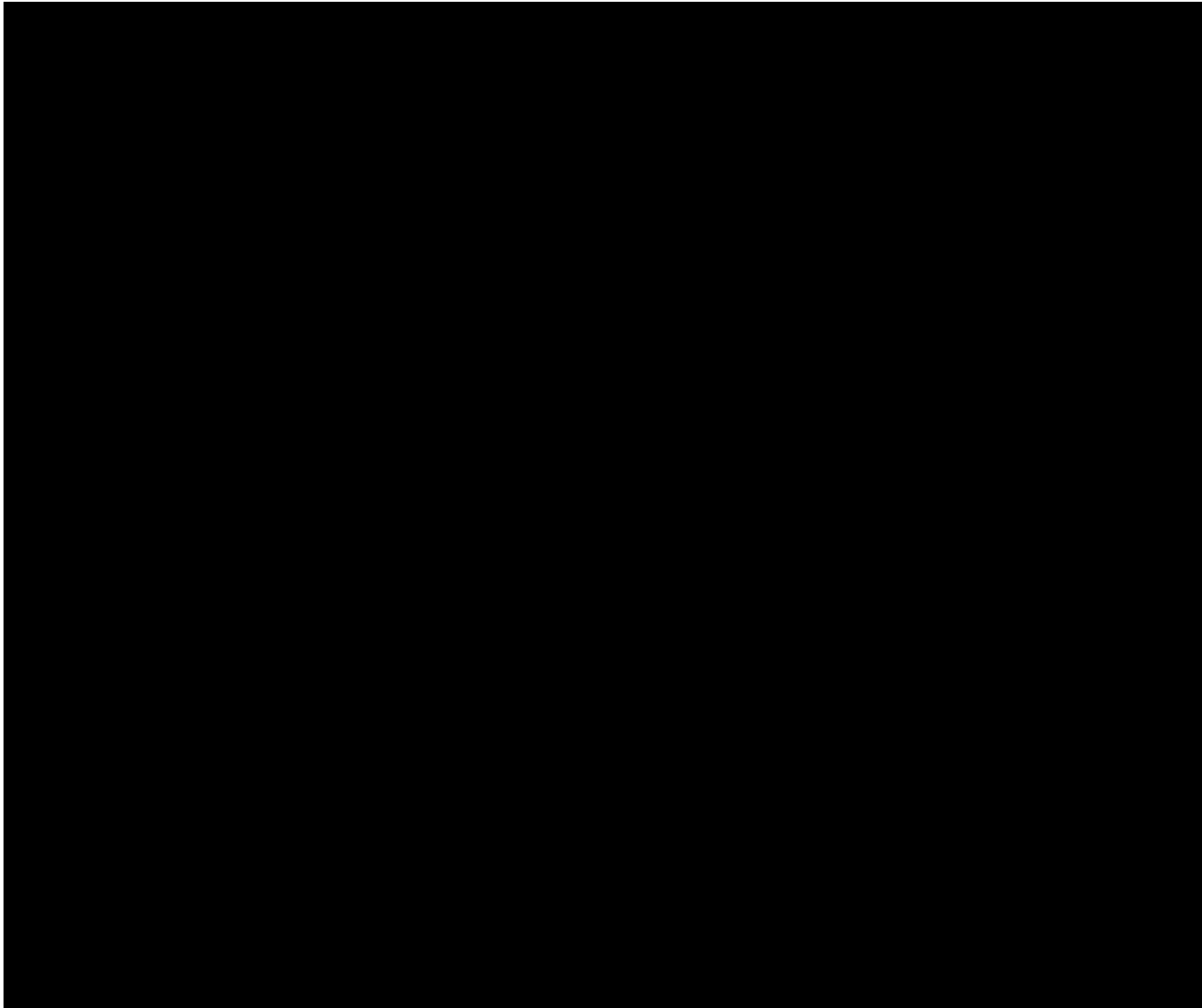
By: 
Name: Monica Cifrado
Title: Vice President Development

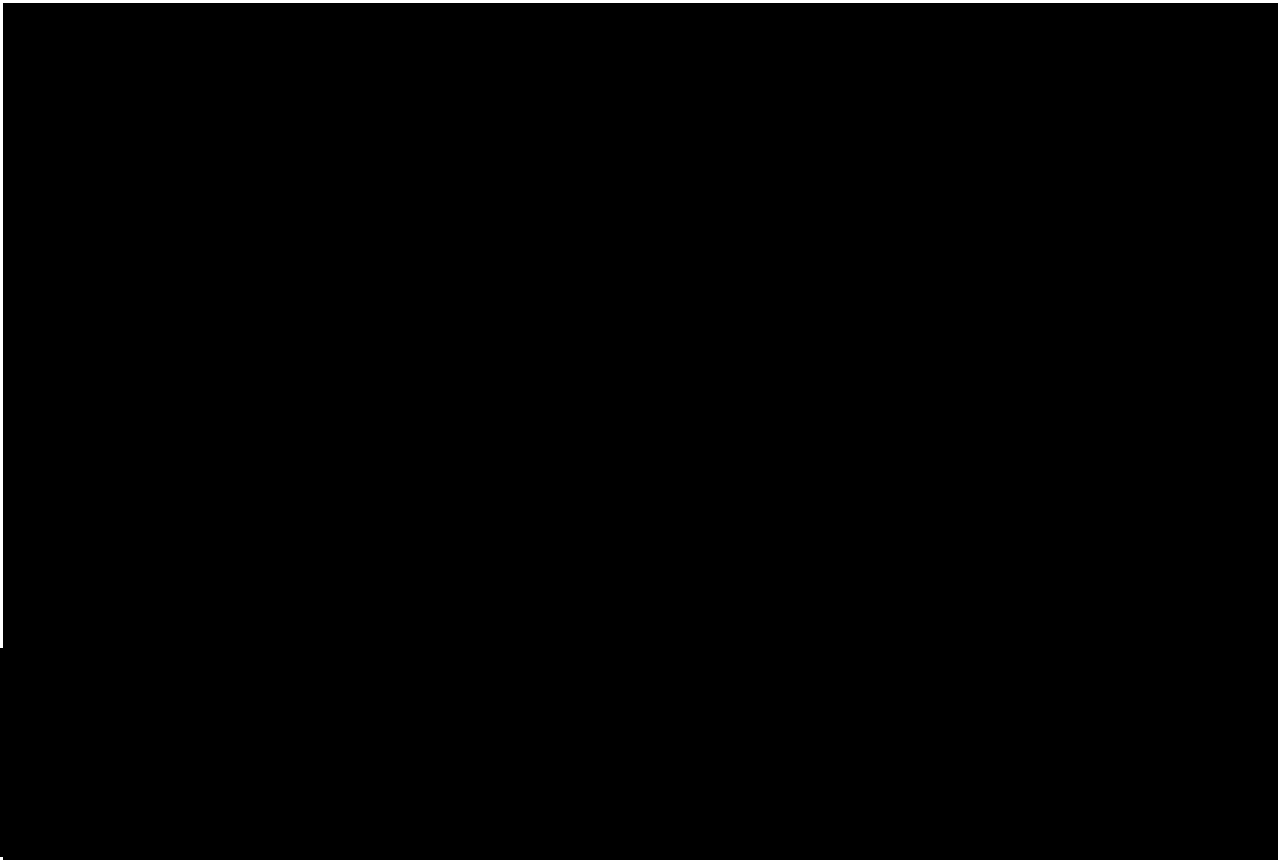


**Board of Trustees
Business Meeting
January 31, 2019
Belknap Room**

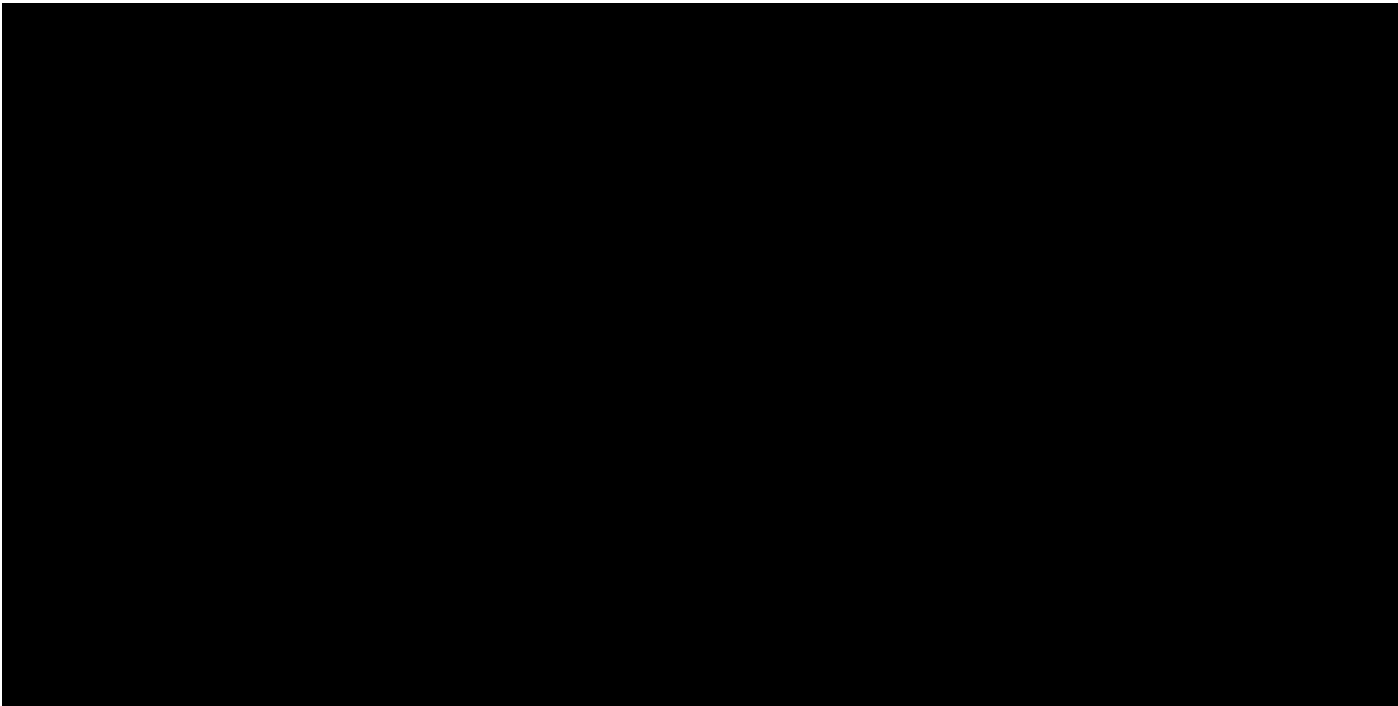
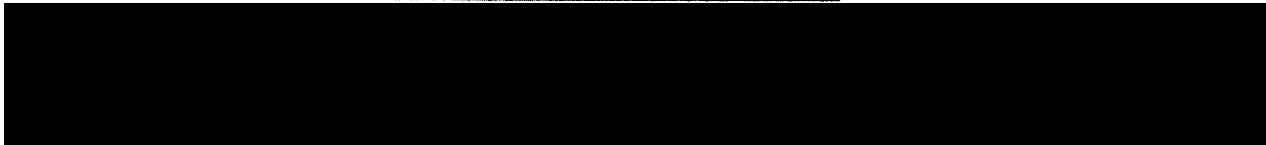
Present: John Britton, MD, Jocelyn Caple, MD, Bill Cormier, Mark Farrell, John Hall, Brian Hughes, Jim Jalbert, Frank Jones, Bill Kiley, MD, Jeanette Poulin, Ron Poulin, Julie Reynolds, Lisa Stanley, Brian Szymanski, MD
Staff: Bob Cochrane, Karen Gravel, Christi Green, T.J. Jean, John Levitow

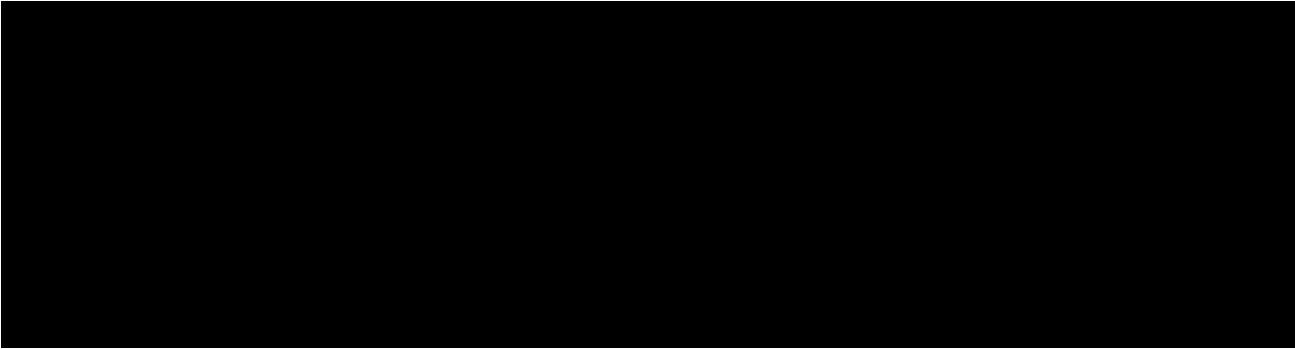
Chairman Hughes called the meeting to order at 4:05 pm. We welcomed trustees and staff to the meeting, and he thanked everyone for their work throughout the Letter of Intent process (LOI). In turn, Chairman Hughes was thanked for his leadership and work on the LOI.





Topic – Ratification of the Vote to Approve the Letter of Intent





With no further business to discussion, a motion was made to adjourn the Board of Trustees business meeting at 4:50 p.m. and go into Executive Session.

Respectfully submitted,



Karen Gravel, CAP-OM
Senior Executive Assistant

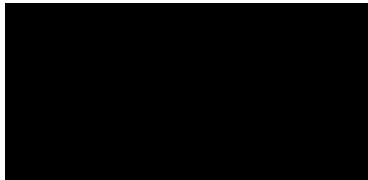


**Board of Trustees
MEETING MINUTES
September 18, 2019
Belknap Room**

- Present:** Brian Hughes, Jocelyn Caple, MD, Bill Cormier (via cell), Janette Poulin, Jim Jalbert, Julie Reynolds, Bill Kiley, MD, Ron Poulin, John Hall Lisa Stanley, John Britton, MD and Brian Szymanski, MD.
- Excused:** Mark Farrell and Frank Jones
- Guests:** Laurie Cohen of Nixon Peabody and Doug Johnson and Rob Kirsch of Stroudwater (via phone) and Tracie Tankevich, Financial Assistance Expert.
- Staff:** Jim Hutchinson, Interim CFO and Sherry Lord, Senior Executive Assistant.

1. Welcome – Call to Order

Chairman Hughes called the meeting to order at 4:05pm. Chairman Hughes introduced Laurie Cohen, Nixon Peabody and Doug Johnson and Rob Kirsch of Stroudwater via conference call. Chairman Hughes noted that it was 16 months ago to the day that the RFP was sent out. He thanked everyone for their efforts as it has been a long time coming. Special thanks to the working group that put a lot of time into the phone calls etc. Mr. Hall thanked the Chairman for his leadership throughout the process.



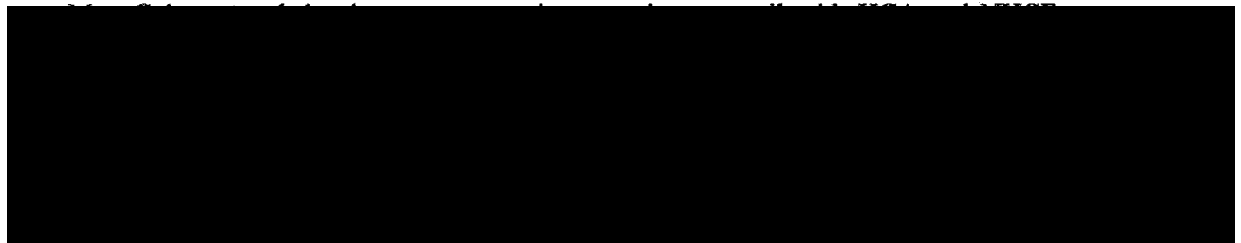
4. Report of the Chairman

Frisbie Hospital Board Meeting

1. Charity Care Policy – Frisbie policy v HCA policy



2. Status of NH Charitable Foundation Donor Advised agreement and Receipt and Refunding agreement-



3. Overview of APA and schedules-

[REDACTED]

4. Board resolution – (SEE ATTACHED)

[REDACTED]

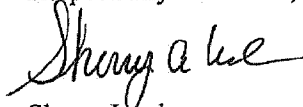
5. Next Steps- (In the interest of time these items were not discussed)

[REDACTED]

[REDACTED]

Motion to adjourn at 6:36pm

Respectfully submitted,



Sherry Lord
Senior Executive Assistant

FRISBIE MEMORIAL HOSPITAL
BOARD RESOLUTION

WHEREAS, the Board of Trustees of the Frisbie Memorial Hospital ("Frisbie") approved the issuance of a Request for Proposals in July 2018 seeking a strategic transaction to ensure the continued operation of the hospital to meet the health care needs of the community served by Frisbie;

WHEREAS, in September 2018, the Board of Trustees determined that it is in Frisbie's best interests, and it is in furtherance of its charitable healthcare purposes and mission to pursue a transaction to ensure the continued operation of the hospital and the availability of health care services in its service area;

WHEREAS, in January 2019 Frisbie executed a letter of intent with HCA Management Services, L.P. to sell the assets of Frisbie and its affiliated entities;

WHEREAS, Frisbie is the sole shareholder of The Frisbie Foundation, which in turn is the sole member of the Granite State Lab, LLC and the sole shareholder of Seacoast Business and Health Clinic Inc. d/b/a Seacoast Redicare;

WHEREAS, the Board of Trustees has now received and carefully considered and reviewed an asset purchase agreement which was negotiated with HCA Management Services, L.P.

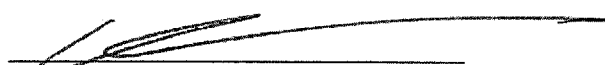
NOW, THEREFORE, BE IT RESOLVED, that the Board of Trustees approves the sale of the assets of Frisbie Memorial Hospital, The Frisbie Foundation, Granite State Lab, LLC and Seacoast Business and Health Clinic Inc. d/b/a Seacoast Redicare ("Sale of Assets"), in accordance with the Asset Purchase Agreement in substantially the form attached hereto as Exhibit A;

FURTHER RESOLVED, that the Board Chair or another officer as designated by the Chair be, and hereby is, authorized, empowered and directed to execute and deliver any and all agreements, schedules, certificates and exhibits required to be executed and delivered to effectuate the Sale of Assets to FMH Health Services, LLC, and as approved by such officer, and that such officer's approval shall be conclusively evidenced by such officer's execution and delivery thereof; and

FURTHER RESOLVED, that Board Chair or another officer as designated by the Chair be, and hereby is, authorized, empowered and directed to take such other steps, execute such other documents and perform or carry out such other acts and things as may be, in the Company's or its legal counsel's judgment, necessary, desirable or appropriate in order to effectuate the Sale of Assets to FMH Health Services, LLC, and to execute and to file for approval (or otherwise) any and all necessary documents with the appropriate offices and governmental agencies, and to otherwise carry out the intent of the foregoing Resolutions.

IN WITNESS WHEREOF, I certify that the above resolutions were authorized and approved at a meeting of the Board of Trustees duly noticed and held on September 18, 2019.

Date: September 23, 2019


Name: _____
Title: Secretary

Trustees In Attendance 8
Trustees Absent 4
Vote in Favor 7

ATTACHMENT A
Asset Purchase Agreement



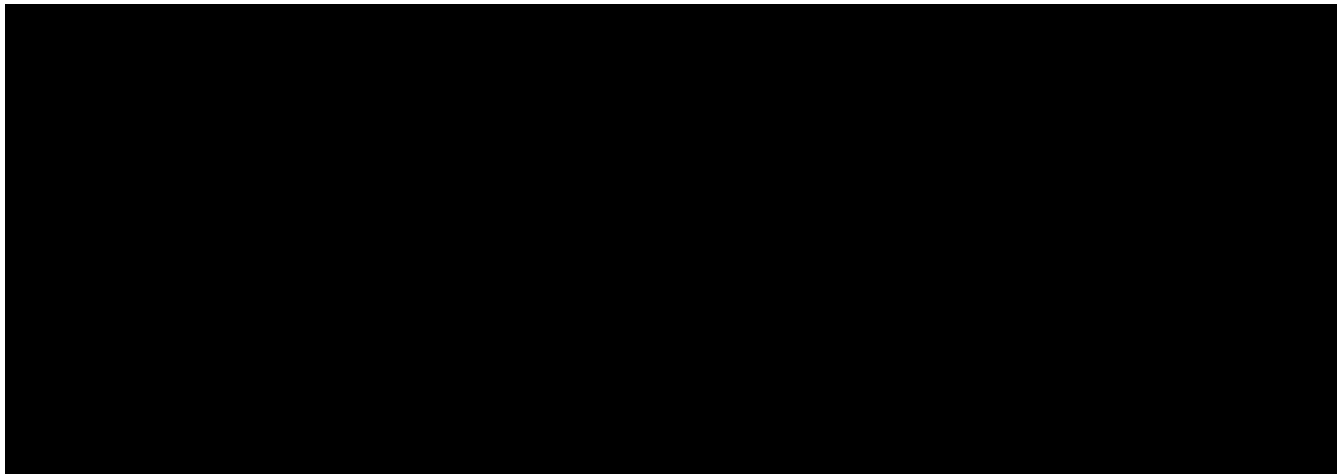
**Frisbie Foundation Board of Trustees
MEETING MINUTES
September 26, 2019
Belknap Room**

Present: Brian Hughes, Jocelyn Caple, MD, Bill Cormier, Janette Poulin (via phone), Jim Jalbert, Julie Reynolds, Bill Kiley, MD, Ron Poulin, John Hall, Mark Farrell and Frank Jones.
Excused: Brian Szymanski, MD and John Britton, MD
Guests: Doug Johnson and Rob Kirsch of Stroudwater via; phone
Staff: Sherry Lord, Senior Executive Assistant.

1. Welcome – Call to Order

Secretary Hughes called the Frisbie Foundation Board meeting to order at 5:05pm.

2. The Frisbie Foundation Board Meeting



3. New Business - None

4. Adjournment - None

5. Executive Session

Respectfully submitted,

Sherry Lord
Senior Executive Assistant

THE FRISBIE FOUNDATION

BOARD RESOLUTION

WHEREAS, the Board of Trustees of Frisbie Memorial Hospital (the "Hospital"), being the sole shareholder of The Frisbie Foundation, approved the issuance of a Request for Proposals in July 2018 seeking a strategic transaction to ensure the continued operation of the hospital to meet the health care needs of the community served by the Hospital;

WHEREAS, in September 2018, the Hospital determined that it is in the Hospital's best interests, and it is in furtherance of its charitable healthcare purposes and mission to pursue a transaction to ensure the continued operation of the Hospital and the availability of health care services in its service area;

WHEREAS, in January 2019, the Hospital, on behalf of itself and its affiliated entities, including the Frisbie Foundation, Granite State Lab, LLC and Seacoast Business and Health Clinic Inc. d/b/a Seacoast Redicare, executed a letter of intent with HCA Management Services, L.P.;

WHEREAS, The Frisbie Foundation, is the sole shareholder of the Granite State Lab, LLC and the sole shareholder of Seacoast Business and Health Clinic Inc. d/b/a Seacoast Redicare; and

WHEREAS, the Board of Directors of The Frisbie Foundation has now received and carefully considered and reviewed the asset purchase agreement which was negotiated with HCA Management Services, L.P.

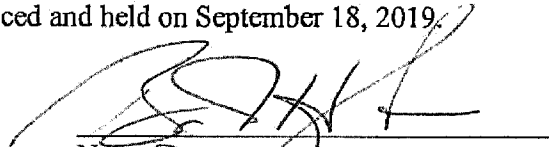
NOW, THEREFORE, BE IT RESOLVED, that the Board of Directors of The Frisbie Foundation, on behalf of itself and also on behalf of Granite State Lab, LLC and Seacoast Business and Health Clinic Inc. d/b/a Seacoast Redicare, approves the Asset Purchase Agreement, in substantially the form attached hereto as Exhibit A;

FURTHER RESOLVED, that the Board Chair of the Foundation or another officer as designated by the Chair be, and hereby is, authorized, empowered and directed to execute and deliver any and all agreements, schedules, certificates and exhibits required to be executed and delivered to effectuate the sale of Foundation assets as well as the assets of Granite State Lab, LLC and the assets of Seacoast Business and Health Clinic Inc. d/b/a Seacoast Redicare to FMH Health Services, LLC (collectively the "Assets"), and as approved by such officer, and that such officer's approval shall be conclusively evidenced by such officer's execution and delivery thereof; and

FURTHER RESOLVED, that Board Chair of the Foundation or another officer as designated by the Chair be, and hereby is, authorized, empowered and directed to take such other steps, execute such other documents and perform or carry out such other acts and things as may be, in the Foundation's or its legal counsel's judgment, necessary, desirable or appropriate in order to effectuate the sale of Assets to FMH Health Services, LLC, and to execute and to file for approval (or otherwise) any and all necessary documents with the appropriate offices and governmental agencies, and to otherwise carry out the intent of the foregoing Resolutions.

IN WITNESS WHEREOF, I certify that the above resolutions were authorized and approved at a meeting of the Board of Directors duly noticed and held on September 18, 2019.

Date: September 26, 2019


Name: Brian E. Hughes
Title: Secretary

Board Members in Attendance 5

Board Member Absent

Vote in Favor 5

ATTACHMENT A
Asset Purchase Agreement