

TRANSFER AGREEMENT
BETWEEN
TRI-CITY HEALTHCARE DISTRICT
AND
TRI-CITY MEDICAL CENTER CORPORATION
DATED: _____, 2026

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TRANSFER AGREEMENT

THIS TRANSFER AGREEMENT (the “Transfer Agreement”) is made and entered into as of _____, 2026 (“Agreement Date”), by and between **TRI-CITY MEDICAL CENTER CORPORATION**, a California nonprofit public benefit corporation (“STCMC”) and **TRI-CITY HEALTHCARE DISTRICT**, a political subdivision of the State of California, organized and existing pursuant to the Local Hospital District Law (Div. 23 of the Health & Safety Code) (the “DISTRICT”). STCMC and the DISTRICT may each be individually referred to herein as a “Party” and collectively as the “Parties.”

RECITALS:

WHEREAS, the DISTRICT owns and operates Tri-City Medical Center (“TCMC” or the “Hospital”), a general acute care hospital licensed to operate 386 beds located in Oceanside, California, and is a provider of ambulatory clinical and related services at various office locations in support of TCMC.

WHEREAS, STCMC’s sole member is Sharp Healthcare, a California nonprofit public benefit corporation (“SHARP”, and collectively with STCMC, the “SHARP Parties”), that is the parent of a nonprofit multi-hospital health care system operating, among other health care-related assets, four acute-care hospitals, three specialty hospitals, three affiliated medical groups and one health services plan in and around San Diego County, California.

WHEREAS, the board of directors of the DISTRICT (“DISTRICT Board”) has determined that it will best serve the interests of the DISTRICT and the communities served by the DISTRICT to lease substantially all of the real property related to the Hospital campus and its operations (“Hospital Campus Real Property”), and certain real property owned by the DISTRICT that is not part of the Hospital’s campus (collectively, the “Non-Hospital Campus Real Property”) to STCMC for a term of thirty (30) years pursuant to one or more Lease Agreements entered into by the DISTRICT and STCMC as of the date of this Transfer Agreement (such leases related to the Hospital Campus Real Property and the Non-Hospital Campus Real Property of STCMC are collectively referred to herein as the “Leases”), in accordance with Health & Safety Code Section 32126.

WHEREAS, the Leases have been entered into in accordance with, and to promote the DISTRICT’s and STCMC’s objectives as set forth in, the Affiliation Agreement between the DISTRICT, SHARP and STCMC, dated [December 12], 2025, to which this Transfer Agreement is attached as an exhibit (the “Affiliation Agreement”).

WHEREAS, it is in the best interests of the DISTRICT and the communities served by the DISTRICT to transfer the assets described in this Transfer Agreement to STCMC such that STCMC may operate TCMC and all its related healthcare services, facilities, assets, and operations conducted at or in connection with the Hospital, including, but not limited to, inpatient, outpatient, emergency, diagnostic, therapeutic, and ambulatory clinical services (collectively, the “Business”) during the term of the Leases and maintain the assets for the benefit of the communities served by the DISTRICT in accordance with Law, including Health & Safety Code Section 32121(p)(2), and, in connection therewith, the DISTRICT Board has approved this Transfer Agreement.

WHEREAS, pursuant to Health & Safety Code Section 32121(p)(2) and 32126, and after consideration of public review and comment, DISTRICT has determined that execution and delivery of the Leases, the Affiliation Agreement and this Transfer Agreement is intended to:

A. Enhance the provision of high quality, efficient and affordable health care services to the communities served by the DISTRICT and the SHARP Parties;

B. Continue the SHARP Parties' mission to provide comprehensive healthcare services that support the health and medical needs of the general public residing in the communities served by the SHARP Parties and the DISTRICT;

C. Deepen the SHARP Parties', the DISTRICT's and TCMC's collective ability to achieve performance excellence goals and enhance each other's skills, competencies and capabilities; and

D. Continue the Parties' respective tax-exempt and public missions to improve the health and wellbeing of their local communities.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants and agreements contained in this Transfer Agreement, and for good and other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties to this Transfer Agreement agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. Capitalized terms used in this Transfer Agreement and not otherwise defined herein shall have the meanings ascribed to them in the Affiliation Agreement. The following terms have the definitions set forth below or ascribed thereto in the section of this Transfer Agreement identified below:

1.1.1 "Accounting Records" has the meaning set forth in Section **Error! Reference source not found.**

1.1.2 "Accounts Receivable" has the meaning set forth in Section **2.1.7**.

1.1.4 "Affiliate" means any corporation, partnership, limited liability company, sole proprietorship or other person or entity that directly or indirectly through one or more intermediaries controls, is controlled by or is under common control with, the person or entity specified.

1.1.5 "Affiliation Agreement" has the meaning set forth in the Recitals.

1.1.6 “Agency Settlements” shall mean rights to settlements and retroactive adjustments, if any, whether arising under a cost report of the DISTRICT or otherwise, for cost reporting periods ending on or prior to the Closing Date, whether open or closed, arising from or against the United States government under the terms of any Government Program, including, without limitation, the Disproportionate Share Replacement Payments program.

1.1.7 “Agreement Date” has the meaning set forth in the preamble.

1.1.8 “Annual Audited Financials” has the meaning set forth in Section **Error! Reference source not found.**

1.1.9 “Assignment” has the meaning set forth in Section 4.2.

1.1.10 “Assumed Contract Rights” has the meaning set forth in Section 4.1.

1.1.11 “Assumed Contracts” has the meaning set forth in Section 2.1.3.

1.1.12 “Assumed Leases” has the meaning set forth in Section 2.1.2.

1.1.13 “Assumed Liabilities” has the meaning set forth in Section 3.1.

1.1.14 “Business” has the meaning set forth in the Recitals.

1.1.15 “Cumulative Annual Statement of Cash Flows” has the meaning set forth in Section **Error! Reference source not found.**

1.1.16 “DISTRICT” has the meaning set forth in the preamble.

1.1.17 “DISTRICT Board” has the meaning set forth in the Recitals.

1.1.18 “Excluded Assets” has the meaning set forth in Section 2.3.

1.1.19 “Excluded Contracts” has the meaning set forth in 2.3.4.

1.1.20 “Excluded Liabilities” has the meaning set forth in Section 3.2.

1.1.21 “Final DISTRICT Payable” has the meaning set forth in Section **Error! Reference source not found.**

1.1.22 “Final SHARP Receivable” has the meaning set forth in Section **Error! Reference source not found.**

1.1.23 “Financial Reporting Documents” has the meaning set forth in Section **Error! Reference source not found.**

1.1.24 “Hired Employees” has the meaning set forth in Section 6.2.3.1 of the Affiliation Agreement.

1.1.25 “Hospital” has the meaning set forth in the Recitals.

1.1.26 “Hospital Campus Real Property” has the meaning set forth in the Recitals.

1.1.27 “Intangible Property” has the meaning set forth in Section 2.1.12.

1.1.28 “Inventory” has the meaning set forth in Section 2.1.4.

1.1.29 “Lease Termination Date” means with respect to a Lease, the date as of which such Lease is terminated or expires on its terms.

1.1.30 “Leases” has the meaning set forth in the Recitals.

1.1.31 “Medical Records” has the meaning set forth in Section 2.1.11.

1.1.32 “Nonassignable Contracts” has the meaning set forth in Section 4.2.

1.1.33 “Non-Hospital Campus Real Property” has the meaning set forth in the Recitals.

1.1.34 “Objection Notice” has the meaning set forth in Section **Error! Reference source not found..**

1.1.35 “Party” and “Parties” has the meaning set forth in the preamble.

1.1.36 “Permits” has the meaning set forth in Section 5.6.2 of the Affiliation Agreement.

1.1.37 “Personal Property” has the meaning set forth in Section 2.1.1.

1.1.38 “Promissory Note” has the meaning set forth in Section 7.2.8.

1.1.39 “Post-Lease Transferring Assets” has the meaning set forth in Section 7.1.

1.1.40 “Post-Valuation Assets” has the meaning set forth in Section 2.1.1(b).

1.1.41 “Prepays” has the meaning set forth in Section 2.1.5.

1.1.42 “Prime Rate” has the meaning set forth in Section **Error! Reference source not found..**

1.1.43 “Review Period” has the meaning set forth in Section **Error! Reference source not found..**

1.1.44 “SHARP” has the meaning set forth in the Recitals.

1.1.45 “SHARP Advances” has the meaning set forth in Section **Error! Reference source not found..**

1.1.46 “SHARP Parties” has the meaning set forth in the Recitals.

1.1.47 “Statement of Cash Flows” has the meaning set forth in Section **Error! Reference source not found..**

1.1.48 “STCMC” has the meaning set forth in the preamble.

1.1.49 “STCMC Opening Balance Sheet” has the meaning set forth in Section **Error! Reference source not found..**

1.1.50 “STCMC Payable” has the meaning set forth in Section **Error! Reference source not found..**

1.1.51 “STCMC Receivable” has the meaning set forth in Section **Error! Reference source not found..**

1.1.52 “Supplies” means any and all provisions, materials, goods and similar items used in the operation of the Business whether or not clinical in nature, including provisions, materials, goods and products related to pharmaceutical, surgical, administrative, food service, janitorial, facility maintenance, office and shop operations and other clinical and administrative services.

1.1.53 “TCMC” has the meaning set forth in the Recitals.

1.1.54 “TCMC Leased Premises” has the meaning set forth in Section 2.1 of the Affiliation Agreement.

1.1.55 “Termination Accounting” has the meaning set forth in Section **Error! Reference source not found..**

1.1.56 “Termination Date” has the meaning set forth in Section **Error! Reference source not found..**

1.1.57 “Transfer Agreement” has the meaning set forth in the preamble.

1.1.58 “Transferred Bank Accounts” has the meaning set forth in Section 2.1.6.

1.1.59 “Transferring Assets” has the meaning set forth in Section 2.1.

ARTICLE II

TRANSFER OF ASSETS

2.1 Transferring Assets. Upon the terms and subject to the conditions contained in this Transfer Agreement, and not including assets that constitute or are among the Excluded Assets, as of the Closing, the DISTRICT sells, conveys, transfers, assigns and delivers to STCMC, and STCMC acquires from the DISTRICT, all right, title and interest of the DISTRICT in and to all properties, assets and rights of any kind or nature, whether tangible or intangible, real, personal or mixed, owned, leased or held by the DISTRICT that constitute, are used in connection with, or are otherwise related to TCMC and the Business, as such assets exist on the Closing Date, including

the following items to the extent used or held for use in the operations of TCMC and the Business, but not including any of the Excluded Assets (collectively, the “Transferring Assets”):

2.1.1 Personal Property. All tangible personal property of every kind and nature owned by the DISTRICT that is physically located within the TCMC Leased Premises or any other location in which the Business is conducted or such personal property is used or held for use in connection with TCMC and the Business as of the Closing Date (collectively, the “Personal Property”), including, without limitation, the following:

(a) All tangible personal property of any kind and nature in connection with TCMC and the Business identified and scheduled on Schedule 2.1.1(a) as part of and pursuant to the fair market value appraisal process conducted pursuant to the valuation as of the Closing Date conducted in accordance with the Affiliation Agreement;

(b) All tangible personal property of any kind and nature in connection with TCMC and the Business that is acquired by the DISTRICT from and after the Valuation Date (the “Post-Valuation Assets”); and

(c) All other furniture, fixtures, machinery, vehicles, medical and other equipment, owned or licensed computer systems (including, without limitation, electronic medical records systems hardware) and applications, spare parts, and tools of any kind and nature, whether or not capitalized at the time of their purchase, and whether or not recorded on the books of the DISTRICT, that are physically located within the TCMC Leased Premises or any location in which the Business is conducted, used, or held for use.

2.1.2 Assumed Leases. All of the DISTRICT’s right, title and interest in and to any and all real property or personal property leases and subleases to which the DISTRICT is a party and that are related to the Business, including those leases set forth on Schedule 2.1.2 (the “Assumed Leases”).

2.1.3 Assumed Contracts. Any and all contracts to which the DISTRICT is a party and that are related to the Business, including those contracts set forth in Schedule 2.1.3, and including, without limitation, licenses (including shrinkwrap licenses and electronic medical record system and software related licenses) to which the DISTRICT is a party and which are assignable (all such contracts, together with the Assumed Leases, collectively, the “Assumed Contracts”).

2.1.4 Inventory. All of the DISTRICT’s inventory of Supplies, raw materials, parts, merchandise, drugs, and other disposables and consumables of any kind and nature (collectively, the “Inventory”) located at the TCMC Leased Premises or any location in which the Business is conducted and used in connection with TCMC and the Business on the Closing Date.

2.1.5 Prepays. All of the DISTRICT’s advance payments, prepayments, prepaid rentals, prepaid expenses and deposits (including any prepaid deposits for Inventory and any deposits or other prepayments pursuant to any Assumed Contract) made by or on behalf of the DISTRICT in the ordinary course of business for goods and services, including those set forth on Schedule 2.1.5 (the “Prepays”).

2.1.6 Bank Accounts; Cash. As of the Closing Date, the DISTRICT shall assign and transfer to STCMC all rights, title, and interest in and to the bank accounts listed on Schedule 2.1.6 (the “Transferred Bank Accounts”), including all cash balances therein. The DISTRICT shall take all actions reasonably required or requested by STCMC to evidence and confirm such assignment, including providing written instructions to the relevant financial institutions and executing any required documentation.

2.1.7 Accounts Receivable. All accounts, notes, interest and other receivables of the DISTRICT of any kind and nature and all accounts receivable of the DISTRICT that have either (a) arisen and been billed but not collected prior to the Effective Time, or (b) have arisen but not been billed or collected prior to the Effective Time, in connection with TCMC and the Business, including: accounts, notes or other amounts receivable from any third-party, and all claims, rights, interests and proceeds related thereto; cost report settlements that relate to any period before the Effective Time; and any account receivable arising from Agency Settlements even if such adjustments occur after the Effective Time, for items and/or services provided by the DISTRICT prior to the Effective Time while owner of the Transferring Assets, whether payable by professional service providers, private pay patients, private insurance, third-party payors, Government Programs, or any other source (collectively, the “Accounts Receivable”), and all agreements, notes, statements, records, correspondence, work papers and other documents relating to the Accounts Receivable, the DISTRICT’s cost reports or Agency Settlements.

2.1.8 Claims. All claims, causes of action, rights of recovery and rights of setoff and recoupment of any kind and nature (including rights to insurance proceeds and rights under and pursuant to all warranties, representations, and guarantees made by suppliers of services, products, materials, or equipment, or components thereof) that arise out of or inure to the benefit of the DISTRICT with respect to the Transferring Asset.

2.1.9 Warranties and Guarantees. All warranties and guarantees of third parties relating to Transferring Assets or the Business.

2.1.10 Books and Records. All books and records, except those books and records described in Section 2.3.3.

2.1.11 Medical Records. Originals, or where not available, copies, in a usable and accessible form and format, of all medical records, patient files, and other written accounts of the medical history of the TCMC’s patients maintained in connection with TCMC and the Business (including electronic medical records in usable and accessible format through licensed access to TCMC’s and the Business’ electronic medical record systems), to the extent transferable by Law (“Medical Records”).

2.1.12 Intangible Property. All of the DISTRICT’s intangible property (the “Intangible Property”) of any kind and nature used in connection with TCMC and the Business, including the following:

(a) All Permits, approvals or other permissions of any Governmental Authority with respect to the operation of TCMC, the Business or the Transferring Assets, to the extent assignable or transferable, owned, utilized, licensed, or issued to the DISTRICT relating to

the ownership, development and business or operation of TCMC, the Business or the Transferring Assets (including any pending permits, approvals or permissions related to TCMC, the Business or the Transferring Assets);

(b) All rights to intellectual property, including trademarks, trade names and trade secrets, of the DISTRICT related to the Business, licenses and sublicenses granted and obtained with respect thereto (including, without limitation, electronic medical record system-related licenses), copies of tangible embodiments thereof in whatever form or medium, all rights to sue and recover damages for infringement occurring on or after the Closing Date, misappropriation or breach thereof, rights to protection of interests therein under the Laws of all jurisdictions, and the goodwill associated therewith;

(c) All goodwill associated with the Business;

(d) All Business-related phone numbers, advertising and all sales and promotional literature, samples, and catalogs used in the marketing of TCMC and the Business.

2.1.13 JV Company Interests. Subject to the terms and conditions of this Transfer Agreement, the Affiliation Agreement, and in accordance with the applicable JV Company governance documentation, all of the DISTRICT's right, title, and interest in and to the JV Companies interests listed in Schedule 2.1.13. Such transfers shall be effected in compliance with all applicable provisions governing transfers, consents, and approvals as set forth in the applicable JV Company governance documentation.

2.1.14 Other Transferring Assets. To the extent not included in any of the foregoing, all other assets owned by the DISTRICT and used in connection with TCMC and the Business as of the Closing Date, but excluding the Excluded Assets.

2.2 Use of Transferring Assets. STCMC shall use, operate and maintain the Transferring Assets in accordance with California Health & Safety Code Section 32121(p)(2) for the benefit of the present and future health care needs of the communities served by the DISTRICT. Notwithstanding anything to the contrary in the immediately preceding sentence and subject to Article 9 of the Affiliation Agreement, STCMC shall have the right, power and authority to sell, or otherwise dispose of or abandon any or all of the Transferring Assets during the term of the Leases and until the Hospital Lease Termination Date without the consent or approval of the District.

2.3 Excluded Assets. Notwithstanding any other provision of this Transfer Agreement, the Transferring Assets shall not include the following assets, which shall be retained by the DISTRICT (collectively, the "Excluded Assets"):

2.3.1 Fee title to the DISTRICT's real property, including, without limitation, the underlying real property that constitutes Hospital Campus Real Property and the Non-Hospital Campus Real Property;

2.3.2 The bank account(s) listed on Schedule 2.3.2 and an amount of cash as described on Schedule 2.3.2, which shall be retained by the DISTRICT from its pre-Closing funds

for use by the DISTRICT to support the operations, programs and initiatives of the DISTRICT after the Effective Time;

2.3.3 Proprietary DISTRICT records, including (i) minute books and records relating to the ownership, governance, and internal affairs of the DISTRICT; (ii) DISTRICT financial records not related to the Transferring Assets or the business of TCMC; and (iii) privileged communications or documents, including attorney-client communications and work product, that are not related to the Transferring Assets or TCMC's business;

2.3.4 The contracts described on Schedule 2.3.4 (the "Excluded Contracts");

2.3.5 The proceeds of general or special property taxes levied on behalf of the DISTRICT, whether collected or not, provided that any DISTRICT retention of such taxes shall be in accordance with Section 9.11 of the Affiliation Agreement;

2.3.6 The rights that accrue or will accrue to DISTRICT under this Transfer Agreement, the Affiliation Agreement, or the Leases; and

2.3.7 Such other assets and items as may be mutually agreed upon by the Parties and described on Schedule 2.3.7.

ARTICLE III

ASSUMPTION OF LIABILITIES

3.1 Assumption of Liabilities. Effective as of the Effective Time, subject to and in accordance with the terms and conditions of this Transfer Agreement, STCMC assumes, and shall perform and discharge when due or sooner, any and all liabilities and obligations of the DISTRICT, except to the extent that such liabilities constitute Excluded Liabilities (collectively, the "Assumed Liabilities"), including:

3.1.1 Liabilities Related to Assumed Contracts. All liabilities and obligations of the DISTRICT under any Assumed Contract, including with respect to any unpaid amounts that accrued or became due and payable on or prior to the Closing Date or any failure to perform, improper performance, breach of warranty, or other breach, default, or violation of the terms thereof occurring on or prior to the Effective Time, except where such liabilities, obligations or amounts are special, punitive or consequential damages or are otherwise owed as a result of the DISTRICT's or its Affiliates' fraud or intentional misrepresentation or improper acts.

3.1.2 Post-Closing Liabilities. All obligations and liabilities relating to or arising out of STCMC's operations and/or ownership of the Transferring Assets or TCMC's Business or operations on or after the Effective Time.

3.1.3 Accounts Payable. All accounts payable of the DISTRICT that are outstanding as of the Closing Date and do not relate to any Excluded Assets or Excluded Liabilities.

3.1.4 DISTRICT Debt and Capital Lease Obligations. The obligations related to the DISTRICT's debt and capital lease obligations existing immediately prior to the Effective Time, including, without limitation, obligations under the debt arrangements listed on Schedule 3.1.4.

3.1.5 Employees. All obligations and liabilities related to the SHARP Parties' employment of the Hired Employees as of or after the Effective Time, as applicable.

3.1.6 Other Claims. Any other known or unknown debts, obligations or liabilities of the DISTRICT related to the Business or the Transferring Assets that arise out of or relate to incidents, actions or omissions of the DISTRICT or the DISTRICT's directors, officers, employees, contractors, agents or representatives occurring prior to the Effective Time, to the extent permitted by law, but excluding the Excluded Liabilities.

3.2 Excluded Liabilities. Notwithstanding any other provision of this Transfer Agreement, STCMC does not and shall not assume, or otherwise be responsible for, DISTRICT's liabilities and obligations related to (a) any obligations of DISTRICT to fund compensation and benefits payable to members or former members of the DISTRICT Board from and after the Closing Date, (b) any obligations or liabilities of DISTRICT under Excluded Contracts, (c) any obligations or liabilities incurred by District from its activities and operations after the Effective Time, (d) any liabilities of the DISTRICT under this Transfer Agreement, the Affiliation Agreement, or the Leases, (e) any and all liabilities related to claims covered by insurance maintained by the DISTRICT prior to the Closing Date or otherwise in accordance with the Affiliation Agreement; and (f) any liabilities that are Excluded Liabilities as defined under the Affiliation Agreement (collectively, the "Excluded Liabilities").

ARTICLE IV

ASSIGNMENT OF CONTRACTS AND RIGHTS

4.1 General Assignment. Except as set forth in Schedule 4.1 and except for the items listed in Subsections of this Article IV, the DISTRICT hereby assigns, transfers and conveys to STCMC, and STCMC hereby accepts such assignment of, all of the DISTRICT's right, title and interest in and to all of the leases (including the right to collect rents under the leases in which the DISTRICT is the lessor), contracts, partnerships, promissory notes, evidences of indebtedness, deeds of trust, mortgages, indentures, purchase orders, copyrights, service marks, trademarks, trade names, licenses, royalty rights, deposits, and rights and claims to refunds and adjustments of any kind and nature whatsoever that are among or that arise from or under the Assumed Contracts (collectively, "Assumed Contract Rights").

4.2 Nonassignability. Notwithstanding anything to the contrary in this Transfer Agreement, to the extent that any of the Assumed Contract Rights are not capable of being validly assigned, transferred, or conveyed without the consent or waiver of the issuer thereof, the other party thereto, any Governmental Authority or other person, or such assignment, transfer, or conveyance (collectively, "Assignment") or attempted Assignment would constitute a breach thereof or a violation of Law, this Transfer Agreement shall not constitute an Assignment thereof and the DISTRICT shall not be obligated to assign to STCMC any such Assumed Contract Rights

or other interest or right hereunder (collectively, “Nonassignable Contracts”) without the Parties first having obtained all such necessary consents and waivers.

4.3 Obtaining Consents. STCMC shall use commercially reasonable efforts to obtain third party consents required under the Nonassignable Contracts to effectuate assignment of such Nonassignable Contracts to STCMC as of the Effective Time. The DISTRICT shall use all commercially reasonable efforts to cooperate with the STCMC (including, without limitation, promptly responding to and forwarding communications related to such consents and communicating with STCMC’s representatives) and to help facilitate STCMC obtaining such consents and facilitating such assignment prior to Closing. Notwithstanding the foregoing, STCMC shall not be obligated to (i) pay any fee or other consideration to any third party to obtain consent with respect to such Nonassignable Contract, (ii) agree to any material modification of the terms of any Nonassignable Contract, or (iii) initiate or participate in any litigation or arbitration to obtain such consent.

4.4 If Waivers or Consents Cannot be Obtained. To the extent that the consents and waivers relating to Nonassignable Contracts are not obtained, the DISTRICT and STCMC shall during the term of the Leases (but, as to any particular Nonassignable Contract, not longer than the current term thereof), use commercially reasonable efforts to (a) provide STCMC with the benefits of any Nonassignable Contract, if and to the extent that it otherwise would constitute a Transferring Asset or Assumed Contract Right, (b) cooperate to reach a reasonable and lawful arrangement designed to provide such benefits to STCMC during the Term of the Leases, and (c) enforce, at the request of STCMC and using legal counsel selected by STCMC, any rights of the DISTRICT under any such Nonassignable Contract against such issuer or the other party or parties thereto (including the right to elect or terminate any of the foregoing in accordance with the terms thereof upon the advice of STCMC); provided, however, that all reasonable costs and expenses of the DISTRICT incurred with respect to any of the actions contemplated under clauses (a), (b), or (c) of this Section 4.4 shall be paid or reimbursed by STCMC to the DISTRICT.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF DISTRICT

5.1 The DISTRICT makes the representations and warranties set forth in Sections 5.1 (Organization), 5.2 (Authorization; Noncontravention; Consents), 5.12 (Marketable Title), 5.14 (Insurance), and 5.15 (Material Contracts) of the Affiliation Agreement with respect to itself, the Business and the Transferring Assets, which representations and warranties are incorporated by reference herein and constitute an integral part hereof. The DISTRICT acknowledges that such representations and warranties shall be relied upon by STCMC for the purposes of this Agreement. This Article V shall not, in any way limit, modify any of the DISTRICT’s representations and warranties under the Affiliation Agreement or Leases, and shall not act as a waiver of any rights the SHARP Parties may have based on such representations and warranties under those agreements.

ARTICLE VI

ACTIONS TO EFFECTUATE POSSESSION

6.1 From and after the Closing Date and the transfer of the Transferring Assets to STCMC in accordance with this Transfer Agreement, the DISTRICT, through its officers, agents and employees, and at STCMC's cost and expense, shall take any and all commercially reasonable actions to cause STCMC to take into full possession and enjoyment of the Transferring Assets.

6.2 From and after the Closing Date, the DISTRICT shall execute, acknowledge, and deliver any further deeds, assignments, conveyances, and other assurances, documents, and instruments of transfer reasonably required by STCMC and shall take any and all other actions consistent with the terms of this Transfer Agreement that may be reasonably requested of the DISTRICT for the purpose of assigning, transferring, granting, conveying, and conferring to STCMC, or reducing to possession, any or all of the Transferring Assets and the Assumed Contract Rights to STCMC. If requested by STCMC, the DISTRICT shall prosecute or otherwise enforce in its own name the benefits that are transferred to STCMC by this Transfer Agreement and that require prosecution or enforcement in the DISTRICT's name. Any prosecution or enforcement of claims, rights, or benefits under this Article shall be solely at STCMC's cost and expense, and using legal counsel selected by STCMC, unless the prosecution or enforcement is necessary due to a breach of this Transfer Agreement by the DISTRICT.

ARTICLE VII

SURRENDER OF TRANSFERRING ASSETS

7.1 Transfer of Assets and Assumed Liabilities to DISTRICT Upon Termination of Hospital Lease. On the expiration or earlier termination of the term of the Hospital Lease, STCMC shall surrender to the DISTRICT any then-remaining Transferring Assets and any other tangible or intangible assets in STCMC's possession and that, prior to the termination or expiration of such Hospital Lease, were intended for use with respect to the operation of TCMC and the Business (collectively, the "Post-Lease Transferring Assets,") in "as-is" condition and "where is" location, including, without limitation, cash and related accounts, Personal Property, contracts to which STCMC is then a party and which are for the benefit of TCMC or the Business, Permits and approvals related to the operation of TCMC and the Business (to the extent assignable by Law), Medical Records, Accounts Receivable related to TCMC and the Business, intellectual property, as well as all other then-owned assets accumulated by STCMC during the term of the Hospital Lease and that arose out of or from, or relate to the operation of the Transferring Assets (but excluding assets owned or controlled by SHARP or SHARP's non-STCMC Affiliates and that are, at the time of such termination or expiration, not used with respect to TCMC or the Business as then operated by STCMC). In addition, on the expiration or earlier termination of the Hospital Lease (as amended or extended), the DISTRICT shall assume the short term and long-term liabilities related to TCMC and the Business, including accounts payable, contractual obligations related to contracts among the Post-Lease Transferring Assets, and all other liabilities related to the operation of TCMC and the Business after such expiration or earlier termination of the Hospital Lease including, without limitation, any remaining obligations with respect to the debts listed on Schedule 3.1.4. To the extent SHARP or SHARP's non-STCMC Affiliates provide services with

respect to the Business immediately prior to the expiration or termination of the Hospital Lease through contracts (e.g., system-wide management services), DISTRICT may elect to continue to receive such services. Upon the Parties engaging in discussions regarding the termination, extension or expiration of the Hospital Lease, the Parties shall also discuss the potential need for any such services. As applicable, SHARP Affiliates shall only be obligated to provide to DISTRICT such services, if permissible by Law (including, without limitation antitrust and anticompetition Laws), for a period of post-termination up to six (6) months following the termination or expiration of the Hospital Lease for compensation equal to the fair market value of such services when provided to independent non-SHARP system third-parties.

7.2 Reconciliation of SHARP Advances at Hospital Lease Termination. After the Effective Time and from time to time during the term of the Hospital Lease, as needed when STCMC does not have sufficient funds (i.e., cash and cash equivalents) readily available, SHARP will advance funds to STCMC for the hospital and healthcare operations, maintenance, improvements, capital investments and related expenditures of TCMC and the Business, including, without limitation, those capital investments described in Section 9.5 of the Affiliation Agreement (the “SHARP Advances”). Subject to Section 7.2.3 below, consistent with STCMC’s obligation in Section 14.10 of the Hospital Lease to prepare and maintain proper accounting books and records in accordance with GAAP (the “Accounting Records”), STCMC shall account to the DISTRICT for the SHARP Advances as follows:

7.2.1 Not more than one hundred twenty (120) days after the Effective Time, the SHARP Parties, with the assistance and review of their outside certified public accountants (i.e., Ernst & Young), shall prepare an opening Balance Sheet for STCMC taking into account all of the transactions involving the leases, transfers and assignments of substantially all of the DISTRICT’s assets to, and the assumption of substantially all of the DISTRICT’s liabilities by, STCMC in accordance with the terms and conditions of the Affiliation Agreements (the “STCMC Opening Balance Sheet”). For this purpose, the STCMC Opening Balance Sheet shall be prepared in accordance with GAAP, including, without limitation, the application of purchase accounting, which requires that the DISTRICT’s assets and liabilities transferred by STCMC pursuant to the Affiliation Agreement be adjusted to their fair values as of the Effective Time, and Accounting Standards Codification (ASC) 820 to the extent applicable. The SHARP Parties shall deliver a copy of the Opening Balance Sheet to the DISTRICT following the preparation thereof.

7.2.2 Subject to Section 7.2.4 below, not more than sixty (60) days following the end of the first calendar month after delivery of the STCMC Opening Balance Sheet to the DISTRICT and following the end of each subsequent calendar month during the term of the Hospital Lease or as otherwise set forth in Section 7.2.4 below, based on its unaudited Accounting Records for such calendar month, STCMC shall prepare and deliver to the DISTRICT: (a) a Balance Sheet (Statement of Financial Position), Statement of Operations, and Statement of Changes in Net Assets for STCMC as of the end of such calendar month, which shall generally be consistent with the forms attached hereto as Schedule 7.2.2(a) (the “Financial Reporting Documents”), (b) a Statement of Cash Flows generally consistent with the form attached hereto as Schedule 7.2.2(b) (a “Statement of Cash Flows”) accounting for (i) the changes in the balance of cash and cash equivalents as of the beginning and end of each such calendar month and for the applicable fiscal year to date, and (ii) the cumulative net SHARP Advances due to SHARP or cumulative net receivable due from SHARP (i.e., the intercompany payable or receivable between

SHARP and STCMC) for the fiscal year to date based on the cumulative financial activities of STCMC as of the end of such calendar month, and (c) copies of such other books, records, or reports related to the financial performance of STCMC as may be reasonably requested by the DISTRICT from time to time. Such Statement of Cash Flows shall include, without limitation, and for example, increases in STCMC's intercompany payable resulting from additional SHARP Advances made to STCMC, reductions in STCMC's intercompany payable due to STCMC's cash flow from operations or any funds transfers from STCMC to SHARP (the "STCMC Payable"), or STCMC's intercompany receivable if STCMC's funds transferred or released to SHARP exceed prior SHARP Advances (the "STCMC Receivable"). For avoidance of doubt, the methodologies and calculations used to determine and develop the Accounting Records, shall include, without limitation, and take into account: (x) SHARP's payment of any and all SHARP Party Losses for which the DISTRICT has indemnification obligations in accordance with Article 12 of the Affiliation Agreement, as and to the extent not otherwise satisfied by the DISTRICT in accordance with Article 12 of the Affiliation Agreement; and (y) SHARP's payment of any and all SHARP Party Losses arising from acts, omissions, or occurrences resulting in or constituting a Landlord Default under Section 8.6.1 of the Hospital Lease. For purposes of determining the amount of any STCMC Payable or STCMC Receivable, and the Cumulative Annual Statements of Cash Flows (as defined below), SHARP shall allocate all costs for the centralized back office and other system services of SHARP or its Affiliates (e.g., IT, revenue cycle) and any revenues for the services of SHARP or its Affiliates that are not specifically allocated to an Affiliate of Sharp (the "Allocated Costs and Revenues") in a fair manner consistent with the allocation methodology applied to such costs and revenues for the hospital Affiliates of SHARP.

7.2.3 SHARP will prepare, have audited, and will issue and release to the DISTRICT its audited consolidated financial statements not more than one hundred twenty (120) days following the end of each fiscal year of the SHARP Parties during the term of the Affiliation Agreements ("Annual Audited Financials"). STCMC shall prepare and deliver to the DISTRICT, based on applicable Annual Audited Financials: (a) a copy of SHARP's Annual Audited Financials for such year, (b) the Financial Reporting Documents for STCMC as of the fiscal year end, (b) a Statement of Cash Flows as of the fiscal year end, and (c) a cumulative Annual Statement of Cash Flows detailing the Statement of Cash Flows prepared for each fiscal year (or portions thereof) to date over the term of the Hospital Lease reflecting, among other things, the cumulative STCMC Payable due to SHARP from STCMC or cumulative STCMC Receivable due from SHARP to STCMC based on STCMC's audited annual financial results over the term of the Hospital Lease (the "Cumulative Annual Statements of Cash Flows").

7.2.4 During the period for the preparation of the Annual Audited Financials and Cumulative Annual Statements of Cash Flows pursuant to Section 7.2.3 above, STCMC shall continue to prepare and deliver the monthly Financial Reporting Documents and Statement of Cash Flows for each calendar month pursuant to Section 7.2.2 above. Within sixty (60) days following the last day of the calendar month when the Annual Audited Financials are issued and delivered to the DISTRICT, STCMC shall prepare and deliver amended Financial Reporting Documents and Statements of Cash Flows, if needed, to the DISTRICT for the calendar months immediately following the end of the applicable fiscal year (e.g., October, November, December, etc.) and prior to the issuance and release of the Annual Audited Financials for such fiscal year to reflect adjustments, if any, to any previously issued monthly Financial Reporting Documents and

Statements of Cash Flows arising from the audited financial information contained in the Annual Audited Financials.

7.2.5 At least semi-annually (or more frequently as mutually agreed upon by the Parties), as a part of its regular financial reports, STCMC shall report to its Board of Directors Finance and Business Development Committee (as described in the Amended STCMC Bylaws) on the then outstanding STCMC Payable due to SHARP or outstanding STCMC Receivable due from SHARP based on the financial performance of STCMC. Further, at the biannual meeting of the Parties' representatives pursuant to Section 9.14 of the Affiliation Agreement (or more frequently as mutually agreed upon by the Parties), as a part of the report on the financial performance of STCMC, the SHARP Parties shall report to the DISTRICT on the then outstanding cumulative STCMC Payable due to SHARP or then outstanding cumulative STCMC Receivable due from SHARP based on the financial performance of STCMC.

7.2.6 Not more than sixty (60) days following the expiration or earlier termination of the Hospital Lease (the "Termination Date") and the concurrent surrender of all Post-Lease Transferring Assets (including the STCMC Receivable if any to, and assumption of all current and long-term liabilities of STCMC (including the STCMC Payable, if any) by, the DISTRICT pursuant to Article VII of the Transfer Agreement, the SHARP Parties shall prepare in good faith based on the Accounting Records and deliver to the DISTRICT: (a) the final Financial Reporting Documents for STCMC as of the Termination Date, (b) a final Statement of Cash Flows as of the Termination Date, (c) a final Cumulative Annual Statements of Cash Flows detailing the Statement of Cash Flows prepared for each fiscal year (or portions thereof) through the Termination Date, including the then outstanding cumulative STCMC Payable owing by the DISTRICT to Sharp (based on its assumption of such liability from STCMC) or then outstanding cumulative SHARP Receivable due from SHARP to the DISTRICT (based on its acceptance of such asset from STCMC) (the "Termination Accounting"). The DISTRICT shall have sixty (60) days after its receipt of the Termination Accounting (the "Review Period") to review the Termination Accounting. During the Review Period, the SHARP Parties shall provide the DISTRICT and its representatives with reasonable access during normal business hours to the books, records and personnel of the SHARP Parties as reasonably requested by the DISTRICT to evaluate the Termination Accounting. If the DISTRICT agrees with all items listed in the Termination Accounting, it shall become the final Termination Accounting and be paid in the manner described in Section 7.2.8 below. If the DISTRICT disagrees with any items in the Termination Accounting, the DISTRICT shall deliver a written notice of disagreement (the "Objection Notice") to the SHARP Parties before the end of the Review Period, specifying in reasonable detail the disputed items and the basis therefore.

7.2.7 If the DISTRICT delivers a timely Objection Notice, the DISTRICT and SHARP Parties shall meet and confer in good faith over a period of at least thirty (30) days to seek to resolve the disputed items. If they cannot resolve all disputed items within such period, then, notwithstanding Article 13 of the Affiliation Agreement, the DISTRICT and SHARP Parties shall jointly engage a nationally recognized independent accounting firm (the "Independent Accountant") to review the Termination Accounting only for the purpose of resolving any disputed items between the Parties. The Independent Accountant (a) shall act as an expert and not an arbitrator, (b) shall base its determination solely on (i) its examination of the Accounting Records, the materials delivered monthly and annually by STCMC to the DISTRICT pursuant to Section

7.2.2 and 7.2.3 above and additional information requested pursuant to Section 7.2.6(c) above, (ii) a confirmation that the SHARP Costs and Revenues are allocated in accordance with Section 7.2.2, and (iii) the written submissions of the Parties (with each Party having concurrent access and an opportunity to respond to such submissions), (c) may request and receive additional information and workpapers from either Party on a non-*ex parte* basis, and (d) shall be instructed to complete its review process as soon as practicable following its engagement and to render a written determination within thirty (30) days. The Independent Accountant's determination shall be final, conclusive and binding on the Parties, in the absence of fraud or manifest error. Fees and expenses of the Independent Accountant shall be borne equally by the SHARP Parties, on the one hand, and the DISTRICT, on the other hand. As soon as reasonably possible after the Independent Accountant issues its written determination, the SHARP Parties shall prepare and deliver a final Termination Accounting based on and consistent with such written determination, including, without limitation, to the final amount of the outstanding STCMC Payable owing by the DISTRICT to SHARP (the "Final DISTRICT Payable") or the final amount of the outstanding SHARP Receivable due from SHARP to the DISTRICT (the "Final SHARP Receivable").

7.2.8 If the final Termination Accounting, whether as a result of no disputed items to the Termination Accounting or the written determination of the Independent Accountant, reflects a Final SHARP Receivable, the SHARP Parties shall pay the amount owing to the DISTRICT not more than ninety (90) days following the SHARP Parties' receipt of such final Termination Accounting. If the final Termination Accounting reflects a Final DISTRICT Payable owing to SHARP, the Parties shall execute and deliver a promissory note and amortization schedule (the "Promissory Note") reasonably approved by the Parties that provides for the DISTRICT to (a) pay the Final DISTRICT Payable to SHARP with interest thereon at the Prime Rate (defined below) in arrears over either (i) ten (10) equal installments payments of principal and interest made on an annual basis over a period of ten (10) years, if the Final DISTRICT Payable owing to SHARP equals or exceeds Two Hundred Million Dollars (\$ 200,000,000) or (ii) five (5) equal installments payments of principal and interest made on an annual basis over a period of five (5) years, if the Final DISTRICT Payable owing to SHARP is less than Two Hundred Million Dollars (\$ 200,000,000), in each case beginning on the date that is six (6) months following the effective date of such Promissory Note and continuing each twelve (12) months thereafter until paid in full and (b) pledge in writing to SHARP in a form reasonably acceptable to the Parties a first-priority lien interest in all revenues from the DISTRICT's operation of TCMC and the Business as security for the payment of the Promissory Note, each subject to bankruptcy, insolvency, reorganization, arrangement, moratorium, fraudulent conveyance, and other laws affecting creditors' rights, to the application of equitable principles and to the exercise of judicial discretion. The Promissory Note shall be prepayable by the DISTRICT, without any penalty or additional cost to the DISTRICT. As used herein, "Prime Rate" shall mean the highest prime rate (or base rate) of interest reported in the "Money Rates" column or section of The Wall Street Journal published on the second business day of each month as having been the rate in effect for corporate loans at large United States money center commercial banks (whether or not such rate has actually been charged by any such bank) as of the first business day of such month for which such rate is published. The Prime Rate as provided in this Section 7.2.8 shall be adjusted each month and shall be effective for the entire calendar month. If The Wall Street Journal ceases publication of the Prime Rate, the "Prime Rate" shall mean the prime rate (or base rate) of interest announced by JPMorgan Chase & Co., New York, New York or its successors (whether or not such rate has actually been charged by such bank). If such bank discontinues the practice of

announcing the Prime Rate, the “Prime Rate” shall mean the highest rate of interest charged by such bank on short term (not greater than 5 years), unsecured loans to its most creditworthy large corporate borrowers.

7.3 [Obligated Group-Related Liabilities/Withdrawal]. If at the time of the transfer of the Post-Lease Transferring Assets and liabilities in accordance with this Article VII, the Post-Lease Transferring Assets are among assets subject to SHARP’s obligated group and master indenture liabilities, the DISTRICT shall take any and all actions necessary for it to assume all liability for such obligated-group liabilities upon such transfer *[discuss mechanics related to anticipated/required obligated group withdrawal actions]*

7.4 DISTRICT’s Assumption of Liabilities Related to Contracts Among the Post-Lease Transferring Assets. The DISTRICT shall assume and satisfy all obligations under any contracts assumed by the DISTRICT that are among the Post-Lease Transferring Assets, including with respect to any unpaid amounts that accrued or became due and payable on or prior to the DISTRICT’s assumption of such contracts, or any failure to perform, improper performance, breach of warranty, or other breach, default, or violation of the terms thereof occurring on or prior to the DISTRICT’s assumption of such contracts, except where such liabilities, obligations or amounts are special, punitive or consequential damages or are otherwise owed as a result of SHARP Parties’ or their Affiliates’ fraud or intentional misrepresentation or improper acts.

7.5 Obtaining Consents. With Respect to Contracts Among the Post-Lease Transferring Assets. DISTRICT shall use commercially reasonable efforts to obtain any required third-party consents required under contracts assumed by the DISTRICT that are among the Post-Lease Transferring Assets in order to effectuate assignment of such contracts to the DISTRICT. STCMC shall use all commercially reasonable efforts to cooperate with the DISTRICT (including, without limitation, promptly responding to and forwarding communications related to such consents and communicating with DISTRICT representatives) and to help facilitate the DISTRICT obtaining such consents and facilitating such assignments. Notwithstanding the foregoing, the DISTRICT shall not be obligated to (i) pay any fee or other consideration to any third party to obtain consent with respect to such contracts, (ii) agree to any material modification of the terms of any contracts, or (iii) initiate or participate in any litigation or arbitration to obtain such consent.

ARTICLE VIII

INDEMNIFICATION

8.1 The indemnification obligations set forth in Article 12 of the Affiliation Agreement shall apply to this Agreement and hereby incorporated by reference into this Transfer Agreement.

ARTICLE IX

DISPUTE RESOLUTION

9.1 Dispute Resolution. The dispute resolution-related obligations set forth in Article 13 of the Affiliation Agreement shall apply to this Agreement are hereby incorporated by reference into this Transfer Agreement.

ARTICLE X

MISCELLANEOUS

10.1 Amendment and Modification; Waiver. This Transfer Agreement and the Schedules and exhibits hereto may only be amended, modified or supplemented by an agreement in writing signed by each Party hereto. No waiver by any Party of any of the provisions of this Transfer Agreement or the Schedules or exhibits hereto shall be effective unless explicitly set forth in writing and signed by the Party so waiving. No waiver by any Party shall operate or be construed as a waiver in respect of any failure, breach or default not expressly identified by such written waiver, whether of a similar or different character, and whether occurring before or after that waiver. No failure to exercise, or delay in exercising, any right, remedy, power or privilege arising from this Transfer Agreement shall operate or be construed as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

10.2 Attorneys' Fees. In the event that any claim or contest regarding this Transfer Agreement is brought by one Party to this Transfer Agreement against the other Party, the losing Party (as determined by the applicable judge, arbitrator or person acting as the trier-of-fact) to such claim shall pay all costs and reasonable attorneys' fees incurred by the other Party or Parties as a result of such claim or contest, together with interest on any amount recovered (other than attorneys' fees) from the date judgment is entered at the maximum rate permitted by applicable Law.

10.3 Governing Law; Waiver of Jury Trial.

10.3.1 This Transfer Agreement (including the Schedules), and any action arising or relating to this Transfer Agreement, shall be governed by and construed in accordance with the internal laws of the State of California, applicable to agreements executed and performed entirely within the State of California, without giving effect to any choice or conflict of law provision or rule (whether of the State of California or any other jurisdiction) that would cause the application of Laws of any jurisdiction other than those of the State of California.

10.3.2 EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS TRANSFER AGREEMENT OR THE OTHER AFFILIATION AGREEMENTS IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES AND, THEREFORE, EACH SUCH PARTY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LEGAL ACTION ARISING OUT OF OR RELATING TO THIS TRANSFER AGREEMENT, THE OTHER TRANSACTION DOCUMENTS OR THE TRANSACTION OR THEREBY. EACH PARTY TO THIS TRANSFER AGREEMENT CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT SEEK TO ENFORCE THE FOREGOING WAIVER IN THE EVENT OF A LEGAL ACTION, (ii) SUCH PARTY HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) SUCH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) SUCH PARTY HAS BEEN INDUCED TO ENTER INTO THIS TRANSFER AGREEMENT

BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 10.3.

10.4 Specific Performance. Without intending to limit the remedies available to the Parties hereunder, irreparable damage would occur if any provision of this Transfer Agreement is not performed in accordance with the terms hereof, for which damages, even if available, will not be an adequate remedy. Accordingly, the Parties shall be entitled to an injunction, specific performance and other equitable relief to prevent breaches of this Transfer Agreement and to enforce specifically the terms hereof, without, in any such case, the requirement to post any bond or other undertaking, in addition to any other remedy to which they are entitled at law or in equity. Each Party agrees not to oppose the granting of such injunctive relief on the basis that monetary damages are an adequate remedy.

10.5 Counterparts. This Transfer Agreement and any amendments hereto may be executed and delivered in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Transfer Agreement delivered by facsimile, e-mail or other means of electronic transmission shall be deemed to have the same legal effect as delivery of an original signed copy of this Transfer Agreement.

10.6 Interpretation. For purposes of this Transfer Agreement, (a) the words “include,” “includes” and “including”, unless otherwise specified, shall be deemed to be followed by the words “without limitation” whether or not such words are actually stated; (b) the word “or” is not exclusive; (c) the words “herein,” “hereof,” “hereby,” “hereto”, “hereunder” and derivative or similar words refer to this Transfer Agreement as a whole, including the Schedules hereto; (d) words in the singular shall be held to include the plural and vice versa, and words of one gender shall be held to include the other gender as the context requires; (e) references to “dollars” or “\$” shall mean United States dollars; (f) references to “written” or “in writing” include in electronic form; (g) provisions shall apply, when appropriate, to successive events and transactions; (h) a reference to any person includes such person’s successors and permitted assigns; (i) any reference to days means calendar days unless business days are expressly specified; (j) when calculating the period of time before which, within which or following which any act is to be done or step taken pursuant to this Transfer Agreement, the date that is the reference date in calculating such period shall be excluded, and if the last day of such period is not a business day, the period shall end on the next succeeding business day; and (k) all references to “close of business” on any given day shall be deemed to refer to 11:59 p.m. Pacific Time on such date. Unless the context otherwise requires, references herein: (i) to Articles, Sections, Schedules and exhibits mean the Articles and Sections of, Schedules and exhibits attached to this Transfer Agreement; (ii) to an agreement, instrument or other document means such agreement, instrument or other document as amended, supplemented and modified from time to time to the extent permitted by the provisions thereof and (iii) to a statute or regulation or statutory or regulatory provisions means such statute as amended from time to time and includes any successor legislation thereto and any regulations promulgated thereunder. This Transfer Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the Party drafting an instrument or causing any instrument to be drafted. The Schedules and exhibits referred to herein shall be construed with, and as an integral part of, this Transfer Agreement to the same extent as if they were set forth verbatim herein.

10.7 Headings. The headings in this Transfer Agreement are for reference only and shall not affect the interpretation of this Transfer Agreement.

10.8 Severability. If any term or provision (or any portion thereof) of this Transfer Agreement, or the application of any such term or provision (or any portion thereof) to any person or circumstance, is invalid, illegal or unenforceable in any jurisdiction, such invalidity, illegality or unenforceability shall not affect any other term or provision of this Transfer Agreement or invalidate or render unenforceable such term or provision in any other jurisdiction, and this Transfer Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable term or provisions or any portion hereof had never been contained herein. Upon such determination that any term or other provision is invalid, illegal or unenforceable, the Parties shall negotiate in good faith to modify this Transfer Agreement so as to affect the original intent of the Parties as closely as possible in a mutually acceptable manner in order that the Affiliation be consummated as originally contemplated to the greatest extent possible.

10.9 Entire Agreement. This Transfer Agreement (including the Schedules), the Leases and Affiliation Agreement constitute the sole and entire agreement of the Parties to this Transfer Agreement with respect to the subject matter contained herein and therein, and supersede all prior and contemporaneous understandings and agreements, both written and oral, with respect to such subject matter. In the event of any inconsistency between the statements in the body of this Transfer Agreement and those in the Leases and Affiliation Agreement, the Schedules, exhibits and Disclosure Schedules (other than an exception expressly set forth as such in the Disclosure Schedules), the statements in the body of the Affiliation Agreement will control.

10.10 Successors and Assigns. This Transfer Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. No Party may assign (directly or indirectly, whether by operation of law or otherwise) its rights, interests or obligations hereunder without the prior written consent of the other Party hereto (except that the SHARP Parties may assign this Transfer Agreement to a successor pursuant to a permissible transaction (e.g. system sale) in accordance with Section 9.3 of the Affiliation Agreement).

10.11 No Third-Party Beneficiaries. This Transfer Agreement is for the sole benefit of the Parties and its respective successors and permitted assigns and nothing herein, express or implied, is intended to or shall confer upon any other person or entity any legal or equitable right, claim, benefit or remedy of any nature whatsoever under or by reason of this Transfer Agreement.

10.12 Continued Existence of DISTRICT. DISTRICT does not intend by the transfer of assets pursuant to this Transfer Agreement to dissolve DISTRICT, de facto, or otherwise, and DISTRICT intends to maintain its existence as a local health care district organized under the Local Hospital District Law. DISTRICT shall continue to exercise all of its rights and powers under the Local Hospital District Law and does not hereby grant or delegate any such rights or powers. This Agreement does not vest in DISTRICT or any other person or entity any right to control or govern the activities or operations of the SHARP Parties.

10.13 Notices. All notices, requests, demands or other communications required or permitted to be given under this Transfer Agreement shall be in writing and shall be delivered to the Party to whom notice is to be given either (i) by personal delivery (in which case such notice shall be deemed given on the date of delivery); (ii) by reliable next business day courier services (e.g., Federal Express, UPS or other similar service) (in which case such notice shall be deemed given on the business day following the date of deposit with the courier service); (iii) by email transmission as long as a copy of the notice is also sent on the same date by another means permitted under this Section (in which case such notice shall be deemed given on the date the email is transmitted); or (iv) by United States mail, first class, postage prepaid, registered or certified, return receipt requested (in which case such notice shall be deemed given on the third (3rd) day following the date of mailing), and in each instance properly addressed as follows:

To DISTRICT: _____

Email: _____

With a copy to: _____

Attn.: _____

Email: _____

To STCMC: Sharp HealthCare
President and Chief Executive Officer
8695 Spectrum Center Boulevard
San Diego, CA 92123
Email: Chris.Howard@sharp.com

With a copy to: Sharp HealthCare
Attn.: Senior Vice President and General Counsel
8695 Spectrum Center Boulevard
San Diego, CA 92123
Email: LegalDept@sharp.com

And a copy to: Paul Carr-Rollitt
Manatt, Phelps & Phillips, LLP
2049 Century Park East
Suite 1700
Los Angeles, CA 90067
Email: pcarr-rollitt@manatt.com

A Party may change its addresses for purposes of this Section by giving written notice to the other Party in any manner specified in this Section.

10.14 Costs. The Parties shall each pay their respective costs for professional and other services rendered with respect to the transactions contemplated by this Transfer Agreement.

10.15 Survival of Provisions. All of the provisions set forth in Section 4.3, Section 4.4, Section **Error! Reference source not found.**, Article VI, Article VII, Article VIII, Article IX, Article X shall remain in full force and effect after the closing of the Affiliation transaction and the consummation of the Affiliation Agreement and Section **Error! Reference source not found.**, Article VI, Article VII, Article VIII, Article IX, Article X shall survive the Closing and the termination of the Leases.

[Signature Page Follow]

IN WITNESS WHEREOF, the DISTRICT and the STCMC cause this Transfer Agreement to be executed as of the Agreement Date.

TRI-CITY MEDICAL CENTER
CORPORATION

By: _____

Its: _____

TRI-CITY HEALTHCARE DISTRICT

By: _____

Its: _____

Schedule 3.1.4¹

- (a) The then outstanding balance of the HUD insured loan with Lument (HUD Insured Loan);
- (b) The then outstanding balance of the loan under the California Distressed Hospital Loan Program (DHLP) (to the extent all or a portion is or will not be forgiven) (DHLP Loan);
- (c) The then outstanding balance, if any, of the line of credit established by TCHD pursuant to the Credit and Security Agreement, as amended, with Mid Cap, LLC (Line of Credit); and
- (d) [Description of DISTRICT Financial Statement liabilities]

¹ **Note to Draft:** Formal descriptions/debt amounts to be added.

