

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
ACTION AGENDA SUMMARY

DEPT: Chief Executive Office

BOARD AGENDA # B-7

Urgent

Routine

AGENDA DATE October 23, 2007

CEO Concurs with Recommendation YES NO

4/5 Vote Required YES NO

(Information Attached)

SUBJECT:

Approval of the Agreement for the Sale of the Stanislaus Behavioral Health Center (SBHC), Psychiatric Inpatient Facility at 1501 Claus Road in Modesto, CA to Doctors Medical Center (DMC) and the Settlement and Release Agreement for Federal Reimbursement Funding (Disproportionate Share Hospital, or DSH Funding); Authorization for the Chief Executive Officer and Director of Behavioral Health and Recovery Services to Negotiate and Execute the Physicians Services Agreement for Psychiatrist Services, Provider Agreement, and Interim Reimbursement; (Continued on Page 2)

STAFF RECOMMENDATIONS:

1. Approve the Asset Purchase Agreement for the Sale of the Stanislaus Behavioral Health Center, Psychiatric Inpatient Hospital to Doctors Medical Center, effective November 1, 2007.
2. Authorize the Chief Executive Officer to complete and execute the List of Schedules and Exhibits and other documents necessary for the transaction to be completed.
3. Authorize the Chief Executive Officer and the Director of Behavioral Health and Recovery Services to execute a Settlement and Release Agreement for the past and on-going Disproportionate Share Hospital (DSH) funding

(Continued on Page 2)

FISCAL IMPACT:

The sale of the Stanislaus Behavioral Health Center, including acute psychiatric inpatient operations, will require Behavioral Health and Recovery Services to purchase beds from Doctors Medical Center, or other providers, at an annual cost of \$11,703,300. The Department estimates State and Federal revenue for these services to be \$10,287,324. The net County cost is estimated to be \$1,415,976.

(Continued on Page 2)

BOARD ACTION AS FOLLOWS:

No. 2007-841

On motion of Supervisor Monteith, Seconded by Supervisor Grover
and approved by the following vote,

Ayes: Supervisors: Mayfield, Grover, Monteith, and DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: Chairman O'Brien

Abstaining: Supervisor: None

1) Approved as recommended

2) Denied

3) Approved as amended

4) Other:

MOTION:



ATTEST: CHRISTINE FERRARO TALLMAN, Clerk

File No.

Approval of the Agreement for the Sale of the Stanislaus Behavioral Health Center (SBHC), Psychiatric Inpatient Facility at 1501 Claus Road in Modesto, CA to Doctors Medical Center (DMC) and the Settlement and Release Agreement for Federal Reimbursement Funding (Disproportionate Share Hospital, or DSH Funding); Authorization for the Chief Executive Officer and Director of Behavioral Health and Recovery Services to Negotiate and Execute the Physicians Services Agreement for Psychiatrist Services, Provider Agreement, and Interim Reimbursement; Amend the Existing Agreements with DMC for the Operation of SBHC and Terminate the Existing Lease Agreement and Management Agreement; Extend the Reduction In-Force Effective Date of November 1, 2007 to no later than November 30, 2007; Approval of the Designation of DMC as a Facility for 72-Hour Treatment and Evaluation for Stanislaus County, And Related Actions
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SUBJECT: (Continued)

Amend the Existing Agreements with DMC for the Operation of SBHC and Terminate the Existing Lease Agreement and Management Agreement; Extend the Reduction In-Force Effective Date of November 1, 2007 to no later than November 30, 2007; Approval of the Designation of DMC as a Facility for 72-Hour Treatment and Evaluation for Stanislaus County, And Related Actions

STAFF RECOMMENDATIONS: (Continued)

4. Authorize the Chief Executive Officer and the Director of Behavioral Health and Recovery Services to negotiate and execute a Physicians Services Agreement for the provision of Psychiatrists Services to Doctors Medical Center based on the recommended terms outlined in this report.
5. Authorize the Chief Executive Officer and the Director of Behavioral Health and Recovery Services to negotiate and execute a Provider Agreement for the provision of psychiatric beds and services for Stanislaus County for a three-year period.
6. Authorize the Chief Executive Officer and Director of Behavioral Health and Recovery Services to enter into and execute an Interim Reimbursement Agreement, as necessary with Doctors Medical Center for county services needed for an interim period to ensure orderly transition of the operations until November 30, 2007.
7. Authorize the Chief Executive Officer and the Director of Behavioral Health and Recovery Services to negotiate and execute Termination Agreements for the existing Facility Lease Agreement and Management Agreement with DMC for SBHC, and to negotiate and execute amendments to the Omnibus and Inpatient Agreements with DMC consistent with the termination of the Facility Lease Agreement and Management Agreement.
8. Approve the extension of the effective date for the staffing impacts outlined in Attachment A to no later than November 30, 2007.
9. Amend the Salary and Position Allocation Resolution to reflect the recommended changes as outlined in this report and Attachment A.
10. Extend the Termination Date for various contracted services agreements to no later than November 30, 2007.
11. Authorize, as per the attached resolution, the division of Doctors Medical Center of Modesto, doing business as Stanislaus Behavioral Health Center, located at 1501

Claus Road, Modesto, California, as a designated facility for detention, supervision, care, and treatment of persons who are mentally disordered, or who are alleged to be such, in accordance with Welfare and Institutions Code sections 5150 and 7100, effective November 1, 2007.

12. Authorize and direct the Chief Executive Officer to execute, acknowledge and deliver the Agreements in the name and on behalf of the County; and to accept on behalf of the County any further amendments to the Agreements so long as the further revisions do not materially modify the terms thereof or the conditions set forth in this approval and authorization.
13. Authorize and direct the Chief Executive Officer to take such steps, to waive such conditions in whole or in part, to do other acts and things, and to execute and deliver such documents, including the Agreements and related agreements, exhibits, schedules and similar instruments, that are contemplated by, consistent with and that do not materially modify the terms of the Agreements heretofore approved, as he may deem necessary or appropriate to carry out the terms and provisions of this approval and authorization and to otherwise consummate the transactions authorized thereby.

FISCAL IMPACT: (Continued)

The Asset Purchase Agreement will provide that DMC will purchase the real property for \$10,949,000 plus \$113,848 for personal property, withholding an amount not to exceed \$320,000 for the replacement of a broken chiller and roof repairs. The county budget includes funding for these facility needs.

The Settlement and Release Agreement will provide a one-time payment of \$550,000 to the County for Medi-Cal Disproportionate Share Hospital (DSH) payments.

The Physician Agreement will provide for DMC to deposit in advance, a sum of \$20,833 per month per full-time equivalent (FTE) County psychiatrist assigned to SBHC, a factor of 1.2 for non-productive hours, and an administrative overhead multiplier of 1.12. The initial advance deposit will be in the amount of \$156,800, for 6.72 FTE. The County and DMC will reconcile advances quarterly based on actual FTE, monthly deposits and monthly collections. Additionally, the County will retain 15% of all charges and fees collected from psychiatric professional services rendered.

The Provider Agreement will provide the County will pay to DMC, \$799 per authorized acute inpatient day for each County patient. Additionally, the County will pay \$225 per authorized Medi-Cal administrative day for each qualified County patient. For the period November 1, 2007 through June 30, 2008, the County's liability is capped at 3,645 bed

days, or \$2,912,355. For the periods July 1 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, the County's liability is capped at 5,475 bed days per year, or \$4,374,525 in payments for County patients.

The Provider Agreement will further provide that, in recognition of future Medi-Cal DSH payments made for each such State fiscal year, DMC shall credit the County the following amounts towards the County's uninsured liability for uninsured beds:

- Year One: \$300,000
- Year Two: \$750,000
- Year Three: \$750,000
- Year Four and thereafter: \$600,000

Any DSH credit for a partial County fiscal year of this agreement will be pro rated accordingly.

The proceeds from the sale of the Stanislaus Behavioral Health Center (SBHC) and equipment will be allocated to the negative cash balance and operating losses at SBHC, the estimated transition and relocation costs, costs from the Behavioral Health and Recovery Services (BHRS) budget, and the remainder reserved for future uses for program needs.

DISCUSSION:

Background

Stanislaus Behavioral Health Center is a 67-bed inpatient acute psychiatric facility providing essential psychiatric services for individuals who are eligible Medi-Cal or Medicare beneficiaries, indigent or underinsured. Affiliation with an acute care hospital is necessary for Stanislaus County to claim Medicaid (Medi-Cal) and Medicare funds. In 1997, Doctors Medical Center became the licensee for Stanislaus Behavioral Health Center. Previously the facility was licensed under Stanislaus Medical Center. The transition to Doctors Medical Center occurred as part of the various agreements with Tenet Healthcare related to the closing of the County Hospital. Additionally, due to the critical shortage of inpatient psychiatric beds in Northern California, Stanislaus Behavioral Health Center provides access to Medi-Cal, Medicare and county funded individuals from many other counties in Central and Northern California and to those who are privately insured.

In 2000, the federal government, in an attempt to better control fraud and abuse in the Medicare program, introduced revised requirements for facilities that are affiliated with parent hospitals. These requirements are called "provider-based" rules. Stanislaus Behavioral Health Center's relationship with Doctors Medical Center met the rules in

effect in 1997 when the agreement was negotiated, but does not meet all of the new requirements. This is especially true of the requirements that all employees (except managers) be employed by the parent organization, and with regard to the integration of medical records and fiscal operations.

Despite efforts to seek relief on this subject, the County found itself in a situation where the level of uncertainty was unacceptable to ensure continuation of needed services.

Based on the situation, a public hearing was held August 15, 2006, at which the Board of Supervisors approved two possible outcomes to this challenging issue:

- Doctors Medical Center could assume operation of Stanislaus Behavioral Health Center as an acute psychiatric hospital.
- In the event that a negotiated agreement with DMC could not be reached, Behavioral Health and Recovery Services could operate a Psychiatric Health Facility (PHF).

Pursuant to the August 15, 2006 Board of Supervisors authorization to either sell the acute psychiatric inpatient operations or terminate the existing license and acquire a Psychiatric Health Facility license, negotiations with DMC commenced. The results of these negotiations form the basic conditions upon which a sale of SBHC could proceed.

During a public hearing on April 24, 2007 the Board of Supervisors authorized staff to issue a Request for Proposals for the sale of the Stanislaus Behavioral Health Center property and operations pursuant to Government Code Section 25515, by a four-fifths vote. These proposals were due to the Chief Executive Officer by June 26, 2007. One proposal, from Doctors Medical Center, was received and met all requirements in the Request for Proposals.

On July 10, 2007 the Board authorized staff to proceed with negotiations relating to the potential sale of Stanislaus Behavioral Health Center, including the sales contract and any other agreements required as part of the sales transaction. In accordance with California Government Code §25515.2, the Board set a public hearing for July 31, 2007 at 9:30 a.m. to consider the sale of the Stanislaus Behavioral Health Center to Doctors Medical Center and to introduce, waive the reading and adopt an ordinance authorizing the sale. On July 31, 2007 the Board cancelled the public hearing and rescheduled it for August 21, 2007 at 6:55 p.m., to provide additional time for the parties to address relevant issues. On August 21, 2007 a public hearing was held and the Board approved the proposed sale and adopted an ordinance authorizing the sale of Stanislaus Behavioral Health Center, to Doctors Medical Center. The Board also ordered that all legal documents be returned to the Board to complete the sales transaction.

Legal Documents to the Sale of Stanislaus Behavioral Health Center

Over the past several months, Stanislaus County and Doctors Medical Center have worked diligently to finalize the terms of agreement to the sale of the Stanislaus Behavioral Health Center. At this time, there are various agreements relating directly to the sale: the Asset Purchase Agreement for the sale of the Stanislaus Behavioral Health Center; the Settlement and Release Agreement for past and on-going reimbursement; the Physicians Services Agreement for the provision of psychiatric services to Doctors Medical Center; and the Provider Agreement for the provision of psychiatric beds and services for County patients for a three-year period and an Interim Reimbursement Agreement for services needed during a transition period. Additionally, amendments are required to the existing Omnibus and Inpatient Agreements with Doctors Medical Center, and the current Facility Lease and Management Agreements will be terminated. Following are the general contractual terms of each agreement.

Asset Purchase Agreement. This agreement provides for the purchase of the Stanislaus Behavioral Health Center by Doctors Medical Center, including the operations, real property, improvements and equipment. Doctors Medical Center agrees to operate SBHC as an acute psychiatric inpatient facility in accordance with applicable licensing provisions, regulations and requirements.

The purchase price is \$10,949,000 plus \$113,848 for personal property/inventory, withholding an amount not to exceed \$320,000 for the replacement of a chiller and repairs to the roof.

The County shall have the first right to repurchased SBHC in the event Doctors Medical Center desires to sell, or is unable or unwilling to operate SBHC as an inpatient psychiatric facility.

This agreement will result in the following changes to the 1997 agreements with Doctors Medical Center:

- The termination of the Facility Lease Agreement;
- The termination of the Management Agreement;
- An amendment to the Omnibus Agreement; and
- An amendment to the Inpatient Agreement.

Settlement and Release Agreement. This agreement provides for the County and DMC to release one another from any and all past, present and future claims and liabilities resulting from Medi-Cal Disproportionate Share Hospital payments pursuant to the Facility Management Agreement. Additionally, this agreement releases each party from any and all past, present and future claims and liabilities based on allegations of

amounts owed regarding MIA patient days, pursuant to Section 3 of the Inpatient Agreement. The general terms of this agreement are:

- DMC shall pay the County \$550,000 within 15 days of the effective date of the agreement.
- The County and DMC will enter into a new Provider Agreement, consistent with the Sale of SBHC which will set forth any and all obligations of DMC to credit County with any Medi-Cal DSH payments received by DMC in the future relating to the operation of the facility.
- The County and DMC will amend the existing Inpatient Agreement to eliminate Sections 3.1(b) and 3.1(c), and Exhibit E, and provide that DMC's obligation in the current contract year and in all future contract years, is to provide 2,200 inpatient days to eligible indigents without charge to the County.

Physicians Services Agreement. This agreement provides for the delivery of behavioral health services to patients at SBHC by County employees who are licensed physicians specializing in psychiatry and are members of the DMC Medical staff. These County physicians will render professional medical services at SBHC for County patients and other patients reasonably required for patient care and the operation of SBHC.

- County physicians will render professional psychiatric services to County patients and other patients, and provide around the clock, 7 days per week coverage at SBHC, either in person or on-call. The actual number of physicians assigned to SBHC by the County will depend on the current availability and the County's ability to recruit and retain psychiatrists.
- In the event the County cannot provide County physicians to meet the requirements of the Physician Services Agreement, DMC shall take appropriate steps to either secure alternative physician coverage or temporarily cap the census at SBHC.
- The County will prepare a schedule of charges for professional services rendered by County physicians, and is responsible for billing and collecting the fees and charges for all professional services rendered in SBHC by County physicians.
- The County will bill all applicable payors, including Medi-Cal for all professional services rendered by County physicians. The County will be responsible for all compensation paid to its employees.
- Prior to the end of each month, DMC agrees to provide a deposit of \$20,833.33 for each full-time equivalent (FTE) County physician assigned to SBHC, multiplied by a non-productive hour (vacations, sick, etc) factor of 1.2. This compensation includes payment for salary (including overtime) and benefits for each County physician plus and administrative overhead rate of 12%. It is estimated that the first deposit per this agreement will be for 6.72 FTEs, in the amount of \$156,800.

- Within 10 days of the end of each month, the County will submit an invoice and check payable to DMC in the amount of the cash collections received by the County during the prior month, less a 15% billing and collection fee.
- Quarterly, the County and DMC will reconcile the actual number of FTE performing services at SBHC, the amount of monthly deposits made by DMC, and the actual amount of collections received by the County, with credits applied to future monthly deposits, for overpayments or underpayments.

Provider Agreement. This agreement provides for DMC to make available a minimum of 35 beds daily to County patients, defined as: Medi-Cal adult beneficiaries of Stanislaus County, adult indigent uninsured residents of Stanislaus County, and "restoration to competency" patients. Additionally, DMC shall furnish at SBHC the covered services to County patients, where covered services is defined as: acute inpatient hospital psychiatric services for direct care and treatment of the acute crisis phase of a mental condition, including but not limited to routine services and all hospital-based ancillary services, at a licensed provider, with appropriate notification to County. Recommended terms of this agreement are:

- County shall pay a per diem rate of \$799 per authorized acute inpatient day for each County patient;
- County shall also pay a per diem rate of \$225 per authorized Medi-Cal administrative day for each County patient who is a Medi-Cal adult beneficiary of Stanislaus County who meets the criteria for Medi-Cal administrative days;
- For the period November 1, 2007 through June 30, 2008 the County's liability for occupancy of the reserved beds by uninsured adult County patients is capped at 3,645 bed days, or \$2,912,355 in payments for County patients (the maximum payment for this period);
- For the periods of July 1, 2008 through June 30, 2009 and July 1, 2009 through June 30, 2010, the County's liability for occupancy of the reserved beds by uninsured adult County patients is capped at 5,475 bed days, or \$4,374,525 in payments for County patients (the maximum payments for these periods);
- The annual compensation shown above is the total payment due to DMC for the covered services provided to adult uninsured County patients at SBHC;
- The per diem rates do not include physician or psychologist services, or transportation services required in providing the covered services or any acute non-psychiatric inpatient hospital services required for a Medi-Cal adult beneficiary or adult indigent uninsured resident of Stanislaus County that is provided at SBHC;
- The County will conduct retrospective Mental Health Plan payment authorization of the covered services provided to County patients at SBHC;
- In recognition of future Medi-Cal Disproportionate Share Hospital (DSH) payments made for each such State fiscal year, DMC shall credit County the following amounts towards the County's uninsured liability for uninsured beds:

Approval of the Agreement for the Sale of the Stanislaus Behavioral Health Center (SBHC), Psychiatric Inpatient Facility at 1501 Claus Road in Modesto, CA to Doctors Medical Center (DMC) and the Settlement and Release Agreement for Federal Reimbursement Funding (Disproportionate Share Hospital, or DSH Funding); Authorization for the Chief Executive Officer and Director of Behavioral Health and Recovery Services to Negotiate and Execute the Physicians Services Agreement for Psychiatrist Services, Provider Agreement, and Interim Reimbursement; Amend the Existing Agreements with DMC for the Operation of SBHC and Terminate the Existing Lease Agreement and Management Agreement; Extend the Reduction In-Force Effective Date of November 1, 2007 to no later than November 30, 2007; Approval of the Designation of DMC as a Facility for 72-Hour Treatment and Evaluation for Stanislaus County, And Related Actions
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- Year One: \$300,000
- Year Two: \$750,000
- Year Three: \$750,000
- Year Four and thereafter: \$600,000

Any DSH credit for a partial County fiscal year of this agreement will be pro rated accordingly.

The County and DMC will collaborate on case management of the covered services provided to County patients. County and DMC will meet no less frequently than monthly to review County patient files, quality of care and proposed treatment protocols. DMC shall at all times meet all State and Federal requirements, as well as accreditation standards of the Joint Committee on Accreditation of Healthcare Organizations, relative to the quality of care provided to County patients admitted to SBHC.

Omnibus Agreement. This agreement between the County and DMC, effective November 30, 1997, provides for a lease agreement on SBHC, an inpatient hospital services agreement, an affiliation agreement and a detention facilities subcontract. It is the Omnibus Agreement that has allowed SBHC to operate under the acute care hospital license of DMC since the closure of the Stanislaus Medical Center, in 1997. The Omnibus Agreement will be amended to reflect the sale of SBHC to Doctors Medical Center.

Inpatient Agreement. This agreement, effective November 30, 1997, provides for Doctors Medical Center to assume the County's obligation to provide inpatient care in an acute hospital setting in the same manner and with the same services and quality standards equal to or better than provided by Stanislaus Medical Center. It also provides guaranteed access at DMC cost, of the first 2,200 Medically Indigent Adult (MIA) inpatient days, credit for MIA inpatient days below 2,200, coordination of activities between the County and DMC on admission and discharge policies, utilization review and quality management policies, compliance with all regulatory, reimbursement and accreditation approvals, and coordination of inpatient services with clinics, jail, coroner and juvenile hall.

The Inpatient Agreement will be amended to eliminate sections 3.1(b), 3.1(c) and Exhibit E. Sections 3.1(b) and (c) provide for reviews of the 2,200 MIA inpatient days in the event that the number of days required an adjustment. Exhibit E provided examples of formulas to adjust the number of MIA inpatient days provided by DMC. Elimination of these sections and the Exhibit will not impact the provision of 2,200 MIA inpatient days by DMC to County patients.

Approval of the Agreement for the Sale of the Stanislaus Behavioral Health Center (SBHC), Psychiatric Inpatient Facility at 1501 Claus Road in Modesto, CA to Doctors Medical Center (DMC) and the Settlement and Release Agreement for Federal Reimbursement Funding (Disproportionate Share Hospital, or DSH Funding); Authorization for the Chief Executive Officer and Director of Behavioral Health and Recovery Services to Negotiate and Execute the Physicians Services Agreement for Psychiatrist Services, Provider Agreement, and Interim Reimbursement; Amend the Existing Agreements with DMC for the Operation of SBHC and Terminate the Existing Lease Agreement and Management Agreement; Extend the Reduction In-Force Effective Date of November 1, 2007 to no later than November 30, 2007; Approval of the Designation of DMC as a Facility for 72-Hour Treatment and Evaluation for Stanislaus County, And Related Actions
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Lease Agreement. This agreement, effective November 30, 1997, provided for the previous lease of SBHC to DMC and in return allowed SBHC to operate under the DMC license. This agreement will be terminated upon the final sales transaction date.

Management Agreement. This agreement, effective November 30, 1997 and subsequently amended in August 2004, provided for the licensure of SBHC as a distinct unit of DMC and required the County to manage and staff the facility. This agreement will be terminated upon the final sales transaction date.

It is recommended that the Board approved the Asset Purchase Agreement and Settlement and Release Agreement, and authorize the Chief Executive Officer and Director of Behavioral Health and Recovery Services to execute the Physicians Services Agreement, the Provider Agreement, the List of Schedules and Exhibits and other documents necessary for the transaction to be completed, the Interim Reimbursement Agreement and the necessary amendments to the Omnibus and Inpatient Agreements, and to terminate the existing Lease and Management Services Agreements. It is further recommended that the Chief Executive Officer be authorized to make such amendments to the Agreements so long as the further revisions do not materially modify the terms thereof or the conditions set forth in this approval and authorization.

Actions Related to the Transition of SBHC to DMC

There may be a need for an Interim Reimbursement Agreement, as necessary with Doctors Medical Center for county services needed for an interim period to ensure orderly transition of operations until December 1, 2007. It is requested that authority be granted to the Chief Executive Officer and the Director of Behavioral Health and Recovery Services to enter into and execute such an agreement with Doctors Medical Center.

On September 30, 2007 Behavioral Health and Recovery Services gave contractors at SBHC 30-days notice that the contracts would be terminating on October 31, 2007. The Department has been coordinating a transition from its contract services to those provided by Doctors Medical Center. It is anticipated that there will be no gap in service provision and that DMC will be able to assume services on November 1, 2007. However, as a precaution, the Department is requesting authorization to extend service contracts, as needed, through November 30, 2007.

Designation of 72 Hour Holding

In 1967, California enacted the Lanterman-Petris-Short (LPS) Act, which establishes clear standards and limitations regarding holding, involuntarily, persons with mental

disorders, or who are believed to be such. In order to be held involuntarily, there must be probable cause that, because of a mental disorder, the person is a danger to him or herself, a danger to others, or gravely disabled and unable to provide for his/her personal needs for food, clothing and/or shelter. Under California Welfare and Institutions code 5150, only the following individuals can initiate an involuntary hold: mental health professionals approved by the county who have completed and passed training; selected members of attending staff at evaluation facilities and hospitals that are designated for involuntary detainment by the county; or peace officers, including Sheriff Deputies, State Park Rangers, and State University Peace Officers.

Stanislaus Behavioral Health Center is a licensed inpatient facility, designated by both the County and State to provide 72-hour treatment and evaluation services. It is requested that the Board of Supervisors designate Doctors Medical Center of Modesto, as the new owner and operator of Stanislaus Behavioral Health Center, as a 72-hour treatment and evaluation facility pursuant to Welfare and Institutions Code 5150. It is also requested that appropriate Doctors Medical Center of Modesto staff of Stanislaus Behavioral Health Center, as provided in statute, be designated as individuals authorized to perform 5150 assessments upon completion of required training.

POLICY ISSUES:

The sale and transition of Stanislaus Behavioral Health Center to Doctors Medical Center supports the Board's priorities of a safe community, a healthy community, and efficient delivery of public services.

STAFFING IMPACT:

Currently there are 122 allocated full time positions dedicated to the Stanislaus Behavioral Health Center budget. On July 10, 2007 the Board approved the recommendation to delete 115 positions and transfer the remaining seven positions from the SBHC budget unit. At the time of the original recommendation, 67 of the 115 positions were filled and were also approved for a reduction in force action. These changes were to be effective upon the transition of SBHC operations to Doctors Medical Center, no earlier than September 1, 2007 and no later than October 1, 2007. On August 21, 2007, the Board approved a recommendation to extend the effective date of the reduction in force to be no earlier than September 1, 2007 and no later than November 1, 2007.

As a result of staffing transfers and employee attrition, there are currently 54 filled positions and 61 vacant positions of the original 115 positions approved for deletion. Based on the final projection of the transition date of SBHC operations to Doctors Medical Center, it is recommended that the effective date of the deletion of the 115

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positions and the reduction in force of 54 filled positions be extended to no earlier than November 1, 2007 and no later than November 30, 2007.

Staff has continued to work with individual employees impacted by this action to identify alternative vacant positions within BHRS and in other County departments where available. BHRS has identified approximately 20 vacancies to assist in transferring employees from deleted positions. The Department has also facilitated meetings between employees and Doctors Medical Center regarding available employment opportunities necessary to maintain continued operation of the Stanislaus Behavioral Health Center.

Based on the reduction of staff at SBHC, the administrative support unit within BHRS will be restructured and will result in the deletion of two Confidential Assistant III positions. The deletion of one of those impacted confidential positions will require the impacted employee to transfer to a vacant classified Staff Services Technician position resulting in a reduction in pay. The salary range for a Staff Services Technician is within the broad-banded salary range for a Confidential Assistant III and therefore it is recommended that the transferred employee receive a "y-rate" designation per existing County policy. This "y-rate" designation will allow the impacted employee to maintain their current base salary level while transferring from unclassified to classified service.

Attachment A

**Behavioral Health and Recovery Services
Stanislaus Behavioral Health Center (SBHC)**

Recommended Position Transfers and Deletions

Position	Allocated Classification	Filled/ Vacant	Filled Classification	Recommendation
00007025	Admin Clerk II	Vacant		Delete
00007026	Admin Clerk II	Vacant		Delete
00007027	Admin Clerk II	Filled	Admin Clerk II	Delete
00009661	Admin Clerk III	Filled	Admin Clerk II	Delete
00003008	Admin Clerk III	Vacant		Delete
00007033	Admin Clerk III	Vacant		Delete
00001665	Assoc Director	Vacant		Delete
00000114	Clinical Serv Tech II	Vacant		Delete
00000123	Clinical Serv Tech II	Filled	Clinical Serv Tech I	Delete
00000154	Clinical Serv Tech II	Filled	Clinical Serv Tech I	Delete
00000648	Clinical Serv Tech II	Filled	Clinical Serv Tech I	Delete
00006365	Clinical Serv Tech II	Filled	Clinical Serv Tech I	Delete
00007014	Clinical Serv Tech II	Filled	Clinical Serv Tech I	Delete
00009667	Clinical Serv Tech II	Vacant		Delete
00000180	Clinical Serv Tech II	Vacant		Delete
00000340	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00000498	Clinical Serv Tech II	Vacant		Delete
00006387	Clinical Serv Tech II	Vacant		Delete
00007009	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00007010	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00007012	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00007019	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00007020	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00007021	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00008990	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00009463	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00009465	Clinical Serv Tech II	Vacant		Delete
00009546	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00009665	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00010036	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00010037	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00010038	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00010039	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00010040	Clinical Serv Tech II	Filled	Clinical Serv Tech II	Delete
00000483	Clinical Serv Tech II	Vacant		Delete
00000489	Clinical Serv Tech II	Vacant		Delete
00006386	Clinical Serv Tech II	Vacant		Delete
00006651	Clinical Serv Tech II	Vacant		Delete
00007015	Clinical Serv Tech II	Vacant		Delete
00007016	Clinical Serv Tech II	Vacant		Delete
00007017	Clinical Serv Tech II	Vacant		Delete
00007018	Clinical Serv Tech II	Vacant		Delete

All recommendations are effective no earlier than November 1, 2007 and no later than November 30, 2007, based upon the final transition of SBHC operations to Doctors Medical Center.

Attachment A

**Behavioral Health and Recovery Services
Stanislaus Behavioral Health Center (SBHC)**

Recommended Position Transfers and Deletions

Position	Allocated Classification	Filled/ Vacant	Filled Classification	Recommendation
00009464	Clinical Serv Tech II	Vacant		Delete
00009664	Clinical Serv Tech II	Vacant		Delete
00009666	Clinical Serv Tech II	Vacant		Delete
00010034	Clinical Serv Tech II	Vacant		Delete
00010035	Clinical Serv Tech II	Vacant		Delete
00007032	Confidential Assistant III	Filled	Confidential Assistant III	Delete
00007043	Confidential Assistant III	Filled	Confidential Assistant III	Delete
00007030	Hospital Administrator	Vacant		Delete
00011194	Manager II	Vacant		Delete
00000193	MH Clinician II	Filled	MH Clinician I	Delete
00000215	MH Clinician II	Filled	MH Clinician I	Delete
00007004	MH Clinician II	Filled	MH Clinician I	Delete
00007005	MH Clinician II	Vacant		Delete
00007002	MH Clinician II	Filled	MH Clinician II	Delete
00007003	MH Clinician II	Filled	MH Clinician II	Delete
00000365	MH Clinician II	Vacant		Delete
00001955	MH Clinician II	Vacant		Delete
00007023	Nurse Mgr	Filled	Nurse Mgr	Delete
00007024	Nurse Mgr	Vacant		Delete
00010720	Nurse Mgr	Vacant		Delete
00000448	Phys/Occupational Therapist	Vacant		Delete
00002027	Psychiatric Nurse II	Filled	LVN II	Delete
00001884	Psychiatric Nurse II	Filled	LVN III	Delete
00009669	Psychiatric Nurse II	Filled	LVN III	Delete
00010719	Psychiatric Nurse II	Vacant		Delete
00001925	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00001985	Psychiatric Nurse II	Vacant		Delete
00002017	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00005846	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00006874	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00006875	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00007007	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00007036	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00010702	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00010705	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00010707	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00010709	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00010710	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00010712	Psychiatric Nurse II	Vacant		Delete
00010713	Psychiatric Nurse II	Filled	Psychiatric Nurse II	Delete
00006872	Psychiatric Nurse II	Filled	Psychiatric Tech	Delete
00007008	Psychiatric Nurse II	Filled	Psychiatric Tech	Delete

All recommendations are effective no earlier than November 1, 2007 and no later than November 30, 2007, based upon the final transition of SBHC operations to Doctors Medical Center.

Attachment A

**Behavioral Health and Recovery Services
Stanislaus Behavioral Health Center (SBHC)**

Recommended Position Transfers and Deletions

Position	Allocated Classification	Filled/ Vacant	Filled Classification	Recommendation
00010703	Psychiatric Nurse II	Filled	Psychiatric Tech	Delete
00010706	Psychiatric Nurse II	Vacant		Delete
00010708	Psychiatric Nurse II	Filled	Psychiatric Tech	Delete
00000413	Psychiatric Nurse II	Vacant		Delete
00001928	Psychiatric Nurse II	Vacant		Delete
00001936	Psychiatric Nurse II	Vacant		Delete
00002006	Psychiatric Nurse II	Vacant		Delete
00006221	Psychiatric Nurse II	Vacant		Delete
00006385	Psychiatric Nurse II	Vacant		Delete
00006389	Psychiatric Nurse II	Vacant		Delete
00006870	Psychiatric Nurse II	Vacant		Delete
00006873	Psychiatric Nurse II	Vacant		Delete
00006876	Psychiatric Nurse II	Vacant		Delete
00007457	Psychiatric Nurse II	Vacant		Delete
00009466	Psychiatric Nurse II	Vacant		Delete
00009668	Psychiatric Nurse II	Vacant		Delete
00010701	Psychiatric Nurse II	Vacant		Delete
00010704	Psychiatric Nurse II	Vacant		Delete
00010711	Psychiatric Nurse II	Vacant		Delete
00010714	Psychiatric Nurse II	Vacant		Delete
00010715	Psychiatric Nurse II	Vacant		Delete
00010716	Psychiatric Nurse II	Vacant		Delete
00010717	Psychiatric Nurse II	Vacant		Delete
00010718	Psychiatric Nurse II	Vacant		Delete
00009544	Psychiatric Tech	Filled	Psychiatric Tech	Delete
00009670	Psychiatric Tech	Filled	Psychiatric Tech	Delete
00009671	Psychiatric Tech	Vacant		Delete
00009545	Psychiatric Tech	Vacant		Delete
00009672	Psychiatric Tech	Filled	Psychiatric Tech	Delete
00009470	Psychiatrist	Filled	Psychiatrist	Transfer to BHRS Fund 1504
00009471	Psychiatrist	Filled	Psychiatrist	Transfer to BHRS Fund 1504
00009473	Psychiatrist	Filled	Psychiatrist	Transfer to BHRS Fund 1504
00010325	Psychiatrist	Filled	Psychiatrist	Transfer to BHRS Fund 1504
00010326	Psychiatrist	Filled	Psychiatrist	Transfer to BHRS Fund 1504
00009474	Psychiatrist	Vacant		Transfer to BHRS Fund 1504
00009475	Psychiatrist	Vacant		Transfer to BHRS Fund 1504
00007022	Recreational Therapist	Vacant		Delete
00009662	Staff Serv Tech	Vacant		Delete

It is also recommended that the incumbent in Confidential Assistant III Position #00007043 received a "Y-rate" designation upon transfer to vacant Staff Services Technician position.

All recommendations are effective no earlier than November 1, 2007 and no later than November 30, 2007, based upon the final transition of SBHC operations to Doctors Medical Center.

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS
STATE OF CALIFORNIA

Date: October 23, 2007

No. 2007-841

On motion of Supervisor Monteith Seconded by Supervisor Grover
and approved by the following vote,

Ayes: Supervisors: Mayfield, Grover, Monteith, and DeMartini

Noes: Supervisors: None

Excused or Absent: Supervisors: Chairman O'Brien

Abstaining: Supervisor: None

Item # *B-7

THE FOLLOWING RESOLUTION WAS ADOPTED:

**DESIGNATION OF DOCTORS MEDICAL CENTER OF MODESTO AS A FACILITY FOR 72-HOUR
TREATMENT AND EVALUATION**

WHEREAS, California Welfare and Institutions Code 5150, et.seq. specifies that any person, as a result of mental disorder, that is in danger to him/herself or others may be placed in a facility designated by the County and approved by the State of California for 72-hour treatment and evaluation; and

WHEREAS, individuals designated to assess the need for 72-hour treatment and evaluation include staff of an evaluation facility, designated members of a mobile crisis team, peace officers, and other staff as designated by the County; and

WHEREAS, Stanislaus Behavioral Health Center is designated by the County and State of California as a 72-hour treatment and evaluation facility; and

WHEREAS, Doctors Medical Center of Modesto has committed to purchase Stanislaus Behavioral Health Center; and

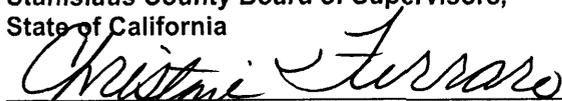
WHEREAS, Doctors Medical Center of Modesto has committed to operate Stanislaus Behavioral Health Center as a 72-hour treatment and evaluation facility; and

WHEREAS, Doctors Medical Center of Modesto has staff who meet the requirements of Welfare and Institutions Code 5150 to be individuals designated to determine probable cause for placement in a 72-hour facility; and

WHEREAS, Doctors Medical Center of Modesto has committed to meet the minimum staffing requirements for an inpatient facility, as specified in California Code of Regulations, title 9, Article 10, Section 663;

NOW, THEREFORE, BE IT RESOLVED, that the Stanislaus County Board of Supervisors, in accordance with California Welfare and Institutions Code Section 7100, designates the division of Doctors Medical Center of Modesto, doing business as Stanislaus Behavioral Health Center, located at 1501 Claus Road, Modesto, California, as a 5150 facility for the detention, supervision, care, and treatment of persons who are mentally disordered, or who are alleged to be such, effective November 1, 2007. FURTHERMORE, the Board, to the best of its knowledge and belief, attests that this facility meets the minimum staff requirements for inpatient services in accordance with California Code of Regulations, Title 9, Article 10, Section 663.

ATTEST: CHRISTINE FERRARO TALLMAN, Clerk
Stanislaus County Board of Supervisors,
State of California



File No.

**Exhibit 1.4.12
Settlement Agreement**

See attached.

SETTLEMENT AND RELEASE AGREEMENT

THIS SETTLEMENT AND RELEASE AGREEMENT (the "*Settlement*") is made and entered into effective as of the 1st day of November, 2007 (the "*Effective Date*"), by and between **County of Stanislaus**, a political subdivision of the State of California ("*County*") and **Doctors Medical Center of Modesto, Inc.**, a California corporation ("*DMC*").

RECITALS

A. County and DMC are the only parties to that certain Facility Management Agreement dated June 1, 2004 (which replaced a similar agreement with an affiliate of DMC dated November 30, 1997) (the "*Management Agreement*").

B. Pursuant to Schedule 8 of the Management Agreement, County is entitled to retain, as a management fee, all "Net Revenues" (as defined in the Management Agreement) generated by the operation of the acute psychiatric hospital located at 1501 Claus Road, Modesto, California (the "*Facility*") during the term of the Management Agreement.

C. County and DMC dispute whether and the extent to which Medi-Cal Disproportionate Share Hospital ("*DSH*") proceeds received and/or owing to DMC are due to and should be paid to County pursuant to Schedule 8 of the Management Agreement. County and DMC desire to resolve such dispute on the terms specified below.

D. County and DMC are the only parties to that certain Inpatient Hospital Services Agreement dated November 30, 1997 (which was executed by the legal entity that operated DMC at that time) (the "*Inpatient Agreement*").

E. Pursuant to Section 3 of the Inpatient Agreement, County and/or DMC is obligated to pay and/or credit the other party for inpatient days provided to eligible indigents in excess of (and/or less than) two thousand two hundred (2,200) inpatient days per contract year.

F. County and DMC dispute whether and the extent to which amounts are owing by one party to the other party pursuant to Section 3 of the Inpatient Agreement. County and DMC desire to resolve such dispute on the terms specified below.

G. County and DMC desire to enter into this Settlement in order for (1) County to release DMC from any and all past, present and future claims and liabilities based on any allegation that DMC or its affiliate owe Medi-Cal DSH payments to County pursuant to the Management Agreement or any other agreement in place between the County and DMC or its affiliates prior to the Effective Date, and (2) each party to release the other party from any and all past, present and future claims and liabilities based on any allegation that either party is owed any amounts from the other party pursuant to Section 3 of the Inpatient Agreement.

H. County and DMC have entered into this Settlement with the express understanding that this Settlement is not intended to induce or require, and is not conditioned

upon any referral, purchase, ordering or arranging for any item or medical service by either party to the other party.

NOW, THEREFORE, in consideration of the above recitals, the terms and conditions hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and for their mutual reliance, County and DMC do hereby agree to enter into this Settlement in accordance with the following:

1. Payment. Within fifteen (15) business days of the Effective Date, DMC shall pay to County an amount equal to **Five Hundred Fifty Thousand Dollars (\$550,000)** by electronic wire transfer pursuant to wiring instructions supplied to DMC by County. The foregoing amount is in addition to the amounts previously paid by DMC to County in connection with the Medi-Cal DSH payments pursuant to the Management Agreement.

2. New Documents.

(a) Provider Agreement. On or after the Effective Date, County and DMC shall execute and deliver to the other party a new "*Provider Agreement*," which Provider Care Agreement will set forth any and all obligations of DMC to credit County with any Medi-Cal DSH payments received by DMC in the future relating to the operation of the Facility following the Effective Date.

(b) Inpatient Agreement Amendment. On or after the Effective Date, County and DMC shall execute and deliver to the other party a new "*Amendment*" to the Inpatient Agreement, which Amendment will eliminate Sections 3.1(b) and 3.1(c), and Exhibit E from the Inpatient Agreement, and provide that DMC's obligation in the current contract year (and in all future contract years) is to provide two thousand two hundred (2,200) inpatient days to eligible indigents without charge to County.

3. Costs and Expenses. Each party shall bear its own costs and expenses in connection with this Settlement, the negotiations that have transpired prior to the execution of this Settlement, and all costs associated with the other actions described in this Settlement.

4. Additional Actions. County and DMC hereby agree to take all further actions reasonably necessary to effect the requirements of this Settlement.

5. Release of All Claims. County and DMC, including their respective affiliates, officers, employees and agents (collectively, the "*Releasing Party*"), each hereby fully releases and forever discharges, to the fullest extent permissible by law, the other party, including its respective affiliates, officers, employees and agents (collectively, the "*Released Party*"), from any and all claims and liabilities, whether known or unknown, in contract, tort or otherwise, and for any and all past, present and future damages, actual or exemplary, that the Releasing Party has, or may have, against the Released Party relating either directly or indirectly to (a) any Medi-Cal DSH payment to which County may be entitled pursuant to the Management Agreement or any other agreement between County and DMC or its affiliates for any period prior to the Effective Date, and (b) amounts that may be owing pursuant to Section 3 of the Inpatient

Agreement (collectively, the “*Released Claims*”), and County and DMC each hereby further covenants not to sue or to institute or cause to be instituted or allow (to the extent possible) any action in any federal, state or local agency or any court or other tribunal against the other party, concerning the Released Claims. For purposes of this Settlement, “*affiliate*” shall mean any entity controlled by, controlling or under common control with any Releasing Party or any Released Party.

6. Acknowledgement. County and DMC hereby expressly acknowledge that each party has read and understood this Settlement and has entered into it voluntarily and without coercion. County and DMC further acknowledge and represent that each party is entering into this Settlement with full knowledge and understanding that in exchange for the benefits to be received as described herein, each party is giving up certain valuable rights that such party may now have or may later acquire, and is fully and completely waiving any and all rights which such party has or may have under California Civil Code Section 1542, which states:

“A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known to him must have materially affected his settlement with the debtor.”

7. Confidentiality. Except as otherwise required by California open meeting and public records laws, or as otherwise required by law, neither party shall disclose this Settlement or any of its terms to any third party without the prior written consent of the other party. To the extent that any information contained in this Settlement becomes part of the public domain, either party may thereafter freely disclose such information to third parties without the other party’s prior written consent.

8. Representations and Warranties. County and DMC each have all requisite power and authority to execute and enter into this Settlement. The execution, delivery and performance by County and DMC of this Settlement have been duly authorized by all necessary action on the part of each party, and when executed and delivered by each party to the other party, this Settlement shall be a legal, valid and binding agreement between the parties, enforceable against each party in accordance with its terms. The execution, delivery and performance of this Settlement does not and will not violate any obligation of either party under any other instrument or agreement to which either party is a party or by which either party is bound.

9. Integration Provisions. County and DMC hereby agree that the foregoing is a true and correct statement of the settlement and release of claims between the parties and that this Settlement supersedes and replaces any and all previous understandings, commitments or agreements, oral or written, relating to the release of the Released Claims.

10. Applicable Law. This Settlement shall be construed and any disputes as to its performance shall be determined in accordance with the laws of the State of California.

11. Attorneys’ Fees. In the event of any litigation concerning this Settlement, the prevailing party shall be entitled to recover its costs and expenses, including expert witness fees and reasonable attorneys’ fees.

12. Waiver. Waiver of one breach of the provisions of this Settlement shall not be deemed a waiver of any other breach of any provision of this Settlement.

13. Amendments. The terms of this Settlement can be amended or modified in writing only, and must be signed by a duly authorized representative of each party.

14. No Admission. This Settlement is the result of a compromise and shall never at any time for any purpose be considered as an admission of liability on the part of either party hereto, and each party hereto denies any liability to the other party, and each party hereto further agrees not to represent to any other person or entity that this Settlement, or any of the provisions contained herein, represents an admission of any liability on the part of the other party.

15. Notices. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by telegraphic or other electronic means (including facsimile) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to County: County of Stanislaus
1010 10th Street, Suite 6800
Modesto, California 95354
Attention: Chief Executive Officer
Facsimile No.: (209) 525-4033

With a copy to: Stanislaus County Counsel
1010 10th Street, Suite 6400
Modesto, California 95354
Attention: County Counsel
Facsimile No.: (209) 525-4473

If to DMC: Doctors Medical Center of Modesto, Inc.
1441 Florida Avenue
Modesto, California 95352
Attention: Chief Executive Officer
Facsimile No.: (209) 576-3680

With a copy to: Tenet HealthSystem
13737 Noel Road, Suite 100
Dallas, Texas 75240
Attention: General Counsel
Facsimile No.: (469) 893-2214

or at such other address as one party may designate by notice hereunder to the other party.

16. Counterparts. This Settlement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Settlement through their duly authorized representatives effective as of the Effective Date.

COUNTY:

County of Stanislaus, a political subdivision of the State of California

By: _____
Richard W. Robinson,
Chief Executive Officer

APPROVED AS TO FORM
Michael H. Krausnick, County Counsel

DMC:

Doctors Medical Center of Modesto, Inc., a California corporation

By: 
Dennis M. Litos,
President

16. Counterparts. This Settlement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Settlement through their duly authorized representatives effective as of the Effective Date.

COUNTY:

County of Stanislaus, a political subdivision of the State of California

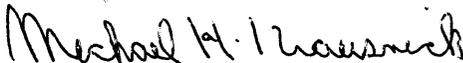
DMC:

Doctors Medical Center of Modesto, Inc., a California corporation

By: 
Richard W. Robinson,
Chief Executive Officer

By: _____
Dennis M. Litos,
President

APPROVED AS TO FORM
Michael H. Krausnick, County Counsel



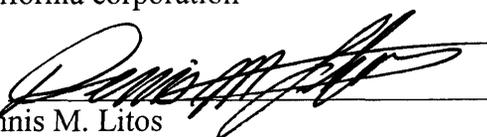
OFFICER'S CERTIFICATE - PURCHASER

I, Dennis M. Litos, as President of Doctors Medical Center of Modesto, Inc., a California corporation ("Purchaser") hereby certify to County of Stanislaus, a political subdivision of the State of California ("Seller") that:

1. This Certificate is delivered as contemplated by that certain Asset Purchase Agreement dated as of October 31, 2007 (the "Agreement"), by and between Purchaser and Seller.
2. Purchaser has in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by Purchaser under the Agreement, on or prior to the date hereof.
3. The representations and warranties of Purchaser contained in Article 3 of the Agreement are true and correct in all material respects on the date hereof.
4. Purchaser has received approval from all governmental agencies whose approval is required to complete the transactions contemplated by the Agreement.
5. Except for any conditions waived in writing by Purchaser, all of the conditions contained in Article 7 of the Agreement have been satisfied.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 31st day of October, 2007.

Doctors Medical Center of Modesto, Inc., a
California corporation

By: 
Dennis M. Litos
President

OFFICER'S CERTIFICATE - SELLER

I, Richard W. Robinson, as Chief Executive Officer of the County of Stanislaus, a political subdivision of the State of California ("Seller"), hereby certify to Doctor's Medical Center of Modesto, Inc., a California corporation ("Purchaser") that:

1. This Certificate is delivered as contemplated by that certain Asset Purchase Agreement dated as of October 31, 2007 (the "Agreement"), by and between Seller and Purchaser.

2. Seller has in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by Seller under the Agreement, on or prior to the date hereof.

3. The representations and warranties of Seller contained in Article 2 of the Agreement are true and correct in all material respects on the date hereof.

4. Seller has received approval from all governmental agencies whose approval is required to complete the transactions contemplated by the Agreement.

5. Except for any conditions waived in writing by Seller, all of the conditions contained in Article 6 of the Agreement have been satisfied.

IN WITNESS WHEREOF, I have hereunto set my hand as of the 31st day of October, 2007.

The County of Stanislaus, a political subdivision of
the State of California

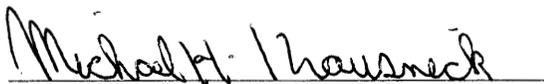
By: 

Name: Richard W. Robinson

Its: Chief Executive Officer

APPROVED AS TO FORM

Michael H. Krausnick, County Counsel



**CERTIFICATE OF SECRETARY
OF
DOCTORS MEDICAL CENTER OF MODESTO, INC.,
A CALIFORNIA CORPORATION**

I, Caitlin M. Larsen, being the duly elected acting Secretary of Doctors Medical Center of Modesto, Inc., a California corporation (the "Corporation"), hereby certify as follows:

1. The following Resolutions were duly adopted by written consent of the sole director of the Corporation effective as of October 24, 2007; said Resolutions have not been amended or rescinded, and said Resolutions remain in full force and effect as of the date of this Certificate:

RESOLVED, that the Corporation, be, and it hereby is, in connection with that certain Asset Purchase Agreement dated October 31, 2007 (the "Agreement") between Corporation and County of Stanislaus, a political subdivision of the State of California ("Seller"), authorized to accept transfer of substantially all of the assets used in the operation of Stanislaus Behavioral Health Center (including the Assets and the Assumed Obligations, as such terms are defined in the Agreement) from Seller, for the consideration and upon the terms and conditions set forth in the Agreement.

RESOLVED, FURTHER, that the officers and authorized signatories of the Corporation be, and they hereby are, acting alone, authorized and directed on behalf of the Corporation, to execute and deliver the Agreement and all instruments and documents required to be executed and delivered pursuant to the Agreement, with any changes approved by the officer or authorized signatory executing them, the execution and delivery of the Agreement and any ancillary instruments and documents being conclusive evidence of this approval; and to take all other steps and perform all other acts as such officer or authorized signatory shall deem necessary or appropriate to carry out the foregoing resolutions.

RESOLVED, FURTHER, that all actions previously taken by the officers or authorized signatories of the Corporation in connection with the Agreement are hereby approved, ratified, and confirmed in all respects.

2. The persons named below are the duly elected, qualified and acting officers of the Corporation as of the date of this Certificate, and the signature set forth opposite each such name is that person's genuine signature:

<u>Name</u>	<u>Position</u>	<u>Signature</u>
Dennis M. Litos	President	
Douglas Rabe	Vice President	

[REMAINDER OF PAGE IS BLANK]

IN WITNESS WHEREOF, I hereunto affix my signature as of the 31st day of October,
2007.

A handwritten signature in cursive script, appearing to read "Caitlin M. Larsen", written over a horizontal line.

Caitlin M. Larsen
Secretary

**CERTIFICATE OF CLERK
OF THE BOARD OF SUPERVISORS
OF
THE COUNTY OF STANISLAUS**

I, Christine Ferraro Tallman, being the Clerk of the Board of Supervisors for the County of Stanislaus, a political subdivision of the State of California (the "County"), hereby certify as follows:

1. The Agenda Item attached hereto was duly adopted by the Board of Supervisors on October 23, 2007; said Agenda Item has not been amended or rescinded, and said Agenda Item remains in full force and effect as of the date of this Certificate:

2. Pursuant to said Agenda Item, the County is authorized to transfer substantially all of the assets used in the operation of Stanislaus Behavioral Health Center located at 1501 Claus Road, Modesto, California (including the Assets and the Assumed Obligations, as such terms are defined in the Asset Purchase Agreement dated October 31, 2007("Agreement")) to Doctors Medical Center of Modesto, Inc., a California corporation, for the consideration and upon the terms and conditions set forth in the Agreement.

3. Said Agenda Item authorizes Richard W. Robinson, the Chief Executive Officer of the County, and/or Denise C. Hunt, RN, MFT, Behavioral Health Director, to execute and deliver the Asset Purchase Agreement and all instruments and documents required to be executed and delivered pursuant to the Agreement, with any changes approved by them, the execution and delivery of the Agreement and any ancillary instruments and documents being conclusive evidence of this approval; and to take all other steps and perform all other acts as they shall deem necessary or appropriate to carry out the transaction approved in the Agenda Item.

4. The persons named below duly hold the positions set forth below, and the signature set forth opposite each such name is that person's genuine signature:

<u>Name</u>	<u>Position</u>	<u>Signature</u>
Richard W. Robinson	Chief Executive Officer	
Denise C. Hunt, RN, MFT	Behavioral Health Director	

IN WITNESS WHEREOF, I hereunto affix my signature as of the 31st day of October,
2007.

By: Christine Ferraro Tallman
Name: Christine Ferraro Tallman
Its: Clerk of the Board of Supervisors

APPROVED AS TO FORM
Michael H. Krausnick, County Counsel

Michael H. Krausnick

**CERTIFICATE OF NON-FOREIGN
STATUS BY ENTITY TRANSFEROR**

1. Section 1445 of the Internal Revenue Code provides that a transferee (buyer) of an interest in real property located in the United States must withhold tax if the transferor (seller) is a foreign person/entity.

2. In order to inform each transferee that withholding of tax is not required upon disposition of a U.S. real property interest by County of Stanislaus, a political subdivision of the State of California (the "Transferor"), the Transferor hereby certifies, and declares by means of this certification, the following:
 - A. The one item marked below is true and correct:
 - i. The Transferor is not a nonresident alien foreign corporation, foreign partnership, foreign trust, or foreign estate (as these terms are defined in the Internal Revenue Code) for purposes of income taxation.
 - ii. The Transferor is a corporation incorporated under the laws of a foreign jurisdiction but has elected to be treated as a U.S. corporation under Section 897(i) of the Internal Revenue Code, AND HAS ATTACHED TO THIS CERTIFICATE A TRUE AND GENUINE COPY OF THE ACKNOWLEDGEMENT OF SUCH ELECTION ISSUED BY THE INTERNAL REVENUE SERVICE ("IRS").
 - B. The Transferor's tax identification number is:
 - C. The Transferor's office address is: 1010 10th Street, Suite 6800, Modesto, California 95354.

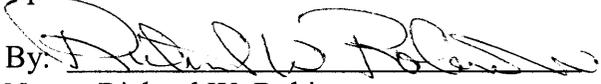
3. The Transferor understands that this certificate may be disclosed to the IRS by the transferee(s) and that any false statement contained in this certificate may be punished by fine or imprisonment (or both).

The Transferor declares that it has examined this certification and to the best of its knowledge and belief it is true, correct, and complete. The Transferor further declares that the person executing this certification has the power and authority to do so on behalf of the Transferor.

EXECUTED in Modesto, State of California, on October 29, 2007.

Transferor:

COUNTY OF STANISLAUS,
a political subdivision of the State of California

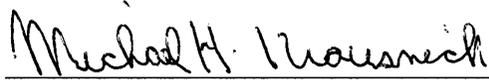
By: 

Name: Richard W. Robinson

Title: Chief Executive Officer

APPROVED AS TO FORM

Michael H. Krausnick, County Counsel



Stanislaus Behavioral Health Center - Settlement Statement

Purchaser: Doctors Medical Center of Modesto, Inc.
 Seller: County of Stanislaus
 Closing Date: October 31, 2007

Base purchase price under Section 1.2(a)	\$ 10,949,000.00
Plus:	
Personal Property (Section 1.2(b))	113,848.00
Inventory (Section 1.2(c))	0
Purchase Price	11,062,848.00
Less:	
Withhold Amount	(320,000.00)
Real Property Tax Proration (\$4,494.18 * 123/365 days)	(1,514.48)
Personal Property Tax Proration (County is Exempt)	0.00
One-half of appraisal costs	TBD
One-half of ALTA survey costs	TBD
One-half of Phase I Environmental costs	TBD
	(321,514.48)
Net Amount payable at Closing to Seller	10,741,333.52

SETTLEMENT WITH SELLER		SETTLEMENT WITH PURCHASER	
Balance due from Purchaser	\$10,741,333.52	Balance due Seller	\$10,741,333.52
Less: Disbursements to Chicago Title:		Plus: Disbursements to Chicago Title:	
Owner's Policy Title Premium (50%)	(3,832.15)	Owner's Policy Title Premium (50%)	3,832.15
Endorsements (50%)	(250.00)	Endorsements (50%)	250.00
Natural Hazard Report (50%)	(49.97)	Natural Hazard Report (50%)	49.98
Inspection Fee (50%)	(37.50)	Inspection Fee (50%)	37.50
Transfer taxes (50%)	(6,021.95)	Transfer taxes (50%)	6,021.95
Estimated recording fees (50%)	(50.00)	Estimated recording fees (50%)	50.00
Total disbursement to Chicago Title	(\$10,241.57)	Total disbursement to Chicago Title	\$10,241.58
Net Proceeds of Sale to Seller	\$10,731,091.95	Balance due from Purchaser at Closing	\$10,751,575.10

[SIGNATURES CONTINUE ON NEXT PAGE]

Seller - County of Stanislaus

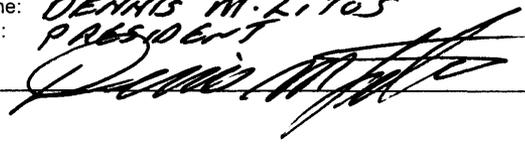
Name:

Title:

Purchaser - Doctors Medical Center of Modesto, Inc.

Name: DENNIS M. LITOS

Title: PRESIDENT



APPROVED AS TO FORM:

Michael H. Krausnick, County Counsel

Dated: October 31, 2007

Dated: October 31, 2007

Richard W. Robinson

Seller - County of Stanislaus

Name: *Richard W. Robinson*
Title: *Chief Executive Officer*

Purchaser - Doctors Medical Center of Modesto, Inc.

Name:
Title:

APPROVED AS TO FORM:

Michael H. Krausnick, County Counsel

Michael H. Krausnick

Dated: October 31, 2007

Dated: October 31, 2007

Wire Instructions

For
Chicago Title

Bank: Bank of America, Concord CA
ABA Routing No.: 026-009-593
Crediting: Chicago Title Company
700 S. Flower St., Ste. 3305
Los Angeles, CA 90017

Account No: 12355-19164
Reference: NBU# 80701272-56; 1501 Claus Road, Modesto
Attention: Susan Chio

For
Stanislaus County

Bank: Bank of the West, Modesto CA
ABA Routing No.: 121100782
Crediting: Stanislaus County
Account No: 125009589
Reference: Sale of Stanislaus Behavioral Health Center
1501 Claus Road, Modesto, CA
to Doctors Medical Center of Modesto, Inc.
Attention: Gary C. Dial

**State of California
Secretary of State**

**CERTIFICATE OF STATUS
DOMESTIC CORPORATION**

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That on the **11TH** day of **JANUARY, 2001**, **DOCTORS MEDICAL CENTER OF MODESTO, INC.** became incorporated under the laws of the State of California by filing its Articles of Incorporation in this office; and

That said corporation's corporate powers, rights and privileges are not suspended on the records of this office; and

That according to the records of this office, the said corporation is authorized to exercise all its corporate powers, rights and privileges and is in good legal standing in the State of California; and

That no information is available in this office on the financial condition, business activity or practices of this corporation.

IN WITNESS WHEREOF, I execute
this certificate and affix the Great Seal
of the State of California this day of
October 25, 2007.



Debra Bowen

**DEBRA BOWEN
Secretary of State**



ASSESSOR'S OFFICE
Douglas Harms, Assessor
 1010 Tenth Street, Suite 2400
 Modesto, CA 95354

BOE-502-A (FRONT) REV. 8 (10-05)

PRELIMINARY CHANGE OF OWNERSHIP REPORT

FOR RECORDER'S USE ONLY

[To be completed by transferee (buyer) prior to transfer of subject property in accordance with section 480.3 of the Revenue and Taxation Code.] A Preliminary Change of Ownership Report must be filed with each conveyance in the County Recorder's office for the county where the property is located; this particular form may be used in all 58 counties of California.

THIS REPORT IS NOT A PUBLIC DOCUMENT

SELLER/TRANSFEROR: Stanislaus County, a political subdivision of State of California
BUYER/TRANSFEE: Doctors Medical Center of Modesto, Inc., a California corporation
ASSESSOR'S PARCEL NUMBER(S) 068-042-012

PROPERTY ADDRESS OR LOCATION: 1501 Claus Road, Modesto, CA 95355

MAIL TAX INFORMATION TO: Name Richard B. Lee, Director, Property Tax
 Address Tenet Healthcare Corporation
 1000 South Fremont Avenue, Bldg A11, Suite 26, Alhambra, CA 91803
 Phone Number (8 a.m.- 5 p.m.) ()

NOTICE: A lien for property taxes applies to your property on January 1 of each year for the taxes owing in the following fiscal year, July 1 through June 30. One-half of these taxes is due November 1, and one-half is due February 1. The first installment becomes delinquent on December 10, and the second installment becomes delinquent on April 10. One tax bill is mailed before November 1 to the owner of record. **You may be responsible for the current or upcoming property taxes even if you do not receive the tax bill.**

The property which you acquired may be subject to a supplemental assessment in an amount to be determined by the Stanislaus County Assessor. For further information on your supplemental roll obligation, please call the Stanislaus County Assessor at (209) 525-6461

PART I: TRANSFER INFORMATION (please answer all questions)

- | | | |
|--------------------------|-------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| YES | NO | |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | A. Is this transfer solely between husband and wife (addition of a spouse, death of a spouse, divorce settlement, etc.)? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | B. Is this transaction only a correction of the name(s) of the person(s) holding title to the property (for example, a name change upon marriage)? Please explain _____ |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | C. Is this document recorded to create, terminate, or reconvey a lender's interest in the property? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | D. Is this transaction recorded only as a requirement for financing purposes or to create, terminate, or reconvey a security interest (e.g., cosigner)? Please explain _____ |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | E. Is this document recorded to substitute a trustee of a trust, mortgage, or other similar document? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | F. Did this transfer result in the creation of a joint tenancy in which the seller (transferor) remains as one of the joint tenants? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | G. Does this transfer return property to the person who created the joint tenancy (original transferor)? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | H. Is this a transfer of property: |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 1. to a revocable trust that may be revoked by the transferor and is for the benefit of the <input type="checkbox"/> transferor <input type="checkbox"/> transferor's spouse? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 2. to a trust that may be revoked by the Creator/Grantor who is also a joint tenant, and which names the other joint tenant(s) as beneficiaries when the Creator/Grantor dies? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 3. to an irrevocable trust for the benefit of the <input type="checkbox"/> Creator/Grantor and/or <input type="checkbox"/> Grantor's spouse? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | 4. to an irrevocable trust from which the property reverts to the Creator/Grantor within 12 years? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | I. If this property is subject to a lease, is the remaining lease term 35 years or more including written options? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | *J. Is this a transfer between <input type="checkbox"/> parent(s) and child(ren)? <input type="checkbox"/> or from grandparent(s) to grandchild(ren)? |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | *K. Is this transaction to replace a principal residence by a person 55 years of age or older?
Within the same county? <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | *L. Is this transaction to replace a principal residence by a person who is severely disabled as defined by Revenue and Taxation Code section 69.5? Within the same county? <input type="checkbox"/> Yes <input type="checkbox"/> No |
| <input type="checkbox"/> | <input checked="" type="checkbox"/> | M. Is this transfer solely between domestic partners currently registered with the California Secretary of State? |

*If you checked yes to J, K or L, you may qualify for a property tax reassessment exclusion, which may result in lower taxes on your property. **If you do not file a claim, your property will be reassessed.**

Please provide any other information that will help the Assessor to understand the nature of the transfer.

If the conveying document constitutes an exclusion from a change in ownership as defined in section 62 of the Revenue and Taxation Code for any reason other than those listed above, set forth the specific exclusions claimed: None

Please answer all questions in each section. If a question does not apply, indicate with "N/A." Sign and date at bottom of second page.

PART II: OTHER TRANSFER INFORMATION

- A. Date of transfer if other than recording date N/A
- B. Type of transfer (please check appropriate box):
- Purchase Foreclosure Gift Trade or Exchange Merger, Stock, or Partnership Acquisition
- Contract of Sale - Date of Contract _____
- Inheritance - Date of Death _____ Other (please explain): _____
- Creation of Lease Assignment of a Lease Termination of a Lease Sale/Leaseback
- Date lease began _____
- Original term in years (including written options) _____
- Remaining term in years (including written options) _____
- Monthly Payment _____ Remaining Term _____
- C. Was only a partial interest in the property transferred? Yes No
- If yes, indicate the percentage transferred 0.00 % .

Please answer, to the best of your knowledge, all applicable questions, then sign and date. If a question does not apply, indicate with "N/A."

PART III: PURCHASE PRICE AND TERMS OF SALE

A. CASH DOWN PAYMENT OR value of trade or exchange (excluding closing costs) Amount \$ 10,949,000.00

B. FIRST DEED OF TRUST @ 0.00 % interest for _____ years. Pymts./Mo. = \$ 0.00 (Prin. & Int. only) Amount \$ 0.00

FHA (_____ Discount Points) Fixed rate New loan
 Conventional Variable rate Assumed existing loan balance
 VA (_____ Discount Points) All inclusive D.T. (\$ 0.00 Wrapped) Bank or savings & loan
 Cal-Vet Loan carried by seller Finance company

Balloon payment Yes No Due Date _____ Amount \$ 0.00

C. SECOND DEED OF TRUST @ 0.00 % interest for _____ years. Pymts./Mo. = \$ 0.00 (Prin. & Int. only) Amount \$ 0.00

Bank or savings & loan Fixed rate New loan
 Loan carried by seller Variable rate Assumed existing loan balance

Balloon payment Yes No Due Date _____ Amount \$ 0.00

D. OTHER FINANCING: Is other financing involved not covered in (b) or (c) above? Yes No Amount \$ 0.00

Type _____ @ 0.00 % interest for _____ years. Pymts./Mo. = \$ 0.00 (Prin. & Int. only)

Bank or savings & loan Fixed rate New loan
 Loan carried by seller Variable rate Assumed existing loan balance

Balloon payment Yes No Due Date _____ Amount \$ 0.00

E. WAS AN IMPROVEMENT BOND ASSUMED BY THE BUYER? Yes No Outstanding Balance: Amount \$ 0.00

F. TOTAL PURCHASE PRICE (or acquisition price, if traded or exchanged, include real estate commission if paid)

TOTAL ITEMS A THROUGH E \$ 10,949,000.00

G. PROPERTY PURCHASED Through a broker Direct from seller From a family member Other (please explain): _____

If purchased through a broker, provide broker's name and phone number: _____

Please explain any special terms, seller concessions, or financing and any other information that would help the Assessor understand the purchase price and terms of sale: _____

PART IV: PROPERTY INFORMATION

A. TYPE OF PROPERTY TRANSFERRED:

Single-family residence Agricultural Timeshare
 Multiple-family residence (no. of units: _____) Co-op/Own-your-own Manufactured home
 Commercial/Industrial Condominium Unimproved lot
 Other (Description: i.e., timber, mineral, water rights, etc. _____)

B. IS THIS PROPERTY INTENDED AS YOUR PRINCIPAL RESIDENCE? Yes No
 If yes, enter date of occupancy _____ / _____ / _____ or intended occupancy _____ / _____ / _____
(month) (day) (year) (month) (day) (year)

C. IS PERSONAL PROPERTY INCLUDED IN PURCHASE PRICE (i.e., furniture, farm equipment, machinery, etc.)
 (other than a manufactured home subject to local property tax)? Yes No
 If yes, enter the value of the personal property included in the purchase price \$ 0.00 (Attach itemized list of personal property.)

D. IS A MANUFACTURED HOME INCLUDED IN PURCHASE PRICE? Yes No
 If yes, how much of the purchase price is allocated to the manufactured home? \$ 0.00

Is the manufactured home subject to local property tax? Yes No What is the decal number? _____

E. DOES THE PROPERTY PRODUCE INCOME? Yes No If yes, is the income from:
 Lease/Rent Contract Mineral rights Other (please explain): _____

F. WHAT WAS THE CONDITION OF THE PROPERTY AT THE TIME OF SALE?
 Good Average Fair Poor
 Please explain the physical condition of the property and provide any other information (such as restrictions, etc.) that would assist the Assessor in determining the value of the property: _____

CERTIFICATION

OWNERSHIP TYPE <input checked="" type="checkbox"/> Proprietorship <input type="checkbox"/> Partnership <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Other	I certify that the foregoing is true, correct and complete to the best of my knowledge and belief. This declaration is binding on each and every co-owner and/or partner.	
NAME OF NEW OWNER/CORPORATE OFFICER Dennis M. Litos	TITLE President	
SIGNATURE OF NEW OWNER/CORPORATE OFFICER 	DATE 10/29/07	
NAME OF ENTITY (typed or printed) Doctors Medical Center of Modesto, Inc.	ADDRESS (typed or printed) 1441 Florida Avenue, Modesto, CA 95350	E-MAIL ADDRESS (Optional) DATE

(NOTE: The Assessor may contact you for additional information.)
 If a document evidencing a change of ownership is presented to the recorder for recordation without the concurrent filing of a preliminary change of ownership report, the recorder may charge an additional recording fee of twenty dollars (\$20).

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the “*Agreement*”) is made and entered into as of the 31st day of October, 2007 (the “*Effective Date*”) by and between **County of Stanislaus**, a political subdivision of the State of California (“*Seller*”), and **Doctors Medical Center of Modesto, Inc.**, a California corporation (“*Purchaser*”).

RECITALS

A. Seller owns that certain real property and those certain improvements and fixtures located at 1501 Claus Road, Modesto, California 95355 (the “*Leased Premises*”), which real property, improvements and fixtures currently are leased to Purchaser pursuant to that certain Facility Lease Agreement dated November 30, 1997 between Seller and Purchaser (the “*Lease*”).

B. Seller owns certain equipment, supplies and other personal property used in the operation of the Stanislaus Behavioral Health Center, a sixty-seven (67) bed inpatient psychiatric treatment facility (“*SBHC*”), located at the Leased Premises.

C. Purchaser currently operates SBHC under Purchaser’s general acute care hospital license and Seller currently manages the operations of SBHC in accordance with the terms of that certain Facility Management Agreement, dated June 1, 2004, between Purchaser and Seller (the “*MSA*”).

D. Purchaser and Seller also are party to that certain Omnibus Agreement, dated November 30, 1997 (the “*Omnibus Agreement*”), and certain other agreements executed in conjunction with the Omnibus Agreement, which establish additional contractual obligations and relationships between Purchaser and Seller.

E. Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, the “*Assets*” (as defined in Section 1.6 below), which include the Leased Premises, for the consideration and upon the terms and conditions contained in this Agreement.

NOW, THEREFORE, in consideration of the foregoing premises and the mutual promises and covenants contained in this Agreement, and for their mutual reliance, the parties hereto agree as follows:

**ARTICLE 1
DEFINITIONS; SALE AND TRANSFER OF ASSETS;
CONSIDERATION; CLOSING**

1.1 Definitions. The terms listed below are defined elsewhere in this Agreement and, for ease of reference, the section containing the definition of each such term is set forth opposite such term.

<u>Term</u>	<u>Section</u>
Agreement	Preamble
Aggregate Amount	§10.3.2(b)

Appraiser	§1.2
Assets.....	§1.6
Assumed Obligations	§1.7
Bill of Sale.....	§1.4.1
Claim Notice.....	§10.4(a)
Closing.....	§1.3
Closing Date.....	§1.3
Contracts.....	§2.13
Damages	§10.2.1
Easements.....	§1.6(c)
Effective Date.....	Preamble
Effective Time.....	§1.3
Environmental Claims.....	§2.12(d)
Environmental Laws.....	§1.9
Environmental Survey.....	§5.5
Excluded Liabilities.....	§1.9
Exercise Notice.....	§9.2(b)
Fixtures.....	§1.6(d)
Fraud and Abuse Laws.....	§2.15
Governmental Notices.....	§1.14.11
Hazardous Substances	§1.9
Hired Employees	§5.3(a)
Improvements.....	§1.6(b)
Indemnified Party.....	§10.4
Indemnifying Party.....	§10.4(a)
Indemnity Notice.....	§10.4(b)
Inpatient Agreement Amendment	§1.4.6
Inventory	§1.6(h)
Land.....	§1.6(a)
Lease.....	Recital A
Leased Premises	Recital A
Lease Termination.....	§1.4.2
MSA	Recital C
MSA Termination.....	§1.4.4
Notice Period	§10.4(a)
Omnibus Agreement.....	Recital D
Omnibus Amendment.....	§1.4.5
Option Notice	§9.2(b)
Permitted Exceptions.....	§7.6
Personal Property	§1.6(e)
Physician Services Agreement.....	§1.4.10
Plans	§4.5
Pre-Closing Period	§4.1
Provider Agreement.....	§1.4.9
Purchaser	Preamble
Purchase Price	§1.2

Real Property	§1.6(d)
Relevant Claim	§10.3.2(b)
Repurchase Price	§9.2(c)
Retained Assets	§1.6(e)
SBHC.....	Recital B
SBHC Employees.....	§4.5
SBHC Repurchase.....	§9.2(c)
Seller.....	Preamble
Settlement Agreement	§1.4.12
Superseded Agreements	§11.14
Termination Date.....	§8.1(f)
Third Party Claim.....	§10.4(a)
Title Commitment	§5.4
Title Company.....	§5.4
Title Instruments.....	§5.4
Title Policy	§5.4
Title Survey	§5.4
WARN.....	§1.9(d)
Withhold Amount.....	§1.2.2

1.2 Purchase Price. Subject to the terms and conditions of this Agreement, the aggregate purchase price to be paid by Purchaser to Seller for the purchase of the Assets shall be (a) Ten Million Nine Hundred Forty-Nine Thousand Dollars (\$10,949,000.00), which amount is the approximate average of each party’s third-party appraisal of the Assets, *plus* (b) the fair market value of the Personal Property, as determined by a third-party appraiser selected by mutual agreement of Purchaser and Seller (the “*Appraiser*”), which amount shall not exceed One Hundred Thirteen Thousand, Eight Hundred Forty-Eight Dollars (\$113,848.00), and which amount shall be reduced by the fair market value of the “*Retained Assets*” (as defined in Section 1.6(e) below), *plus* (c) the fair market value of the Inventory determined as of a date which is no earlier than five (5) business days prior to the Closing Date, as determined by the Appraiser (the “*Purchase Price*”). The payment of the Purchase Price at Closing shall be governed by Section 1.5.1.

1.2.1 Inventory. Seller shall cause an inventory to be taken of the Inventory by Seller, with said inventory to be taken in accordance with Seller’s policies and procedures, as near in time as possible to the Closing Date, but no earlier than five (5) business days prior to the Closing Date, and with the results extended and adjusted through the Closing Date. Seller shall permit representatives or employees of Purchaser to observe such inventory process. The cost of conducting the inventory shall be borne equally by Seller and Purchaser. All inventory items shall be valued at the lesser of their particular cost to Seller, or their current market value, as determined by the Appraiser.

1.2.2 Withhold. The Purchase Price shall be reduced by an amount equal to Three Hundred Twenty Thousand Dollars (\$320,000.00) (the “*Withhold Amount*”) to cover the costs and expense to replace the “Chiller” at SBHC and to replace the roof at SBHC. Purchaser shall use the Withhold Amount proceeds within six (6) months following the Closing to replace the Chiller and to replace the roof, and, by the end of the sixth (6th) month following the Closing,

Purchaser shall provide documentation of the actual costs for the chiller replacement and roof replacement, and turn over to Seller that portion of the Withhold Amount, if any, that was not utilized by Purchaser to replace the Chiller and to replace the roof. Any amount above the Withhold Amount which is needed to replace the Chiller or to replace the roof shall be at the sole expense of Purchaser.

1.3 Closing Date. The consummation of the transactions contemplated by this Agreement (the "*Closing*") shall take place at 10:00 a.m. on October 31, 2007, at the offices of Seller located at 1010 10th Street, Modesto, California 95354, or such other date, time and place as the parties shall mutually agree (the "*Closing Date*"); provided that all conditions precedent and other matters required to be completed as of the Closing Date have been or will be completed on such date. The Closing shall be deemed to have occurred and to be effective as between the parties as of 12:01 a.m. Pacific time on the next day after the Closing Date (the "*Effective Time*").

1.4 Items to be Delivered by Seller at Closing.

At or before the Closing, Seller shall deliver to Purchaser the following, duly executed by Seller where appropriate, to be effective only upon Closing:

1.4.1 General Assignment, Bill of Sale and Assumption of Liabilities in the form of **Exhibit 1.4.1** attached hereto (the "*Bill of Sale*");

1.4.2 Lease Termination Agreement in the form of **Exhibit 1.4.2** attached hereto with respect to the Lease (the "*Lease Termination*");

1.4.3 Grant Deed(s) in the form of **Exhibit 1.4.3** attached hereto;

1.4.4 MSA Termination in the form of **Exhibit 1.4.4** attached hereto with respect to the Management Services Agreement (the "*MSA Termination*");

1.4.5 Amendment to Omnibus Agreement in the form of **Exhibit 1.4.5** attached hereto with respect to the Omnibus Agreement (the "*Omnibus Amendment*");

1.4.6 Amendment to Inpatient Agreement in the form of **Exhibit 1.4.6** attached hereto with respect to the Inpatient Agreement (the "*Inpatient Agreement Amendment*");

1.4.7 a certificate of the Chief Executive Officer of Seller certifying to Purchaser (a) the accuracy of the representations and warranties set forth in Article 2 below and compliance with Seller's covenants set forth in this Agreement and (b) that all of the conditions contained in Article 6 below have been satisfied except those, if any, waived in writing by Seller;

1.4.8 a certificate of an appropriate officer of Seller certifying to Purchaser (a) the incumbency of the officers of Seller on the Effective Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement, and (b) the due adoption and text of the ordinance of the Board of Supervisors of Seller authorizing (i) the transfer of the Assets and Assumed Obligations by Seller to Purchaser, and (ii) the execution, delivery and performance of

this Agreement and all ancillary documents and instruments by Seller, and that such ordinance has not been amended or rescinded and remains in full force and effect on the Closing Date;

1.4.9 the Provider Agreement, which shall be in the form of **Exhibit 1.4.9** attached hereto, for the placement of and reimbursement for Seller-funded patients for an initial period until June 30, 2010 (the "*Provider Agreement*");

1.4.10 the Physician Services Agreement for professional psychiatric services, which shall be in the form of **Exhibit 1.4.10** attached hereto, pursuant to which Purchaser will contract with Seller for the provision of psychiatric professional services to patients occupying beds at SBHC for an initial period until June 30, 2010 (the "*Physician Services Agreement*");

1.4.11 to the extent not provided to Purchaser during the Pre-Closing Period, copies of all applications, correspondence, notices, and other written communications (collectively, "*Governmental Notices*") to or from any governmental entity, department or agency regarding the Real Property, as well as copies of all surveys, maps, reports or studies in the possession or control of Seller regarding the Real Property;

1.4.12 the Settlement and Release Agreement, which shall be in the form of **Exhibit 1.4.12** attached hereto (the "*Settlement Agreement*"); and

1.4.13 such other instruments, certificates, consents or other documents which are reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

1.5 Items to be Delivered by Purchaser at Closing.

At or before the Closing, Purchaser shall execute and deliver or cause to be delivered to Seller the following, duly executed by Purchaser where appropriate, to be effective only upon Closing:

1.5.1 payment of the Purchase Price, less the Withhold Amount. Such amount shall be payable by wire transfer of immediately available funds to Seller to the account specified by Seller to Purchaser in writing;

1.5.2 a certificate of the Chief Executive Officer of Purchaser certifying to Seller (a) the accuracy of the representations and warranties set forth in Article 3 below and compliance with Purchaser's covenants set forth in this Agreement, (b) that Purchaser has received approval from all governmental agencies whose approval is required to complete the transactions contemplated by this Agreement, and (c) that all of the conditions contained in Article 7 below have been satisfied except those, if any, waived in writing by Purchaser;

1.5.3 a certificate of an appropriate officer of Purchaser certifying to Seller (a) the incumbency of the officers of Purchaser on the Effective Date and on the Closing Date and bearing the authentic signatures of all such officers who shall execute this Agreement and any additional documents contemplated by this Agreement, and (b) the due adoption and text of the resolutions of the Board of Directors of Purchaser authorizing the execution, delivery and performance of this Agreement and all ancillary documents and instruments by Purchaser, and

that such resolutions have not been amended or rescinded and remain in full force and effect on the Closing Date;

1.5.4 favorable original certificate of good standing of Purchaser, issued by the California Secretary of State, dated no earlier than a date which is seven (7) calendar days prior to the Closing Date;

1.5.5 the Bill of Sale;

1.5.6 the Lease Termination;

1.5.7 the MSA Termination;

1.5.8 the Omnibus Amendment;

1.5.9 the Inpatient Agreement Amendment;

1.5.10 the Provider Agreement;

1.5.11 the Physician Services Agreement;

1.5.12 the Settlement Agreement;

1.5.13 the deposit for the initial month of the Physician Services Agreement in accordance with Section 3.3(a)(1) of the Physician Services Agreement; and

1.5.14 such other instruments, certificates, consents or other documents which are reasonably necessary to carry out the transactions contemplated by this Agreement and to comply with the terms hereof.

1.6 Transfer of Assets. On the Closing Date, Seller shall assign, transfer, convey and deliver to Purchaser, and Purchaser shall acquire, all of Seller's right, title and interest in and to all assets used in the operation of SBHC at the Leased Premises, including, without limitation, the following assets and properties, free and clear of all liens and encumbrances, liabilities and defects in title other than any "*Permitted Exceptions*" (as defined in Section 7.6 below), such transfer being deemed to be effective at the Effective Time (collectively, the "*Assets*");

(a) all of that certain real property situated in the City of Modesto, County of Stanislaus, State of California, including the excess land appurtenant thereto, and more particularly described in **Schedule 1.6(a)** attached hereto (the "*Land*") (the common address of the Land is 1501 Claus Road, Modesto, California 95355);

(b) all buildings, structures and other improvements of every kind on the Land, including, but not limited to, alleyways and connecting tunnels, sidewalks, utility pipes, conduits and lines (on-site and use rights off-site), parking areas, roadways and other related on-site and off-site improvements appurtenant to such buildings and structures presently situated upon the Land and any and all capital improvements thereon and construction in progress (collectively, the "*Improvements*");

(c) all easements, licenses, rights-of-way and appurtenances relating to the Land and the Improvements (the “*Easements*”);

(d) all leasehold improvements, fixtures and other items attached to the buildings, including all components thereof, owned by Seller and incorporated into the Improvements (collectively, the “*Fixtures*”) (the Land, Improvements, Easements and Fixtures are collectively referred to herein as the “*Real Property*”);

(e) all of the tangible personal property owned by such Seller with respect to the operation of SBHC, including all equipment (including non-movable medical equipment), furniture, machinery, office furnishings, and other items of property (the “*Personal Property*”), including, without limitation, the Personal Property described in **Schedule 1.6(e)** attached hereto, but excluding any assets, including all vehicles, to be retained by Seller identified on **Schedule 1.6(e)** (the “*Retained Assets*”);

(f) to the extent assignable or transferable, all licenses, permits, approvals, registrations and other governmental licenses, permits or approvals issued to Seller with respect to the Real Property and the Personal Property;

(g) all documents, records, operating manuals and files with respect to the Real Property and the Personal Property, including without limitation equipment records, construction plans and specifications;

(h) all usable and unexpired inventories of supplies, drugs, food, janitorial and office supplies and other disposables and consumables located at SBHC, or used with respect to the operation of SBHC (the “*Inventory*”);

(i) the names and symbols used as of the Closing Date with respect to the operation of SBHC, including, without limitation, the names set forth on **Schedule 1.6(i)** attached hereto and all variants thereof, but excluding all rights in the name, trademarks and other symbols identifying the County of Stanislaus (including Behavioral Health and Recovery Services and other County agencies);

(j) to the extent assignable, all rights in all warranties of any manufacturer or vendor in effect as of the Closing Date in connection with the Improvements, the Fixtures and the Personal Property; and

(k) all insurance proceeds arising in connection with property damage to the Assets occurring on or prior to the Closing Date that has not been repaired prior to the Closing Date.

1.7 Assumed Obligations. On the Closing Date, Seller shall assign, and Purchaser shall assume and agree to discharge on and after the Effective Time, except for those liabilities and obligations excluded under Sections 1.9(a) and 1.9(b) below, and except for the prorations provided under Section 1.10 below, any and all obligations of Seller associated with the Real Property including, without limitation, (a) all unpaid real and personal property taxes, if any, for the current tax year that are attributable to the Real Property, and (b) all utilities being furnished to the Real Property (collectively, the “*Assumed Obligations*”).

1.8 Obligations Not Assumed. Purchaser shall not assume or become responsible for:

(a) Any collective bargaining agreement, memorandum of agreement or other understanding between Seller and any labor organization including, without limitation, any agreement set forth in **Schedule 2.8(b)** attached hereto, and all obligations arising out of or relating to any such agreements; and

(b) All obligations arising out of or relating to any retirement or employee benefit plan of Seller.

1.9 Excluded Liabilities. Notwithstanding any provision to the contrary contained in this Agreement (but in any event subject to the terms of Section 1.7 above), Purchaser shall not assume or become responsible for any of Seller's duties, obligations or liabilities that are not assumed by Purchaser pursuant to the terms of this Agreement, the Bill of Sale or the Lease Assignment (the "*Excluded Liabilities*"), and Seller shall remain fully and solely responsible for all of Seller's debts, liabilities, obligations and claims of any nature whatsoever related to the Assets unless specifically assumed by Purchaser under this Agreement, in the Bill of Sale or in the Lease Assignment. The Excluded Liabilities shall include, without limitation:

(a) all liabilities arising prior to the Effective Time under "*Environmental Laws*" (as defined below) (or liabilities arising out of violations of any Environmental Laws) arising out of or relating to any act, omission, event or occurrence connected with Seller's ownership of the Real Property;

(b) all liabilities of Seller for violations of any other law, regulation or rule to the extent arising from acts or omissions prior to the Effective Time;

(c) all liabilities and obligations arising out of or in connection with any agreement between Seller and any labor organization;

(d) all liabilities and obligations arising under the Worker Adjustment and Retraining and Notification Act (and California Assembly Bill AB 2957, as codified at California Labor Code Sections 1400 through 1408) (collectively, "*WARN*"), if any, arising from any layoff or termination of employees by Seller or any other employment loss prior to the Effective Time and/or consummation of the transactions described in this Agreement;

(e) except for obligations of Purchaser to the "Hired Employees" (as defined below in Section 5.3(a)) arising on and after the Effective Time, any and all liabilities and obligations of Seller to the "*SBHC Employees*" (as defined in Section 4.5 below) including, without limitation, any obligation or liability to the SBHC Employees for paid time off, sick pay, or arising out of or in connection with any retirement or employee benefit plan of Seller; and

(f) all liabilities under any state, federal or local employment related law or regulation arising out of or relating to any act or omission of Seller prior to the Effective Time or any, act, event or occurrence connected with Seller's operation of SBHC prior to the Effective Time.

For the purposes of this Agreement, the term “*Environmental Laws*” shall mean all state, federal or local laws, ordinances, codes or regulations relating to “*Hazardous Substances*” (as defined below) or to the protection of the environment, including, without limitation, laws and regulations relating to the storage, treatment and disposal of medical and biological waste, and federal, state and local environmental statutes, laws, ordinances, orders, rules and regulations relating to human health and the environment, including, without limitation, the Clean Air Act, as amended (“*CAA*”); the Federal Water Pollution Control Act, as amended (“*CWA*”); the Safe Drinking Water Act, as amended (“*SDWA*”); the Resource Conservation and Recovery Act, as amended (“*RCRA*”); the Hazardous Materials Transportation Act, as amended (“*HMAT*”); the Occupational Safety and Health Act of 1970, as amended (“*OSHA*”); the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, as amended (“*CERCLA*”); and all other similar laws, ordinances, orders, rules, regulations or moratoria. For purposes of this Agreement, the term “*Hazardous Substances*” shall mean (i) any hazardous or toxic waste, substance, or material defined as such in (or for the purposes of) any Environmental Laws, (ii) asbestos-containing material, (iii) medical and biological waste, (iv) polychlorinated biphenyls, (v) petroleum products, including gasoline, fuel oil, crude oil and other various constituents of such products, and (vi) any other chemicals, materials or substances, exposure to which is prohibited, limited or regulated by any Environmental Laws.

1.10 Prorations and Utilities. To the extent not otherwise prorated pursuant to this Agreement, Purchaser and Seller shall prorate (as of the Effective Time), if applicable, real estate and personal property lease payments, real estate and personal property taxes, assessments and other similar charges against real estate, plus all other income and expenses which are normally prorated upon the sale of assets. As to power and utility charges, “final readings” as of the Closing Date shall be ordered from the utilities; the cost of obtaining such “final readings,” if any, to be borne equally by Seller and Purchaser.

1.11 Disclaimer of Warranties. Except as expressly set forth in Article II below, the Assets transferred to Purchaser will be sold by Seller and purchased by Purchaser in their physical condition at the Effective Time, “AS IS, WHERE IS AND WITH ALL FAULTS” WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, with respect to the Real Property, land, buildings and improvements, and WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, with respect to the physical condition of the Personal Property and Inventory, any and all of which warranties (both express and implied) Seller hereby disclaims. Seller has made no representations or warranties other than those expressly provided herein.

ARTICLE 2
REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Purchaser to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Seller hereby represents, warrants and covenants to Purchaser as of the Effective Date as to the following matters. Except as otherwise provided herein, Seller shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

2.1 Authorization. Seller has full power and authority to enter into this Agreement and full power and authority to carry out the transactions contemplated hereby.

2.2 Binding Agreement. All actions required to be taken by Seller to authorize the execution, delivery and performance of this Agreement, all documents executed by Seller that are necessary to give effect to this Agreement, and all transactions contemplated hereby, have been duly and properly taken or obtained by Seller. No other action on the part of Seller is necessary to authorize the execution, delivery and performance of this Agreement, all documents necessary to give effect to this Agreement and all transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Seller and, assuming due and valid execution by Purchaser, this Agreement constitutes a valid and binding obligation of Seller enforceable in accordance with its terms except for (a) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect, and (b) limitations on the enforcement of equitable remedies.

2.3 Organization and Good Standing; No Violation.

(a) Seller is a political subdivision of the State of California duly organized and validly existing under the laws of the State of California. Seller has full power and authority to own and lease its properties and to carry on its businesses as now conducted.

(b) Neither the execution and delivery by Seller of this Agreement nor the consummation of the transactions contemplated hereby by Seller nor compliance with any of the material provisions hereof by Seller, will (i) violate, conflict with or result in a breach of any material provision of Seller's governance documents, (ii) require any approval or consent of, or filing with, any third party or any other governmental agency or authority, other than those consents and approvals from, or filings with, those governmental agencies and authorities set forth on **Schedule 2.3(b)** attached hereto, including, without limitation, the requirements set forth in Government Code Section 25515.2(a), (iii) result in the creation of any lien, charge or encumbrance affecting the Assets; (iv) violate any statute, law, rule or regulation of any governmental authority to which Seller or the Assets may be subject, except where any such violation would not have a material adverse effect on the Assets; and (v) violate any judgment of any court or governmental authority to which Seller or the Assets may be subject, except where any such violation would not have a material adverse effect on the Assets.

2.4 Litigation. There is no pending, or to Seller's best knowledge threatened, litigation against Seller affecting, or which could reasonably be expected to affect, the transactions contemplated hereby.

2.5 Title; Sufficiency.

(a) Seller has good and marketable fee simple title to the Real Property, and Seller has good and marketable title to the Personal Property, free and clear of all liens, pledges, claims, charges, security interests or other encumbrances of any kind whatsoever, and the Real Property is not subject to any rights-of-way, building or use restrictions, exceptions, variances, reservations or limitations of any nature whatsoever, except such liens and encumbrances as are set forth in **Schedule 2.5(a)** attached hereto. None of the Real Property is subject to a pending, or to Seller's best knowledge threatened, condemnation or similar proceeding.

(b) Seller has received no notice and has no knowledge of any violation of applicable law, ordinance, rule, regulation or requirement of any governmental agency, body or subdivision affecting or relating to the Real Property, including without limitation any subdivision, building, use or environmental law, ordinance, rule, requirement or regulation.

(c) Seller is not aware of any pending or threatened proceedings in eminent domain or otherwise, which would affect the Real Property, or any portion thereof.

(d) Except for the Lease, Seller is not aware of any leases or other agreements (either oral or written) affecting or relating to the right of any party with respect to the possession of the Real Property, or any portion thereof.

(e) Seller is not aware of any significant defects in the Real Property.

(f) Seller is not aware of any intended public improvements which will result in any charge being levied or assessed against the Real Property or any delinquent taxes, assessments (special, general or otherwise), or bonds of any nature affecting the Real Property, or any portion thereof.

(g) There are no contracts or agreements relating to the maintenance, service, repair, development, improvements, management or ownership of the Real Property, or any portion thereof, except as described in **Schedule 2.5(g)** attached hereto.

(h) The Inventory with respect to SBHC is, and at the Closing Date will be, maintained in such condition and quantities as are consistent with SBHC's historical practices.

2.6 Legal Proceedings. Except as set forth on **Schedule 2.6** attached hereto, there are no claims, proceedings or investigations pending, or to Seller's best knowledge threatened, relating to or affecting Seller with respect to the ownership of any of the Assets or management of SBHC before any court or governmental body (whether judicial, executive or administrative) in which an adverse determination would have a material adverse effect on the Assets or the business condition of SBHC. Seller, with respect to its ownership of the Assets and the management of SBHC, is not subject to any judgment, order, decree or other governmental restriction applicable to it or its assets, including the Assets, which would have a material adverse effect on the Assets or the business condition (financial or otherwise) of SBHC.

2.7 Brokers and Finders. Seller has not engaged any finder or broker in connection with the transactions contemplated hereunder.

2.8 Personnel.

(a) Seller has provided to Purchaser a complete list (as of the date set forth therein) of names, positions and current annual salaries or wage rates, bonus and other compensation and/or benefit arrangements, the paid time off pay, and period of service credited for vesting as of the date thereof of all full-time and part-time employees of Seller with respect to the operation of SBHC and indicating whether such employee is a part-time or full-time employee.

(b) Except as set forth on **Schedule 2.8(b)** attached hereto, Seller is not a party to any collective bargaining agreement, memorandum of understanding or other agreement with any labor organization with respect to employees of Seller at SBHC or the operation of SBHC; no demand has been made for recognition by a labor organization with respect to any employees of Seller at SBHC; Seller has no knowledge of any union organizing activities by or with respect to any such employees; to Seller's best knowledge there are no disputes, grievances, charges, complaints, arbitrations, proceedings, labor strike, slowdown or stoppage, pending or threatened involving any of the employees of Seller at SBHC or the operations of SBHC; to Seller's best knowledge, as of the date of this Agreement, the employee relations of Seller with the employees of SBHC are good; to Seller's best knowledge, no union representation question exists with respect to any employees of SBHC; no collective bargaining agreement, memorandum of understanding or other agreement is currently being negotiated between Seller and any labor organization with respect to employees of SBHC.

2.9 Insurance. Seller maintains, and has maintained, without interruption, at all times during Seller's ownership of the Real Property and the Assets, self-insurance or policies or binders of insurance covering such risks and events, including personal injury, property damage and general liability, to provide adequate and sufficient insurance coverage for all the Assets. **Schedule 2.9** attached hereto contains a list of all such insurance maintained by Seller with respect to the Real Property and the Assets as of the Effective Date.

2.10 Extent of Assets. The Assets include, without limitation, all of the real and personal property, rights and other assets of every kind and nature whatsoever owned, leased, held or used by Seller in connection with the operation of SBHC, subject only to depletions and additions of supplies and Inventory or other sales and purchases made in the ordinary course of business, and excluding the Retained Assets.

2.11 Environmental Compliance. Except as identified in **Schedule 2.11** attached hereto or in Purchaser's Environmental Survey obtained pursuant to Section 5.5 below:

(a) Seller has previously complied, and is currently complying, in all material respects with all applicable Environmental Laws. Seller has not received any written notice alleging, nor has any knowledge of, any noncompliance with or potential liability pursuant to any such Environmental Laws.

(b) No medical wastes or hazardous wastes, as defined in RCRA or under applicable state law, and no hazardous substances, as defined in CERCLA or under applicable state law, and no hazardous materials, as defined by HMTA or under applicable state law, and no

toxic or hazardous air or water pollutants, as defined in CAA, CWA or SDWA, or any other toxic or infectious substances and/or any wastes (as such substances and wastes are defined by Environmental Laws) have ever been transported, generated, treated, used, stored, spilled, leaked, released or disposed of by Seller (which for purposes of this Section 2.11 shall include, without limitation, the air above and all surface and subsurface soil and water) except in material compliance with applicable Environmental Laws.

(c) To the best knowledge of Seller, here is not now, nor has there been in the past, occurring at, on, under or migrating onto or off of the Real Property, any release or threatened release, as those terms are defined in Environmental Laws, of any Hazardous Substances from any source, nor has Seller any reason to believe such a release is occurring or has occurred at any time in the past except in material compliance with applicable Environmental Laws. Further, to Seller's best knowledge, there are no Hazardous Substances, including without limitation polychlorinated biphenyls, asbestos, radon, petroleum, or petroleum products or derivatives thereof present at the Real Property, except in compliance in all material respects with applicable Environmental Laws. Except as set forth on **Schedule 2.11(c)** attached hereto, no underground storage tanks, as defined in Environmental Laws, are present on or under the Real Property, and to the best knowledge of Seller, no such tanks were previously situated on or under, or abandoned or removed on or from, the Real Property.

(d) Seller has not received written notice of any liability, responsibility or obligation, whether fixed, unliquidated, absolute, contingent or otherwise, under or pursuant to any Environmental Laws or pursuant to any common law rights relating to Hazardous Substances including, without limitation, any liability, responsibility or obligation to any person, entity or governmental authority for fines, violations, penalties, personal injury, damages or awards, or for investigation, expense, removal, or remedial action to effect compliance with or discharge any duty, obligation or claim under any such laws or regulations ("*Environmental Claims*"), and Seller has no knowledge of any threatened Environmental Claims.

2.12 Contracts, Obligations and Commitments. Except for the Lease, the MSA, the Omnibus Agreement and other agreements executed in conjunction therewith, there are no contracts, leases, agreements or other arrangements which are currently in effect with respect to the operation or ownership of the Assets.

2.13 No Exclusions. Except as listed on **Schedule 2.13** attached hereto, (a) no employee or independent contractor (but limited to independent contractors who are licensed physicians) of Seller has been excluded from participating in any federal health care program (as defined in 42 U.S.C. §1320a-7b(f)), and (b) none of the Assets or SBHC, or Seller's, board members, agents or managing employees (as such term is defined in 42 U.S.C. §1320a-5(b)), has been excluded from Medicare or any federal health care program (as defined in 42 U.S.C. §1320a-7b(f)) or been subject to sanction pursuant to 42 U.S.C. §1320a-7a or 1320a-8 or been convicted of a crime described at 42 U.S.C. §1320a-7b.

2.14 Compliance with Law. Seller, with respect to the Assets and SBHC, is in compliance in all material respects with all applicable laws, rules, regulations (including, without limitation, applicable health care laws, rules and regulations, including those relating to the false claims act, the payment or receipt of illegal remuneration, including 42 U.S.C. § 1320a-7b(b)

(the “*Medicare/Medi-Cal anti-kickback statute*”), 42 U.S.C. 1395nn (the “*Stark Statute*”), 42 U.S.C. § 1320a-7a, 42 U.S.C. § 1320a-7b(a), 42 U.S.C. § 1320a-7b(c) and any applicable state laws governing kickbacks and matters similar to such federal statutes) (collectively, the “*Fraud and Abuse Laws*”), ordinances or orders of any court or federal, state, county, municipal or other governmental department, commission, board, bureau, agency or instrumentality (including, without limitation, Environmental Laws, the Americans with Disabilities Act, civil rights laws, fire codes, confidentiality laws, record and document maintenance laws, zoning ordinances, building, occupancy and use restrictions, and public and occupational health and safety codes), and Seller has not received any notice, written or otherwise, of noncompliance with respect thereto.

2.15 Seller’s Best Knowledge. References in this Agreement to “Seller’s best knowledge” shall mean the actual knowledge of the chief executive officer and chief financial officer of Seller without independent investigation. No constructive or imputed knowledge shall be attributed to any such individual by virtue of any position held, relationship to any other Person or for any other reason.

2.16 No Untrue or Inaccurate Representations or Warranties. The representations and warranties of Seller contained in this Agreement, and each exhibit, schedule, certificate or other written statement prepared by Seller delivered pursuant to this Agreement, or in connection with the transactions contemplated hereby, are accurate, correct and complete, and do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading. To Seller’s best knowledge, there is no fact that adversely affects the Assets or SBHC, or the ability of Seller fully to perform this Agreement and the transactions contemplated hereby, that has not been set forth and described in this Agreement or otherwise furnished to Purchaser pursuant to this Agreement.

ARTICLE 3 REPRESENTATIONS AND WARRANTIES OF PURCHASER

As an inducement to Seller to enter into this Agreement and to consummate the transactions contemplated by this Agreement, Purchaser hereby represents, warrants and covenants to Seller as to the following matters as of the Effective Date and, except as otherwise provided herein, shall be deemed to remake all of the following representations, warranties and covenants as of the Closing Date:

3.1 Authorization. Purchaser has full power and authority to enter into this Agreement and has full power and authority to carry out the transactions contemplated hereby.

3.2 Binding Agreement. All actions required to be taken by Purchaser to authorize the execution, delivery and performance of this Agreement, all documents executed by Purchaser that are necessary to give effect to this Agreement, and all transactions contemplated hereby, have been duly and properly taken or obtained by Purchaser. No other action on the part of Purchaser is necessary to authorize the execution, delivery and performance of this Agreement, all documents necessary to give effect to this Agreement and all transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Purchaser and, assuming due and valid execution by Seller, this Agreement constitutes a valid and binding

obligation of Purchaser enforceable in accordance with its terms except for (a) applicable bankruptcy, reorganization, insolvency, moratorium and other laws affecting creditors' rights generally from time to time in effect, and (b) limitations on the enforcement of equitable remedies.

3.3 Organization and Good Standing. Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the State of California. Purchaser has full power and authority to own, operate and lease its properties and to carry on its business as now conducted.

3.4 No Violation. Neither the execution and delivery by Purchaser of this Agreement nor the consummation of the transactions contemplated hereby by Purchaser nor compliance with any of the material provisions hereof by Purchaser, will (a) violate, conflict with or result in a breach of any material provision of Purchaser's articles of incorporation or bylaws, (b) require any approval or consent of, or filing with, any governmental agency or authority, (c) violate any statute, law, rule or regulation of any governmental authority to which Purchaser may be subject, and (d) violate any judgment of any court or governmental authority to which Purchaser may be subject.

3.5 Brokers and Finders. Purchaser has not engaged any finder or broker in connection with the transactions contemplated hereunder.

3.6 Litigation. There is no pending, or to Purchaser's best knowledge threatened, litigation against Purchaser affecting, or which could reasonably be expected to affect, the transactions contemplated hereby.

3.7 No Untrue or Inaccurate Representations or Warranties. The representations and warranties of Purchaser contained in this Agreement, and each exhibit, schedule, certificate or other written statement delivered pursuant to this Agreement, or in connection with the transactions contemplated hereby, are accurate, correct and complete, and do not contain any untrue statement of material fact or omit to state a material fact necessary in order to make the statements and information contained therein not misleading. To Purchaser's best knowledge, there is no fact that adversely affects the ability of Purchaser fully to perform this Agreement and the transactions contemplated hereby, that has not been set forth and described in this Agreement or otherwise furnished to Seller pursuant to this Agreement.

ARTICLE 4 COVENANTS OF SELLER

4.1 Access; Inspections. From the Effective Date through the Effective Time (the "Pre-Closing Period"), Seller shall afford to the officers and agents of Purchaser (which shall include accountants, attorneys and other consultants and agents of Purchaser) full and complete access during normal business hours to and the right to inspect, at Purchaser's sole expense, the plants, properties, books, accounts, records and all other relevant documents and information with respect to the Assets, liabilities, employees and business of SBHC. From the Effective Date through the Effective Time, Purchaser may, at its sole cost and expense (except as otherwise

provided in Section 11.12), undertake environmental, mechanical and structural surveys of the Real Property.

4.2 Leased Premises. On and after the Effective Date and through the Effective Time (or until the termination of this Agreement pursuant to Section 8.1 below), any rental or other payments required of Purchaser under the Lease shall be governed by the terms of the Omnibus Agreement and the MSA.

4.3 Cooperation. Seller shall reasonably cooperate, at no out-of-pocket costs to Seller, with Purchaser and its representatives and attorneys: (a) in Purchaser's efforts to obtain approval from all governmental agencies whose approval is required to complete the transactions herein contemplated and such other consents and approvals as may be legally required for the consummation of the transactions described herein or which Purchaser reasonably deems necessary or appropriate; and (b) in the preparation of any document or other material which may be required by any governmental agency as a predicate to or result of the transactions contemplated in this Agreement.

4.4 Seller's Efforts to Close. Seller shall use its reasonable commercial efforts to satisfy all of the conditions precedent set forth in Articles 6 and 7 below to its or Purchaser's obligations under this Agreement to the extent that Seller's action or inaction can control or influence the satisfaction of such conditions.

4.5 Termination of SBHC Employees. Upon the Effective Time, all of the persons who are employees of Seller who are employed at SBHC as of the Effective Time (the "*SBHC Employees*") shall cease to be employees of Seller (except for current employees who are transferring employment within the County), and shall be removed from Seller's payroll. Seller shall terminate, effective as of the Effective Time, the participation of the SBHC Employees in all of Seller's employee benefit plans (the "*Plans*"), and Seller shall cause each Plan to terminate the SBHC Employees in compliance with all applicable laws. After the Effective Time, Seller shall timely make appropriate distributions to, or for the benefit of, all SBHC Employees in respect of the Plans that are in force and effect with respect to the SBHC Employees immediately prior to the Effective Time, in accordance with ERISA, the Internal Revenue Code and the terms and conditions of the Plans; provided, however, no such distribution shall be required to the extent it is among the Assumed Obligations. Notwithstanding any provision to the contrary contained in this Agreement, Seller shall be entitled to provide a notice regarding the transactions contemplated by this Agreement to all of the SBHC Employees as required by labor agreements or applicable state and federal laws, provided that Seller delivers a copy of any such notice to Purchaser.

ARTICLE 5 COVENANTS OF PURCHASER

5.1 Purchaser's Efforts to Close. Purchaser shall use its reasonable commercial efforts to satisfy all of the conditions precedent set forth in Articles 6 and 7 below to its or Seller's obligations under this Agreement to the extent that Purchaser's action or inaction can control or influence the satisfaction of such conditions.

5.2 Required Approvals. Purchaser (a) shall use its reasonable commercial efforts to secure, as promptly as practicable before the Closing Date, approval from all governmental agencies whose approval is required in order to carry out the transactions contemplated by this Agreement, and (b) will provide such other information and communications to governmental and regulatory authorities as Seller or such authorities may reasonably request.

5.3 Certain Employee Matters.

(a) Subject to the right of Purchaser to set the initial terms and conditions of employment, Purchaser covenants and agrees that it will make offers of employment, on such terms and conditions as are established or determined by Purchaser in its sole discretion, to those actively employed SBHC Employees Purchaser, in its sole discretion, determines that Purchaser will require for the post-Closing operation of SBHC. Any of the SBHC Employees who accept an offer of employment with Purchaser as of or after the Effective Time shall be referred to in this Agreement as the "*Hired Employees.*" Without limiting the generality of the foregoing, Purchaser shall not be required to make offers of employment to any of the SBHC Employees who have past performance issues or who occupy positions duplicative to employees of Purchaser as of the Effective Time.

(b) Between the Effective Date and the Effective Time, Purchaser shall use its reasonable commercial efforts to assist Seller in developing a process for the orderly transition of the Hired Employees to Purchaser as of the Effective Time. After the Closing Date, Purchaser's human resources department will give reasonable assistance to Seller's human resources department with respect to Seller's post-Closing administration of Seller's pre-Closing Plans. Within five (5) days after the Closing Date, Purchaser shall provide to Seller a list of all the SBHC Employees who were offered employment by Purchaser and who accepted such employment.

5.4 Title Matters. Purchaser shall obtain (a) a preliminary binder or title commitment (the "*Title Commitment*") sufficient for the issuance of an ALTA Extended Coverage Owner's Title Insurance Policy with respect to the Real Property (the "*Title Policy*"), issued by Chicago Title Company (the "*Title Company*"), together with true, correct and legible copies of all instruments referred to therein as conditions or exceptions to title (the "*Title Instruments*"), and (b) if determined to be reasonably necessary by Purchaser, ALTA surveys of the Real Property complying with the Minimum Standard Detail Requirements for ALTA/ACSM Land Title Surveys for the Real Property (the "*Title Survey*"). Section 11.12 below shall govern which party or parties hereto shall bear the costs and expenses of the Title Commitment, the Title Policy and the Title Survey.

5.5 Environmental Survey. If determined to be reasonably necessary by Purchaser, Purchaser shall obtain from an environmental consulting firm a written environmental survey of the Real Property (the "*Environmental Survey*"), which survey shall be identified on **Exhibit 5.5** attached hereto. Section 11.12 below shall govern which party or parties hereto shall bear the costs and expenses of the Environmental Survey.

ARTICLE 6
CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

Seller's obligation to sell the Assets and to close the transactions as contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by Seller in whole or in part at or prior to the Closing:

6.1 Signing and Delivery of Instruments. Purchaser shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to the provisions of this Agreement.

6.2 Unfavorable Action or Proceeding. On the Closing Date, no orders, decrees, judgments or injunctions of any court or governmental body shall be in effect, and no claims, actions, suits, proceedings, arbitrations or investigations shall be pending or threatened in writing, which challenge or seek to challenge, or which could prevent or cause the rescission of, the consummation of the transactions contemplated in this Agreement.

6.3 Performance of Covenants. Purchaser shall have in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by it on or prior to the Closing Date.

6.4 Schedules. The provisions of the schedules attached to this Agreement that were updated by Purchaser after the Effective Date, if any, shall be acceptable to Seller in its reasonable discretion.

ARTICLE 7
CONDITIONS PRECEDENT TO OBLIGATIONS OF PURCHASER

Purchaser's obligation to purchase the Assets and to close the transactions contemplated by this Agreement shall be subject to the satisfaction of each of the following conditions on or prior to the Closing Date unless specifically waived in writing by Purchaser in whole or in part at or prior to the Closing.

7.1 Government Authorizations. Purchaser shall have obtained all material licenses, permits, certificates and authorizations from governmental agencies or governmental bodies that are necessary or required for completion of the transactions contemplated by this Agreement, and Purchaser shall have obtained such other consents and approvals as may be legally required for the consummation of the transactions described herein.

7.2 Signing and Delivery of Instruments. Seller shall have executed and delivered all documents, instruments and certificates required to be executed and delivered pursuant to all of the provisions of this Agreement.

7.3 Performance of Covenants. Seller shall have in all material respects performed or complied with each and all of the obligations, covenants, agreements and conditions required to be performed or complied with by Seller on or prior to the Closing Date.

7.4 Unfavorable Action or Proceeding. On the Closing Date, no orders, decrees, judgments or injunctions of any court or governmental body shall be in effect, and no claims, actions, suits, proceedings, arbitrations or investigations shall be pending or threatened in writing, which challenge or seek to challenge, or which could prevent or cause the rescission of, the consummation of the transactions contemplated in this Agreement.

7.5 Schedules. The provisions of all schedules attached to this Agreement that were updated by Seller after the Effective Date, if any, shall be acceptable to Purchaser in its reasonable discretion.

7.6 Title Insurance Policy. Purchaser shall have obtained a fully effective Title Policy issued to Purchaser by the Title Company covering the Real Property in an amount equal to the appraised value of the Real Property. Such Title Policy shall show fee simple title to the Real Property vested in Purchaser, subject only to: (a) current real estate taxes not yet due and payable, and (b) the permitted title exceptions listed in **Schedule 7.6** attached hereto (the "*Permitted Exceptions*"). The Title Policy shall have all standard and general exceptions deleted so as to afford full "extended form coverage."

7.7 Natural Hazard Disclosure Statement. On or prior to the Closing Date, (a) Purchaser shall have caused to be delivered to Seller a natural hazard disclosure report (the "Disclosure Report") in the form attached hereto as **Schedule 7.7** prepared by a reputable third party preparer selected by the Title Company disclosing whether or not the Real Property lies within the following natural hazard areas or zones: (i) a special flood hazard area designated by the Federal Emergency Management Agency (Government Code Section 8589.3); (ii) an area of potential flooding (Government Code Section 8589.4); (iii) a very high fire hazard severity zone (Government Code Section 51183.5); (iv) a wild land area that may contain substantial forest fire risks and hazards (Public Resources Code Section 4136); (v) an earthquake fault zone (Public Resources Code Section 2621.9); or (vi) a seismic hazard zone (Public Resources Code Section 2694) and (b) Seller shall have delivered to Purchaser the Disclosure Report as duly executed by Seller.

ARTICLE 8 TERMINATION

8.1 Termination. This Agreement may be terminated at any time prior to Closing:

- (a) by the mutual written consent of the parties;
- (b) by Seller if a material breach of this Agreement has been committed by Purchaser and such breach has not been (i) waived in writing by Seller, or (ii) cured by Purchaser to the reasonable satisfaction of Seller within fifteen (15) business days after service by Seller upon Purchaser of a written notice which describes the nature of such breach;
- (c) by Purchaser if a material breach of this Agreement has been committed by Seller and such breach has not been (i) waived in writing by Purchaser, or (ii) cured by Seller to the reasonable satisfaction of Purchaser within fifteen (15) business days after service by Purchaser upon Seller of a written notice which describes the nature of such breach;

(d) by Purchaser if any of the conditions in Article 7 above have not been satisfied as of the Closing Date or if satisfaction of any condition in Article 7 above is or becomes impossible and Purchaser has not waived such condition in writing on or before the Closing Date (provided that the failure to satisfy the applicable condition or conditions has occurred by reason other than (i) through the failure of Purchaser to comply with its obligations under this Agreement, or (ii) Seller's failure to provide its closing deliveries on the Closing Date as a result of Purchaser not being ready, willing and able to close the transaction on the Closing Date);

(e) by Seller if any of the conditions in Article 6 above have not been satisfied as of the Closing Date or if satisfaction of any such condition in Article 6 above is or becomes impossible and Seller has not waived such condition in writing on or before the Closing Date (provided that the failure to satisfy the applicable condition or conditions has occurred by reason other than (i) through the failure of Seller to comply with its obligations under this Agreement, or (ii) Purchaser's failure to provide its closing deliveries on the Closing Date as a result of Seller not being ready, willing and able to close the transaction on the Closing Date); or

(f) by Purchaser or Seller if the Closing has not occurred (other than through the failure of any party seeking to terminate this Agreement to comply fully with its obligations under this Agreement) on or before December 31, 2007 (collectively, the "*Termination Date*"), unless the parties have agreed in writing to extend the Termination Date.

8.2 Termination Consequences. If this Agreement is terminated pursuant to Section 8.1 above, (a) all further obligations of the parties under this Agreement shall terminate, except that the obligations in Sections 11.3, 11.8, and 11.12 below shall survive, (b) each party shall pay its own costs and expenses incurred in connection with this Agreement, except as provided in Section 11.12 below, and (c) nothing shall prevent any party hereto from pursuing any of its legal rights or remedies that may be granted to any such party by law against any other party to this Agreement. Termination of this Agreement shall not result in, or be construed in any manner to result in, the automatic termination of the MSA, the Lease, the Omnibus Agreement or any agreement executed in conjunction therewith.

ARTICLE 9 POST-CLOSING MATTERS

9.1 Operating Covenants. From and after the Effective Time, Purchaser covenants and agrees that it will operate SBHC in accordance with the following:

(a) Purchaser will operate SBHC as an acute psychiatric inpatient facility of a general acute care hospital: (i) in accordance with applicable licensing provisions of the State of California, including, without limitation, applicable provisions of the California Health & Safety Code and Title 22, California Code of Regulations; (ii) in accordance with the Medicare provider agreement and applicable requirements for certification to participate in the Medicare and Medical programs; and (iii) in accordance with the accreditation requirements of the Joint Commission. Purchaser may additionally, in its discretion, provide sub-acute and outpatient psychiatric services at SBHC. If Purchaser at any time following the Effective Time does not

operate SBHC in accordance with the covenants contained in this Section 9.1(a), Seller's sole and exclusive remedy shall be to exercise the right of first refusal set forth in Section 9.2.

(b) Prior to making any material change to the services provided at SBHC, Purchaser shall notify Seller in writing sixty (60) days prior to implementing any such change and Seller shall have sixty (60) days during the notice period to provide its comments to Purchaser regarding the impact of the proposed changes and any recommendations of Seller relating thereto. For the purposes of this Section 9.1(b), a "material change to the services provided at SBHC" shall mean any change that reduces the number of licensed acute psychiatric beds at SBHC (i) to less than sixty-seven (67) licensed beds, or (ii) below which Purchaser has agreed to provide pursuant to the terms of the Provider Agreement.

(c) Purchaser shall meet all charity care obligations and other general obligations required to maintain and operate SBHC in material compliance with state and federal regulations.

(d) The operating covenants set forth in this Section 9.1 shall be binding upon any affiliate of Purchaser that assumes operation of SBHC.

9.2 Right of First Refusal. Seller shall have the right to repurchase from Purchaser the Assets and operations of SBHC at any time following the Effective Time upon the occurrence of any of the following events and subject to the following terms and procedures:

(a) If at any time following the Effective Time, Purchaser: (i) desires to sell the Assets and operations of SBHC to a non-affiliated third party (except where Purchaser is (A) selling substantially all of its assets (including the Assets), (B) such buyer agrees to continue to operate SBHC as an inpatient psychiatric facility, (C) such buyer takes assignment of Purchaser's rights, and assumes Purchaser's obligations, under each of the Provider Agreement and the Physician Services Agreement, in which case the terms of this Section 9.2 shall not be applicable, (D) Purchaser provides Seller written notice of such transaction at least thirty (30) days before such transaction is consummated and (E) such buyer is thereafter obligated to abide by the terms of this Section 9.2 as though it was a party hereto in the place of Purchaser); or (ii) becomes unable or unwilling to continue to operate SBHC as an inpatient psychiatric facility in material breach of the first sentence of Section 9.1(a) above, Seller shall have the first right to repurchase the Assets and operations of SBHC from Purchaser, as described below.

(b) Purchaser shall provide a written notice to Seller within thirty (30) calendar days' of the occurrence of any of the circumstances described in Section 9.2(a) above (the "Option Notice"). Seller shall have one hundred twenty (120) calendar days following the receipt of the Option Notice within which to notify Purchaser in writing of its intent to exercise its right to repurchase the Assets and operations of SBHC pursuant to this Agreement (the "Exercise Notice"). Notwithstanding anything to the contrary in this Agreement, if Seller fails to deliver the Exercise Notice to Purchaser within the required time period, Seller's rights under this Section 9.2 shall terminate completely and forever, and Purchaser shall be free to sell the Assets and operations of SBHC to any third party, or otherwise to take any other action with respect to the Assets or the operations of SBHC, including without limitation closing the SBHC facility, or transferring, reassigning and/or relocating the Assets and operations of SBHC.

(c) If Seller exercises its right to repurchase the Assets and operations of SBHC hereunder, as evidenced by its delivery of the Exercise Notice to Purchaser within the required time period (the “*SBHC Repurchase*”), the SBHC Repurchase shall occur on substantially the same terms and conditions as set forth in this Agreement; provided, however, that the purchase price for the SBHC Repurchase (the “*Repurchase Price*”) shall be the then-current fair market value of the Assets and operations of SBHC (which shall include valuation of the business of SBHC as a going concern), as determined by the same independent third party appraiser used to determine the Purchase Price pursuant to this Agreement using the same valuation methodology used in determining the Purchase Price. If such third party appraiser is unwilling or unable to take on such engagement, the parties will mutually agree upon another independent third party appraiser, and if the parties are unable to mutually agree upon such other third party appraiser within thirty (30) days, such independent third party appraiser will be selected by a disinterested officer of the American Health Lawyers Association. Any such other third party appraiser shall use the same valuation methodology used in determining the Purchase Price. The costs of any such third party appraiser shall be borne equally by the parties.

ARTICLE 10 SURVIVAL AND INDEMNIFICATION

10.1 Survival. Except as expressly set forth in this Agreement to the contrary, all representations, warranties, covenants, agreements and indemnifications, respectively, contained in this Agreement or in any document delivered pursuant hereto shall be deemed to be material and to have been relied upon by the other parties hereto, and shall continue to be fully effective and enforceable following the Closing Date without any time limitation; provided, however, notwithstanding the foregoing, all representations and warranties shall survive for a period of five (5) years, except for the following representations and warranties, which shall survive for the periods indicated: Section 2.4 – Litigation: two (2) years; Section 2.6 and Section 3.6 – Legal Proceedings: two (2) years; Section 2.9 – Insurance: two (2) years; Section 2.12 – Contracts: two (2) years; Section 2.13 – Exclusions: two (2) years; Section 2.14 – Compliance with Law: two (2) years; and Section 2.5 Title: three (3) years.

10.2 Indemnification of Purchaser by Seller.

10.2.1 Indemnification. Seller shall keep and save Purchaser and its directors, officers, employees, agents and other representatives, forever harmless from and shall indemnify and defend Purchaser against any and all obligations, judgments, liabilities, penalties, violations, fees, fines, claims, losses, costs, demands, damages, liens, encumbrances and expenses including reasonable attorneys’ fees (collectively, “*Damages*”), to the extent connected with or arising or resulting from (a) any breach of any representation or warranty of Seller under this Agreement, (b) any breach or default by Seller of any covenant or agreement of Seller under this Agreement, and (c) the Excluded Liabilities. No provision in this Agreement shall prevent Seller from pursuing any of its legal rights or remedies that may be granted to Seller by law against any person or legal entity other than Purchaser.

10.2.2 Indemnification Limitations.

(a) Notwithstanding any provision to the contrary contained in this Agreement, Seller shall be under no obligation to indemnify Purchaser under Section 10.2.1 and no claim under Section 10.2.1 of this Agreement shall:

(i) be made unless notice thereof shall have been given by or on behalf of Purchaser to Seller in the manner provided in Section 10.4, unless failure to provide such notice in a timely manner does not materially impair Seller's ability to defend its rights, mitigate damages, seek indemnification from a third party or otherwise protect its interests;

(ii) be made to the extent that any loss may be recovered under a policy of insurance in force on the date of loss; provided, however, that this Section 10.2.2(a)(ii) shall not apply to the extent that coverage under the applicable policy of insurance is denied by the applicable insurance carrier; or

(iii) be made if the claim is covered by the indemnification provision (Section 10) of the MSA as it survives pursuant to the MSA Termination.

(b) If Purchaser is entitled to recover any sum (whether by payment, discount, credit or otherwise) from any third party in respect of any matter for which a claim of indemnity could be made against Seller hereunder, Purchaser shall use its reasonable endeavors to recover such sum from such third party and any sum recovered will reduce the amount of the claim. If Seller pays to Purchaser an amount in respect of a claim, and Purchaser subsequently recovers from a third party a sum which is referable to that claim, Purchaser shall forthwith repay to Seller so much of the amount paid by it as does not exceed the sum recovered from the third party less all reasonable costs, charges and expenses incurred by Purchaser in obtaining payment in respect of that claim and in recovering that sum from the third party.

10.3 Indemnification of Seller by Purchaser.

10.3.1 Indemnification. Purchaser shall, jointly and severally, keep and save Seller, and Seller's respective directors, officers, employees, agents and other representatives, forever harmless from and shall indemnify and defend Seller and Seller's affiliates against any and all Damages, to the extent connected with or arising or resulting from (a) any breach of any representation or warranty of Purchaser under this Agreement, (b) any breach or default by Purchaser under any covenant or agreement of Purchaser under this Agreement, or (c) the Assumed Obligations. No provision in this Agreement shall prevent Purchaser from pursuing any of its legal rights or remedies that may be granted to Purchaser at law against any person or legal entity other than Seller or any affiliate of Seller.

10.3.2 Indemnification Limitations.

(a) Notwithstanding any provision to the contrary contained in this Agreement, Purchaser shall be under no obligation to indemnify Seller under Section 10.3.1 and no claim under Section 10.3.1 of this Agreement shall:

(i) be made unless notice thereof shall have been given by or on behalf of Seller to Purchaser in the manner provided in Section 10.4, unless failure to provide such notice in a timely manner does not materially impair Purchaser's ability to defend its rights, mitigate damages, seek indemnification from a third party or otherwise protect its interests; and

(ii) be made to the extent that any loss may be recovered under a policy of insurance in force on the date of loss; provided, however, that this Section 10.3.2(a)(ii) shall not apply to the extent that coverage under the applicable policy of insurance is denied by the applicable insurance carrier.

(b) Notwithstanding any provision to the contrary contained in this Section 10, the liability of Seller or Purchaser, as the case may be, for indemnification pursuant to this Section 10 shall be limited to an amount not to exceed the Purchase Price, and no valid indemnification claim will be paid by Seller or Purchaser to the other party unless and only to the extent that (i) the actual liability of in respect of any single claim exceeds Five Thousand Dollars (\$5,000) (a "*Relevant Claim*") and (ii) the total actual liability in respect of all Relevant Claims in the aggregate exceeds One Hundred Thousand Dollars (\$100,000) (the "*Aggregate Amount*"), in which event the applicable party shall be entitled to seek indemnification for all Relevant Claims.

(c) If Seller is entitled to recover any sum (whether by payment, discount, credit or otherwise) from any third party in respect of any matter for which a claim of indemnity could be made against Purchaser hereunder, Seller shall use its reasonable endeavors to recover such sum from such third party and any sum recovered will reduce the amount of the claim. If Purchaser pays to Seller an amount in respect of a claim, and Seller subsequently recovers from a third party a sum which is referable to that claim, Seller shall forthwith repay to Purchaser so much of the amount paid by it as does not exceed the sum recovered from the third party less all reasonable costs, charges and expenses incurred by Seller in obtaining payment in respect of that claim and in recovering that sum from the third party.

10.4 Method of Asserting Claims. All claims for indemnification by any person entitled to indemnification (the "*Indemnified Party*") under this Article 10 will be asserted and resolved as follows:

(a) In the event any claim or demand, for which a party hereto (an "*Indemnifying Party*") would be liable for the Damages to an Indemnified Party, is asserted against or sought to be collected from such Indemnified Party by a person other than Seller, Purchaser or their respective affiliates (a "*Third Party Claim*"), the Indemnified Party shall deliver a notice of its claim (a "*Claim Notice*") to the Indemnifying Party within thirty (30) calendar days after the Indemnified Party receives written notice of such Third Party Claim; provided, however, that notice shall be provided to the Indemnifying Party within fifteen (15) calendar days after receipt of a complaint, petition or institution of other formal legal action by the Indemnified Party. If the Indemnified Party fails to provide the Claim Notice within such applicable time period after the Indemnified Party receives written notice of such Third Party Claim and thereby materially impairs the Indemnifying Party's ability to protect its interests, the Indemnifying Party will not be obligated to indemnify the Indemnified Party with respect to such Third Party Claim. The Indemnifying Party will notify the Indemnified Party within thirty (30)

calendar days after receipt of the Claim Notice (the “*Notice Period*”) whether the Indemnifying Party desires, at the sole cost and expense of the Indemnifying Party, to defend the Indemnified Party against such Third Party Claim.

(i) If the Indemnifying Party notifies the Indemnified Party within the Notice Period that the Indemnifying Party desires to defend the Indemnified Party with respect to the Third Party Claim pursuant to this Section 10.4(a), then the Indemnifying Party will have the right to defend, at its sole cost and expense, such Third Party Claim by all appropriate proceedings, which proceedings will be prosecuted by the Indemnifying Party to a final conclusion or will be settled at the discretion of the Indemnifying Party. The Indemnifying Party will have full control of such defense and proceedings, including any compromise or settlement thereof. Notwithstanding the foregoing, the Indemnified Party may, at its sole cost and expense, file during the Notice Period any motion, answer or other pleadings that the Indemnified Party may deem necessary or appropriate to protect its interests or those of the Indemnifying Party and which is not prejudicial, in the reasonable judgment of the Indemnifying Party, to the Indemnifying Party. Except as provided in Section 10.4(a)(ii) below, if an Indemnified Party takes any such action that is prejudicial and causes a final adjudication that is adverse to the Indemnifying Party, the Indemnifying Party will be relieved of its obligations hereunder with respect to the portion of such Third Party Claim prejudiced by the Indemnified Party’s action. If requested by the Indemnifying Party, the Indemnified Party agrees, at the sole cost and expense of the Indemnifying Party, to cooperate with the Indemnifying Party and its counsel in contesting any Third Party Claim that the Indemnifying Party elects to contest, or, if appropriate and related to the Third Party Claim in question, in making any counterclaim against the person asserting the Third Party Claim, or any cross-complaint against any person (other than the Indemnified Party or any of its affiliates). The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this Section 10.4(a)(i), and except as specifically provided in this Section 10.4(a)(i), the Indemnified Party will bear its own costs and expenses with respect to such participation.

(ii) If the Indemnifying Party fails to notify the Indemnified Party within the Notice Period that the Indemnifying Party desires to defend the Indemnified Party pursuant to this Section 10.4(a), or if the Indemnifying Party gives such notice but fails to prosecute diligently or settle the Third Party Claim, or if the Indemnifying Party fails to give any notice whatsoever within the Notice Period, then the Indemnified Party will have the right to defend, at the sole cost and expense of the Indemnifying Party, the Third Party Claim by all appropriate proceedings, which proceedings will be promptly and reasonably prosecuted by the Indemnified Party to a final conclusion or will be settled at the discretion of the Indemnified Party. The Indemnified Party will have full control of such defense and proceedings, including any compromise or settlement thereof; provided, however, that if requested by the Indemnified Party, the Indemnifying Party agrees, at the sole cost and expense of the Indemnifying Party, to cooperate with the Indemnified Party and its counsel in contesting any Third Party Claim which the Indemnified Party is contesting, or, if appropriate and related to the Third Party Claim in question, in making any counterclaim against the person asserting the Third Party Claim, or any cross-complaint against any person (other than the Indemnifying Party or any of its affiliates). Notwithstanding the foregoing provisions of this Section 10.4(a)(ii), if the Indemnifying Party has notified the Indemnified Party with reasonable promptness that the Indemnifying Party disputes its liability to the Indemnified Party with respect to such Third Party Claim and if such

dispute is resolved in favor of the Indemnifying Party, the Indemnifying Party will not be required to bear the costs and expenses of the Indemnified Party's defense pursuant to this Section 10.4(a)(ii) or of the Indemnifying Party's participation therein at the Indemnified Party's request, and the Indemnified Party will reimburse the Indemnifying Party in full for all reasonable costs and expenses incurred by the Indemnifying Party in connection with such litigation. Except for the above terms of this Section 10.4(a)(ii), the Indemnifying Party may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this Section 10.4(a)(ii), and the Indemnifying Party will bear its own costs and expenses with respect to such participation. The Indemnified Party shall give sufficient prior notice to the Indemnifying Party of the initiation of any discussions relating to the settlement of a Third Party Claim to allow the Indemnifying Party to participate therein.

(b) In the event any Indemnified Party should have a claim against any Indemnifying Party hereunder that does not involve a Third Party Claim being asserted against or sought to be collected from the Indemnified Party, the Indemnified Party shall deliver an "*Indemnity Notice*" (as hereinafter defined) to the Indemnifying Party. (The term "*Indemnity Notice*" shall mean written notification of a claim for indemnity under this Article 10 (which claim does not involve a Third Party Claim) by an Indemnified Party to an Indemnifying Party pursuant to this Section 10.4, specifying the nature of and specific basis for such claim and the amount or the estimated amount of such claim.) The failure by any Indemnified Party to give the Indemnity Notice shall not impair such party's rights hereunder except to the extent that an Indemnifying Party demonstrates that it has been prejudiced thereby.

(c) If the Indemnifying Party does not notify the Indemnified Party within thirty (30) calendar days following its receipt of a Claim Notice or an Indemnity Notice that the Indemnifying Party disputes its liability to the Indemnified Party hereunder, such claim specified by the Indemnified Party will be conclusively deemed a liability of the Indemnifying Party hereunder and the Indemnifying Party shall pay the amount of such liability to the Indemnified Party on demand, or on such later date (i) in the case of a Third Party Claim, as the Indemnified Party suffers the Damages in respect of such Third Party Claim, or (ii) in the case of an Indemnity Notice in which the amount of the claim is estimated, when the amount of such claim becomes finally determined. If the Indemnifying Party has timely disputed its liability with respect to such claim, as provided above, the Indemnifying Party and the Indemnified Party agree to proceed in good faith to negotiate a resolution of such dispute, and if not resolved through negotiations, such dispute will be resolved by adjudication by a court or similar tribunal.

(d) The Indemnified Party agrees to give the Indemnifying Party reasonable access to the books and records and employees of the Indemnified Party in connection with the matters for which indemnification is sought hereunder, to the extent the Indemnifying Party reasonably deems necessary in connection with its rights and obligations hereunder.

(e) The Indemnified Party shall assist and cooperate with the Indemnifying Party in the conduct of litigation, the making of settlements and the enforcement of any right of contribution to which the Indemnified Party may be entitled from any person or entity in connection with the subject matter of any litigation subject to indemnification hereunder. In addition, the Indemnified Party shall, upon request by the Indemnifying Party or counsel selected by the Indemnifying Party (without payment of any fees or expenses to the Indemnified Party or

an employee thereof), attend hearings and trials, assist in the securing and giving of evidence, assist in obtaining the presence or cooperation of witnesses, and make available its own personnel; and shall do whatever else is necessary and appropriate in connection with such litigation. The Indemnified Party shall not make any demand upon the Indemnifying Party or counsel for the Indemnifying Party in connection with any litigation subject to indemnification hereunder, except a general demand for indemnification as provided hereunder. If the Indemnified Party shall fail to perform such obligations as Indemnified Party hereunder or to cooperate fully with the Indemnifying Party in Indemnifying Party's defense of any suit or proceeding, such cooperation to include, without limitation, attendance at all depositions and the provision of all documents relevant to the defense of any claim, then, except where such failure does not have an adverse effect on the Indemnifying Party's defense of such claims, the Indemnifying Party shall be released from all of its obligations under this Agreement with respect to that suit or proceeding and any other claims which had been raised in such suit or proceeding.

(f) Following indemnification as provided for hereunder, the Indemnifying Party shall be subrogated to all rights of the Indemnified Party with respect to all persons or entities relating to the matter for which indemnification has been made; provided, however, that the Indemnifying Party shall have no subrogation rights to seek reimbursement through or from the Indemnified Party's insurance policies, program, coverage, carriers or beneficiaries.

10.5 Exclusive. Other than claims for fraud or equitable relief (which equitable relief claims are nevertheless subject to Section 10.1 above), any claim arising under this Agreement or in connection with or as a result of the transactions contemplated by this Agreement or any Damages or injury alleged to be suffered by any party as a result of the actions or failure to act by any other party shall, unless otherwise specifically stated in this Agreement, shall be governed solely and exclusively by the provisions of this Article 10. If Seller and Purchaser cannot resolve such claim by mutual agreement, such claim shall be determined by adjudication by a court or similar tribunal subject to the provisions of this Article 10.

ARTICLE 11 MISCELLANEOUS PROVISIONS

11.1 Further Assurances and Cooperation. Seller shall execute, acknowledge and deliver to Purchaser any and all other assignments, consents, approvals, conveyances, assurances, documents and instruments reasonably requested by Purchaser to the extent possible, and shall take any and all other actions reasonably requested by Purchaser for the purpose of more effectively assigning, transferring, granting, conveying and confirming to Purchaser, the Assets. After consummation of the transaction contemplated in this Agreement, the parties agree to cooperate with each other and take such further actions as may be necessary or appropriate to effectuate, carry out and comply with all of the terms of this Agreement, the documents referred to in this Agreement and the transactions contemplated hereby.

11.2 Successors and Assigns. All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto; provided, however, that no party hereto may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the

other party, except that Purchaser may assign any of its rights or delegate any of its duties under this Agreement to any wholly-owned subsidiary of Tenet Healthcare Corporation, provided that (a) Purchaser provides written notice to Seller of such assignment to a wholly-owned subsidiary at least thirty (30) days before such assignment is consummated, (b) the assignee of such assignment becomes the successor owner of SBHC and (c) in any event, Purchaser shall not be released from its obligations to Seller hereunder).

11.3 Governing Law; Venue. This Agreement shall be governed by and construed and enforced in accordance with the laws of the State of California as applied to contracts made and performed within the State of California. The parties hereby waive their right to claim in any proceeding involving this Agreement that the law of any jurisdiction other than the State of California shall apply to such dispute; and the parties hereby covenant that they shall assert no such claim in any dispute arising under this Agreement. Any proceeding which arises out of or relates in any way to the subject matter of this Agreement shall be brought in the Superior Court of California, County of Stanislaus or the United States District Court for the Eastern District of California. The parties hereby consent to the jurisdiction of the State of California and waive their right to challenge any proceeding involving or relating to this Agreement on the basis of lack of jurisdiction over the Person or *forum non conveniens*.

11.4 Amendments. This Agreement may not be amended other than by written instrument signed by the parties hereto.

11.5 Exhibits and Schedules. All exhibits and schedules referred to in this Agreement shall be attached hereto and are incorporated by reference herein. From the Effective Date until the Closing, the parties agree that either party may update the schedules as necessary, except for the terms of Sections 6.4 and 7.5 above. Any matter disclosed in this Agreement or in the schedules hereto with reference to any Section of this Agreement shall be deemed a disclosure in respect of all sections to which such disclosure may apply.

11.6 Notices. Any notice, demand or communication required, permitted, or desired to be given hereunder shall be deemed effectively given when personally delivered, when received by telegraphic or other electronic means (including facsimile) or overnight courier, or five (5) calendar days after being deposited in the United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, addressed as follows:

If to Seller: County of Stanislaus
1010 10th Street, Suite 6800
Modesto, California 95354
Attention: Chief Executive Officer
Facsimile No.: (209) 525-4033

With a copy to: Stanislaus County Counsel
1010 10th Street, Suite 6400
Modesto, California 95354
Attention: County Counsel
Facsimile No.: (209) 525-4473

If to Purchaser: Doctors Medical Center of Modesto, Inc.
1441 Florida Avenue
Modesto, California 95352
Attention: Chief Executive Officer
Facsimile No.: (209) 576-3680

With a copy to: Tenet HealthSystem
13737 Noel Road, Suite 100
Dallas, Texas 75240
Attention: General Counsel
Facsimile No.: (469) 893-2214

or at such other address as one party may designate by notice hereunder to the other parties.

11.7 Headings. The section and other headings contained in this Agreement and in the exhibits and schedules to this Agreement are included for the purpose of convenient reference only and shall not restrict, amplify, modify or otherwise affect in any way the meaning or interpretation of this Agreement or the exhibits and schedules hereto.

11.8 Confidentiality and Publicity. Except as otherwise required by California open meeting and public records laws, the parties hereto shall hold in confidence the information contained in this Agreement, and all information related to this Agreement, which is not otherwise known to the public, shall be held by each party hereto as confidential and proprietary information and shall not be disclosed without the prior written consent of the other parties; provided, however, Purchaser shall be permitted to provide a copy of this Agreement to any applicable governmental or administrative authorities in connection with Purchaser's pursuit of any appeal of any property tax assessments on the Assets. Accordingly, Seller and Purchaser shall not discuss with, or provide nonpublic information to, any third party (except for such party's attorneys, accountants, directors, officers and employees, the directors, officers and employees of any affiliate of any party hereto, and other consultants and professional advisors) concerning this transaction prior to the Effective Time, except: (a) as required in governmental filings or judicial, administrative or arbitration proceedings; (b) pursuant to public

announcements made with the prior written approval of Seller and Purchaser; or (c) as otherwise required by law.

11.9 Fair Meaning. This Agreement shall be construed according to its fair meaning and as if prepared by all parties hereto.

11.10 Gender and Number; Construction. All references to the neuter gender shall include the feminine or masculine gender and vice versa, where applicable, and all references to the singular shall include the plural and vice versa, where applicable. Unless otherwise expressly provided, the word “including” followed by a listing does not limit the preceding words or terms and shall mean “including, without limitation.”

11.11 Third Party Beneficiary. None of the provisions contained in this Agreement are intended by the parties, nor shall they be deemed, to confer any benefit on any person not a party to this Agreement.

11.12 Expenses and Attorneys’ Fees. Except as otherwise provided in this Agreement, each party shall bear and pay its own costs and expenses relating to the preparation of this Agreement and to the transactions contemplated by, or the performance of or compliance with any condition or covenant set forth in, this Agreement, including without limitation, the disbursements and fees of their respective attorneys, accountants, advisors, agents and other representatives, incidental to the preparation and carrying out of this Agreement, whether or not the transactions contemplated hereby are consummated. The parties expressly agree that the following shall be borne one-half by Seller and one-half by Purchaser: (a) all costs of the Title Commitment and the Title Policy (including the cost of any endorsements thereto requested by Purchaser); (b) all costs of the Title Survey; (c) all costs of the Environmental Survey and the natural hazard disclosure report; (d) all documentary transfer taxes and recording fees arising from the conveyance of the Real Property to Purchaser; (e) all appraisal costs in connection with the Real Property, Assets and Inventory; and (f) all escrow and title fees not already described above. If any action is brought by any party to enforce any provision of this Agreement, the prevailing party shall be entitled to recover its court costs and reasonable attorneys’ fees.

11.13 Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement, binding on all of the parties hereto. The parties agree that facsimile copies of signatures shall be deemed originals for all purposes hereof and that a party may produce such copies, without the need to produce original signatures, to prove the existence of this Agreement in any proceeding brought hereunder.

11.14 Entire Agreement. This Agreement, the exhibits, the schedules and the documents referred to in this Agreement contain the entire understanding between the parties with respect to the transactions contemplated hereby and supersede all prior or contemporaneous agreements, understandings, representations and statements, oral or written, between the parties on the subject matter hereof (the “*Superseded Agreements*”), which Superseded Agreements shall be of no further force or effect.

11.15 No Waiver. Any term, covenant or condition of this Agreement may be waived at any time by the party which is entitled to the benefit thereof but only by a written notice signed by the party expressly waiving such term or condition. The subsequent acceptance of performance hereunder by a party shall not be deemed to be a waiver of any preceding breach by any other party of any term, covenant or condition of this Agreement, other than the failure of such other party to perform the particular duties so accepted, regardless of the accepting party's knowledge of such preceding breach at the time of acceptance of such performance. The waiver of any term, covenant or condition shall not be construed as a waiver of any other term, covenant or condition of this Agreement.

11.16 Severability. If any term, provision, condition or covenant of this Agreement or the application thereof to any party or circumstance shall be held to be invalid or unenforceable to any extent in any jurisdiction, then the remainder of this Agreement and the application of such term, provision, condition or covenant in any other jurisdiction or to persons or circumstances other than those as to whom or which it is held to be invalid or unenforceable, shall not be affected thereby, and each term, provision, condition and covenant of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

11.17 Time is of the Essence. Time is of the essence for all dates and time periods set forth in this Agreement and each performance called for in this Agreement.

IN WITNESS WHEREOF, this Agreement has been entered into by the parties through their duly authorized representatives as of the date first written above.

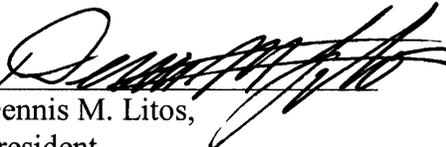
SELLER:

County of Stanislaus, a political
subdivision of the State of California

By: _____
Richard W. Robinson,
Chief Executive Officer

PURCHASER:

**Doctors Medical Center of Modesto,
Inc.**, a California corporation

By: 
Dennis M. Litos,
President

APPROVED AS TO FORM
Michael H. Krausnick, County Counsel

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SELLER:

County of Stanislaus, a political subdivision of the State of California

By: 
Richard W. Robinson,
Chief Executive Officer

PURCHASER:

Doctors Medical Center of Modesto, Inc., a California corporation

By: _____
Dennis M. Litos,
President

APPROVED AS TO FORM
Michael H. Krausnick, County Counsel



ASSET PURCHASE AGREEMENT

Between

Doctors Medical Center of Modesto, Inc.,
a California corporation

("Purchaser")

And

County of Stanislaus,
a political subdivision of the State of California

("Seller")

DATED: October 31, 2007

LIST OF SCHEDULES

SCHEDULE	DESCRIPTION
1.6(a)	Real Property Legal Description
1.6(e)	Personal Property
1.6(i)	Names and Symbols for SBHC
2.3(b)	Governmental Agency Approvals
2.5(a)	Liens and Encumbrances
2.5(g)	Real Property Related Contracts
2.6	Legal Proceedings
2.8(b)	Collective Bargaining Agreements
2.9	Insurance Coverage
2.11	Environmental Compliance
2.11(c)	Underground Storage Tanks
2.13	Exclusions
7.6	Permitted Exceptions
7.7	Natural Hazards Disclosure Report

LIST OF EXHIBITS

EXHIBIT	DESCRIPTION
1.4.1	Bill of Sale
1.4.2	Lease Termination
1.4.3	Grant Deed
1.4.4	MSA Termination
1.4.5	Omnibus Amendment
1.4.6	Inpatient Agreement Amendment
1.4.9	Provider Agreement
1.4.10	Physician Services Agreement
1.4.12	Settlement Agreement
5.5	Environmental Survey

Schedule 2.8(b)

1. Memorandum of Understanding between American Federation of State, County and Municipal Employees and County of Stanislaus effective from December 1, 2006 through May 31, 2011.
2. Memorandum of Understanding between California Nurses Association and County of Stanislaus effective from March 1, 2006 through February 29, 2008.
3. Memorandum of Understanding between Local 535, Social Services Union, SEIU, and County of Stanislaus effective from January 1, 2007 through June 30, 2010.

Exhibit 1.4.1
Bill of Sale

See attached.

GENERAL ASSIGNMENT, BILL OF SALE AND ASSUMPTION OF LIABILITIES

County of Stanislaus, as Seller

to

Doctors Medical Center of Modesto, Inc., as Purchaser

1. Pursuant to and in accordance with the provisions and conditions of that certain Asset Purchase Agreement, dated as of October 31, 2007 (the "*Agreement*"), by and between the County of Stanislaus, a political subdivision of the State of California, and Doctors Medical Center of Modesto, Inc., a California corporation, Seller does hereby assign, transfer, convey and deliver to Purchaser for valuable consideration, and Purchaser hereby acquires, all of Seller's right, title and interest in and to all assets used in the operation of Stanislaus Behavioral Health Center ("*SBHC*") at the Leased Premises, including, without limitation, the following assets and properties, free and clear of all liens and encumbrances, liabilities, and defects in title other than any "*Permitted Exceptions*" (as defined in Section 7.6 of the Agreement), such transfer being deemed to be effective at the Effective Time (collectively, the "*Assets*"):

a. all of that certain real property situated in the City of Modesto, County of Stanislaus, State of California, including the excess land appurtenant thereto, and more particularly described in **Schedule 1.6(a)** of the Agreement (the "*Land*") (the common address of the Land is 1501 Claus Road, Modesto, California 95355);

b. all buildings, structures and other improvements of every kind on the Land, including, but not limited to, alleyways and connecting tunnels, sidewalks, utility pipes, conduits and lines (on-site and use rights off-site), parking areas, roadways and other related on-site and off-site improvements appurtenant to such buildings and structures presently situated upon the Land and any and all capital improvements thereon and construction in progress (collectively, the "*Improvements*");

c. all easements, licenses, rights-of-way and appurtenances relating to the Land and the Improvements (the "*Easements*");

d. all leasehold improvements, fixtures and other items attached to the buildings, including all components thereof, owned by Seller and incorporated into the Improvements (collectively, the "*Fixtures*") (the Land, Improvements, Easements and Fixtures are collectively referred to herein as the "*Real Property*");

e. all of the tangible personal property owned by Seller with respect to the operation of SBHC, including all equipment (including non-movable medical equipment), furniture, machinery, office furnishings, and other items of property (the "*Personal Property*"), including, without limitation, the Personal Property described in **Schedule 1.6(e)** of the Agreement, but excluding any assets, including all vehicles, to be retained by Seller identified on **Schedule 1.6(e)** of the Agreement (the "*Retained Assets*");

f. to the extent assignable or transferable, all licenses, permits, approvals, registrations and other governmental licenses, permits or approvals issued to Seller with respect to the Real Property and the Personal Property;

g. all documents, records, operating manuals and files with respect to the Real Property and the Personal Property, including without limitation equipment records, construction plans and specifications;

h. all usable and unexpired inventories of supplies, drugs, food, janitorial and office supplies and other disposables and consumables located at SBHC, or used with respect to the operation of SBHC (the "*Inventory*");

i. the names and symbols used as of the date hereof with respect to the operation of SBHC, including, without limitation, the names set forth on **Schedule 1.6(i)** of the Agreement and all variants thereof, but excluding all rights in the name, trademarks and other symbols identifying the County of Stanislaus (including Behavioral Health and Recovery Services and other County agencies);

j. to the extent assignable, all rights in all warranties of any manufacturer or vendor in effect as of the date hereof in connection with the Improvements, the Fixtures and the Personal Property; and

k. all insurance proceeds arising in connection with property damage to the Assets occurring on or prior to the date hereof, that has not been repaired prior to the date hereof.

2. Seller does hereby assign, and Purchaser does hereby assume and agree to discharge on and after the Effective Time, except for those liabilities and obligations excluded under Sections 4(a) and 4(b) below, and except for the prorations provided under Section 1.10 of the Agreement, any and all obligations of Seller associated with the Real Property including, without limitation, (a) all unpaid real and personal property taxes, if any, for the current tax year that are attributable to the Real Property, and (b) all utilities being furnished to the Real Property (collectively, the "*Assumed Obligations*").

3. Notwithstanding anything to the contrary in Section 2 above, Purchaser does not assume or become responsible for any of the Excluded Liabilities or any of those liabilities or matters described in Section 1.8 of the Agreement.

4. Except as expressly set forth in Article II of the Agreement, the Assets hereby transferred to Purchaser are sold by Seller and purchased by Purchaser in their physical condition at the Effective Time, "AS IS, WHERE IS AND WITH ALL FAULTS" WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, with respect to the Real Property, land, buildings and improvements, and WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, with respect to the physical condition of the Personal Property and Inventory, any and all of which warranties (both express and implied) Seller hereby disclaims. Seller has made no representations or warranties other than those expressly provided in the Agreement.

5. Any capitalized terms used but not otherwise defined herein shall have the meanings specified in the Agreement.

TO HAVE AND TO HOLD the same, with the appurtenances thereof, unto Purchaser, its successors and assigns, forever, to its own use and behalf. All exhibits and schedules to the Agreement referred to herein are hereby incorporated by reference.

[REMAINDER OF PAGE IS BLANK]

IN WITNESS WHEREOF, each of the undersigned has caused this instrument to be executed by a duly authorized officer as of October 31, 2007.

SELLER:

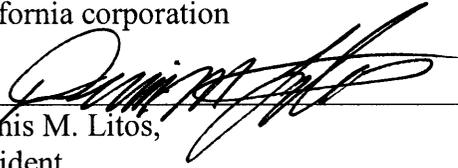
County of Stanislaus, a political subdivision of the State of California

By: _____
Name: _____
Its: _____

APPROVED AS TO FORM
Michael H. Krausnick, County Counsel

PURCHASER:

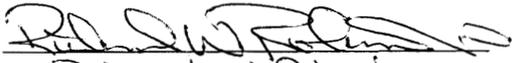
Doctors Medical Center of Modesto, Inc., a California corporation

By: 
Dennis M. Litos,
President

IN WITNESS WHEREOF, each of the undersigned has caused this instrument to be executed by a duly authorized officer as of October 31, 2007.

SELLER:

County of Stanislaus, a political subdivision of the State of California

By: 
Name: Richard W. Robinson
Its: Chief Executive Officer

APPROVED AS TO FORM
Michael H. Krausnick, County Counsel

Michael H. Krausnick

PURCHASER:

Doctors Medical Center of Modesto, Inc., a California corporation

By: _____
Dennis M. Litos,
President

Exhibit 1.4.2
Lease Termination

See attached.

LEASE TERMINATION AGREEMENT

THIS LEASE TERMINATION AGREEMENT (the "*Lease Termination*") is made and entered into effective as of the 1st day of November, 2007 (the "*Effective Date*"), by and between **County of Stanislaus**, a political subdivision of the State of California ("*Seller*"), and **Doctors Medical Center of Modesto, Inc.**, a California corporation ("*Purchaser*").

RECITALS

A. Seller and Purchaser are parties to that certain Facility Lease Agreement dated November 30, 1997 (the "*Lease Agreement*"), a copy of which is attached hereto at **Exhibit A** and incorporated herein by this reference.

B. Seller and Purchaser mutually desire to terminate the Lease Agreement as of the Effective Date.

NOW, THEREFORE, in consideration of the above recitals, the terms and conditions hereinafter set forth, and other consideration, the adequacy of which is hereby acknowledged, and for their mutual reliance, Seller and Purchaser do hereby agree to the following:

1. Mutual Termination. Seller and Purchaser hereby agree to mutually terminate the Lease Agreement effective as of the Effective Date. The Lease Agreement shall thereafter be deemed to be cancelled and void, and neither party shall be responsible for any obligation or duty to the other party pursuant to the Lease Agreement, except for obligations or duties incurred prior to the Effective Date.

2. Additional Actions. Seller and Purchaser hereby agree to take all actions reasonably necessary to effect the requirements of this Lease Termination.

3. Confidentiality. Neither Seller nor Purchaser shall disclose this Lease Termination or any of its terms to any third party, except as required by law, without the prior written consent of the other party.

4. Applicable Law. This Lease Termination shall be construed and any disputes as to its performance shall be determined in accordance with the laws of the State of California.

5. Amendments. The terms of this Lease Termination can be amended or modified in writing only, and must be signed by a duly authorized representative of each party.

6. Counterparts. This Lease Termination may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[REMAINDER OF PAGE IS BLANK]

IN WITNESS WHEREOF, the parties hereto have executed this Lease Termination through their duly authorized representatives effective as of the Effective Date.

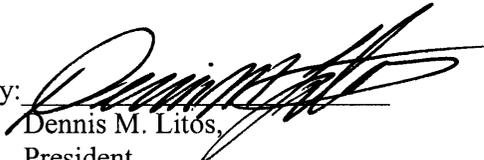
SELLER:

County of Stanislaus, a political subdivision of the State of California

PURCHASER:

Doctors Medical Center of Modesto, Inc., a California corporation

By: _____
Richard W. Robinson,
Chief Executive Officer

By: 
Dennis M. Litos,
President

APPROVED AS TO FORM
Michael H. Krausnick, County Counsel

IN WITNESS WHEREOF, the parties hereto have executed this Lease Termination through their duly authorized representatives effective as of the Effective Date.

SELLER:

County of Stanislaus, a political subdivision of the State of California

By: 
Richard W. Robinson,
Chief Executive Officer

PURCHASER:

Doctors Medical Center of Modesto, Inc., a California corporation

By: _____
Dennis M. Litos,
President

APPROVED AS TO FORM
Michael H. Krausnick, County Counsel

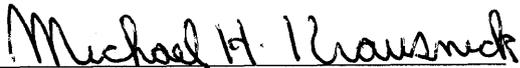


EXHIBIT A

Lease Agreement

Copy attached.

FACILITY LEASE AGREEMENT

This FACILITY LEASE AGREEMENT ("Lease Agreement") is made and dated as of November 30, 1997, by and between Stanislaus County, a political subdivision of the State of California ("Lessor" or the "County"), and Tenet HealthSystem Hospitals, Inc., a Delaware corporation, doing business as Doctors Medical Center of Modesto ("Lessee"), with reference to the following facts:

RECITALS:

A. Lessor owns the Stanislaus Behavioral Health Center (the "SBHC"), a healthcare facility providing psychiatric and other specialty services and located at 1501 Claus Road, Modesto, California 95355, which facility includes all related real and personal property and assets more particularly defined herein.

B. Pursuant to the authority granted to the County under the laws of the State of California, the County Board of Supervisors has determined that it is in the best interest of the County to provide for the operation and maintenance of the SBHC through the lease of the SBHC, including all related real and personal property assets, to Lessee for a term of twenty (20) years.

C. The County finds that execution of this Lease Agreement will promote the following objectives:

1. Enhance the provision of quality health care to residents of the County.
2. Enhance the participation of the SBHC in the regional health care system developed by Lessee in order to better serve the general public residing the County.
3. Deliver health services to residents of the County more efficiently and at a lower cost.
4. Preserve and protect the County's assets and ensure the ability to provide psychiatric and other specialty services for residents of the County.

D. In connection with this Lease Agreement, Lessor and Lessee have entered into that certain Management Services Agreement dated November 30, 1997 (the "Management Agreement"), whereby Lessor will manage the operations of the SBHC. Lessor and Lessee have also entered into those certain other agreements as part of the Omnibus Agreement between Lessor and Lessee dated November 30, 1997 (collectively the "Other Transaction Agreements"), which govern additional contractual obligations and relationships between Lessor and Lessee.

E. The County Board of Supervisors, deeming the lease of the SBHC to Lessee pursuant to the terms and conditions set forth in this Lease Agreement to be desirable and in the best interest of the residents of the County, has approved this Lease Agreement.

AGREEMENT:

NOW, THEREFORE, in consideration of the premises and the respective representations, warranties, covenants and agreements contained in this Lease Agreement, the parties hereto agree as follows:

ARTICLE ONE

PREMISES AND TERM

1.1 Lease. Lessor hereby leases to Lessee, and Lessee hereby leases from Lessor, on the terms and conditions set forth in this Lease Agreement, the SBHC, including, without limiting the generality of the foregoing, all right, title and interest of the County in and to the following assets:

1.1(a) The real property owned in fee by the County upon which the SBHC is situated (all of which real property is identified on Schedule 1.1(a) hereto), together with all land improvements, the SBHC, construction work-in-progress, the medical office buildings and any other buildings and other improvements and fixtures thereon, and all rights, privileges and easements appurtenant thereto (the "Real Property").

1.1(b) All tangible personal property (other than items of tangible personal property that are consumed, disposed of or held for sale or are inventoried in the ordinary course of business) owned by the County which are related to, used in, necessary for or contribute to the operation of the SBHC (the "Personal Property"), the current list of which is set forth on Schedule 1.1(b) hereto.

1.1(c) The Real Property and the Personal Property are referred to collectively herein as the "Leased Premises."

1.2 Term. The initial term of this Lease Agreement shall be for twenty (20) years, commencing on November 30, 1997. If this Lease Agreement is not terminated on or before the expiration of the initial term, this Lease Agreement shall be automatically renewed on an annual basis for additional one year terms unless either Party gives written notice to the other Party of its intent to terminate this Lease Agreement at least 180 days prior to the expiration of the initial term.

ARTICLE TWO

RENT AND OTHER PAYMENTS

2.1 Base Rent. Lessee shall pay base rent to Lessor in the amount of \$35,583 ("Base Rent") on a monthly basis, on the first day of each calendar month, commencing December 1, 1997, and continuing through the term of this Lease Agreement.

2.2 Taxes and Assessments. Lessor shall timely pay all real and personal property taxes, general and special assessments, and other charges of every description levied on or assessed against the Leased Premises, improvements or personal property located on or in the Leased Premises, the leasehold estate or any subleased estate, to the full extent of installments falling due with respect to the term, whether belonging to or chargeable against Lessor or Lessee. Lessee shall pay any municipal, county, state, or federal income or franchise taxes chargeable against Lessee.

2.3 Right to Contest Taxes. The parties may contest the legal validity or amount of any taxes, assessments, or charges for which Lessee is responsible under this Lease Agreement, and with prior written notice to the other party, may institute such proceedings as contesting party considers necessary. If a party contests any such tax, assessment, or charge, the party may withhold or defer payment or pay under protest and such act shall not constitute a default under this Lease Agreement, so long as no forfeiture of any part of the Leased Premises would be caused thereby. The parties appoint each other as its attorney-in-fact for the purpose of making all payments to any taxing authorities and for the purpose of contesting any taxes, assessments, or charges (including any appeal of any unfavorable determination), and the parties shall otherwise cooperate with each other in connection therewith.

2.4 Utilities. Lessor shall, during the term of this Lease Agreement, or any renewal or extension thereof, timely pay for all utilities used upon the Leased Premises, including without limitation water, gas, heat, light, power, telephone service refuse collection and removal, and all other services supplied to the Leased Premises.

2.5 Pre-Existing Liabilities. Any liability or obligation of any kind or description arising out of or based upon any act or omission of Lessor or other event or circumstance occurring or existing during the ownership of Lessor, shall be borne solely by Lessor (and not Lessee), notwithstanding that such obligation would otherwise be an obligation of Lessee under this Lease Agreement. Lessee shall have the right and option, but not the obligation, to satisfy any such obligation of Lessor, and Lessor shall indemnify and hold Lessee harmless from and against all liability, loss, obligation or expense, including without limitation attorneys' fees and costs, incurred or suffered by Lessee as a result thereof.

ARTICLE THREE

USE, MAINTENANCE AND IMPROVEMENTS

3.1 Limitations on Use. The Leased Premises are leased to Lessee for the purpose of Lessee operating and maintaining the Leased Premises as a healthcare facility providing psychiatric services as part of Lessee's general acute care hospital and for providing any and all ancillary or other health care services related to the provision of psychiatric services.

3.2 Compliance with Laws, Covenants, Conditions, and Restrictions.

3.2(a) Lessee agrees to use the Leased Premises in material compliance with all laws (other than environmental regulations, which shall be governed by Article Ten) now in force or which may hereafter be in force relative to the Leased Premises, its use and the business conducted thereon, including without limitation all building requirements and regulations, as well as all covenants, conditions, and restrictions applicable to the Leased Premises. Either party, at its sole cost and expense, shall have the right to contest the applicability, validity, interpretation, construction or noncompliance of or with any law, covenant, condition and restriction now or hereafter in force and relating to itself or the Leased Premises, provided that contesting party diligently and expeditiously prosecutes the appropriate proceeding, contest, or appeal. Each party shall cooperate with the other in any appropriate proceeding, contest, or appeal, provided that neither party shall not be required to join the other party in any proceeding, contest or appeal brought by a party unless the provisions of any law require that the proceeding, contest or appeal be brought by or in the name of both parties. In that case, both parties shall join in the proceeding, contest or appeal or permit the other party to be brought in the contesting party's name as long as the other party is not required to bear any cost. If either party, within a reasonable time after final determination of the proceeding, contest, or appeal, complies with the final determination

resulting therefrom, the noncompliance of the party during the interim period shall not be deemed a default under this Lease Agreement.

3.2(b) Lessor shall comply with any law now or hereafter enacted with respect to the physical aspects of the Leased Premises which materially affect Lessee's ability to use the Leased Premises as a healthcare facility, including, but not limited to any law regarding seismic safety upgrades, environmental regulations and any other matter materially affecting the physical condition of the SBHC.

3.3 Alterations, Additions and Improvements. Lessee, only through its Manager, may make any alterations, additions or improvements to the Leased Premises which it may desire during the term hereof.

3.4 Disposition of Personal Property During Lease Term. During the term of this Lease Agreement, Lessee, only through its Manager, shall have the right from time to time to dispose of any portion of the Personal Property in the ordinary course of business, or which is obsolete, worn out or incapable of further use, and Lessor shall execute all documents necessary to release Lessor's right, title and interest in and to such Personal Property and enable Lessee to dispose thereof free and clear of all liens and encumbrances.

ARTICLE FOUR

INSURANCE

4.1 Compliance with Insurance Requirements. No use shall be made by Lessee on, to or of the Leased Premises, which will cause the cancellation of any insurance policy covering the Leased Premises, nor shall Lessee sell or permit to be kept, used or sold in and about the Leased Premises, any article which may be prohibited by any such insurance policy. Lessee shall, at its sole cost and expense, comply with any and all requirements pertaining to the Leased Premises, of any insurance organization or company, necessary for the maintenance of the insurance described in this Lease Agreement.

4.2 Property Insurance to be Procured by Lessor. Lessor shall, at Lessor's sole cost and expense, during the term of this Lease Agreement and any renewal or extension thereof, procure and maintain at all times in force and in effect the following insurance:

4.2(a) Insurance against loss or damage by fire, lightning, vandalism, malicious mischief and all other risks covered by an "all risk" insurance agreement then in use in the State of California, covering the Leased Premises in an amount equal to the "full replacement value" of the Leased Premises and naming Lessee as an additional named insured. As used in this Lease Agreement, the term "full replacement value" is the cost of replacing all improvements included in the Leased Premises with improvements of substantially identical kind, quality and capacity without deduction for depreciation. Such cost of replacement shall also include demolition and any increased cost of construction occasioned by the enforcement of any state or municipal law or ordinance regulating the construction or repair of buildings or the demolition of any portion of a building which has not suffered damage.

4.2(b) Boiler and machinery insurance providing coverage on pressure vessels, auxiliary piping, pumps and compressors, refrigeration systems, HVAC systems, transformers and miscellaneous electrical apparatus constituting part of the Leased Premises in reasonable and customary amounts and naming Lessor as loss payee.

4.3 Liability Insurance to be Procured by Lessor. Lessor shall, at Lessor's sole cost and expense, during the term of this Lease Agreement and any renewal or extension thereof, procure and maintain at all times in force and in effect the following insurance:

4.3(a) Commercial general liability insurance, including automobile liability, in reasonable and customary amounts for death, injury or damage to property.

4.3(b) All employees' compensation insurance on Lessor's employees required by worker's compensation laws and regulations of the State of California, provided that Lessor shall be permitted to enter into reasonable plans of self-insurance to the extent otherwise permitted by California law.

4.3(c) Such other insurance as is customarily procured and maintained in connection with the lease and operation of psychiatric centers and related facilities of similar size and character located in the State of California, provided neither Lessee or Lessor shall be obligated to carry earthquake insurance coverage.

4.4 Other Insurance Matters. All insurance required under this Lease Agreement shall:

4.4(a) Be subject to deductibles not exceeding amounts customarily provided for facilities of similar size, structure and replacement value located in the State of California.

4.4(b) Be issued by insurance companies authorized to do business in the State of California, with a financial rating of at least an B+ status as rated by the most recent edition of Best's Insurance Reports.

4.4(c) Name Lessor and Lessee as additional insureds.

4.4(d) Notwithstanding any provision in this Article Four to the contrary, all or any part of the insurance described in Paragraph 4.3 hereof may be effected through a program of self-insurance operated by Lessee or its affiliates, or through a blanket policy of liability insurance, including in each instance insurance provided by an industry-captive insurance company affiliated with Lessee or its affiliates, so long as the coverage afforded to Lessor is not materially reduced or diminished or otherwise altered from that which would exist under a separate policy meeting all other requirements of this Lease Agreement. The requirements of Paragraph 4.4(b) shall not apply to such program of self-insurance and blanket policies of liability insurance.

4.5 Disposition of Insurance Proceeds. The proceeds of any insurance maintained under Paragraph 4.2 shall be made available to Lessor for payment of costs and expenses of repair. In the event the insurance proceeds are insufficient to cover the cost of repair, then, except as expressly provided in Article Five, any amounts required over the amount of the insurance proceeds received that are required to complete such repair shall be paid by Lessor. Any unused portion over the amount required to complete any repair shall be retained by Lessor. If neither Lessor nor Lessee is required or elects to repair and restore under Article Five of this Lease Agreement, and this Lease Agreement is terminated, then all insurance proceeds and all salvage resulting from any risk covered by insurance on the Leased Premises shall belong to Lessor, except that Lessee shall be entitled to receive and retain any insurance proceeds or salvage relating to Lessee's personal property; provided, however, that if the insurance proceeds and salvage value are insufficient to cover the replacement cost of both the Leased Premises and Lessee's personal property for which insurance proceeds are payable to Lessee, the insurance proceeds shall be equitably apportioned between Lessor and Lessee based upon the relative values of the Leased Premises and Lessee's personal property. Each of the parties hereto agrees to sign any and all documents required by the other party or the insurance company or companies that may be necessary for use in connection with the settlement of any loss under the appropriate insurance policies, provided that such documents are factually accurate and in no manner prejudicial to the interest of such party.

4.6 Proof of Compliance. Each party may require the other party to deliver, in the manner required for notices, copies or certificates of all insurance policies required by this Lease Agreement. Each party shall include a provision in each of its insurance policies requiring the insurance carrier to give the other party at least thirty (30) days' prior written notice before such policy terminates. Neither party shall substantially modify any of the insurance policies required by this Lease Agreement without

giving at least thirty (30) days' prior written notice to the other party, and each party may review such policies on a periodic basis.

4.7 Waiver of Subrogation. Lessor and Lessee hereby release and relieve one another, and waive their entire right of recovery against the other, for loss or damage arising out of or incident to the perils insured against under Article 4, which perils occur in, on, or about the Leased Premises, whether due to the negligence of the Lessor or Lessee or their agents, employees, contractors and/or invitees.

ARTICLE FIVE

DAMAGE OR DESTRUCTION DURING TERM OF LEASE

5.1 Restoration of Leased Premises. If during the term of this Lease Agreement, the Leased Premises shall be damaged, whether or not from a risk covered by insurance, and subject to the other provisions of this Lease Agreement regarding termination, Lessor shall promptly and expeditiously make the repairs necessary to restore the Leased Premises to a condition for occupancy or use comparable to the condition thereof before such damage, if such repairs to the facility are commercially feasible. Such damage shall not terminate this Lease Agreement. If the cost of such repairs exceeds a commercially feasible amount, Lessor may nevertheless repair, restore and replace the Leased Premises, or, by prior written notice to Lessee, elect instead to demolish and reconstruct the improvements which were damaged. All repairs and restorations to the Leased Premises shall be deemed a part of the Leased Premises and belong solely to Lessor, and all repairs and restorations to any of Lessee's personal property shall belong solely to Lessee.

Notwithstanding the foregoing, in the event that the Leased Premises are totally destroyed or materially damaged such that the repairs to and restoration of the Leased Premises are not commercially feasible, then upon written notice by Lessor the parties shall meet and confer regarding the possibility of rebuilding or repair once Lessor has analyzed the feasibility and projected cost of such rebuilding or repair. If the parties are unable to agree

upon a plan for rebuilding and repair, or in any event if any such meet-and-confer process is not completed within sixty (60) days after Lessor's written notice commencing the meet-and-confer process, then Lessor shall thereafter have the option to elect to terminate this Lease Agreement upon ninety (90) days' written termination notice to Lessee. In such event, each party shall be entitled to retain its insurance proceeds, if any, as provided in Paragraph 4.5 above.

5.2 Damage Near the End of the Term. Notwithstanding any provision in this Lease Agreement to the contrary, in the event that the Leased Premises are damaged or destroyed during the last one (1) year of the term hereof such that the cost of repairs to and restoration of the Leased Premises would exceed 5% of the total replacement cost of the Leased Premises (whether or not insured), then upon written notice by Lessor the parties shall meet and confer regarding the possibility of rebuilding or repair once Lessor has analyzed the feasibility and projected cost of such rebuilding or repair. If the parties are unable to agree upon a plan for rebuilding and repair, or in any event if any such meet-and-confer process is not completed within sixty (60) days after Lessor's written notice commencing the meet-and-confer process, then Lessor shall thereafter have the option to elect to terminate this Lease Agreement upon ninety (90) days' written termination notice to Lessee. In such event, each party shall be entitled to retain its insurance proceeds, if any, as provided in Paragraph 4.5 above.

5.3 No Abatement of Rent. Except as expressly provided herein, in no event shall Lessee be entitled to any compensation or damages on account of any annoyance or inconvenience on making repairs or on account of such destruction. In the event Lessor undertakes the repair and restoration of the Leased Premises under the provisions of this Article Five, Lessee shall not be entitled to any abatement of rent for the period while such repairs are being made. Lessee hereby waives the provisions contained in California Civil Code Sections 1932(2) and 1933(4) or any laws replacing or modifying such provisions.

ARTICLE SIX
CONDEMNATION

In the event that the Leased Premises or any portion thereof are taken by eminent domain, or by inverse condemnation, or for any public or quasi-public use under any statute, then upon written notice by the Lessor or Lessee the parties shall meet and confer regarding the rights of the parties with respect to the term and the rent, and these rights shall be determined as the parties then agree to be just and equitable under all the circumstances. If the parties are unable to agree upon a plan for resolving the situation, or in any event such meet-and-confer process is not completed within sixty (60) days after Lessor's or Lessee's written notice commencing the meet-and-confer process, the undecided questions shall be decided by arbitration, in the manner provided in this Lease Agreement.

Notwithstanding the foregoing, in the event that the Leased Premises are totally taken or the taking is of such an extent that the operation of the remaining portion of the Leased Premises is not commercially feasible, then upon written notice by the Lessor the parties shall meet and confer regarding the situation. If the parties are unable to agree upon a plan for resolving the situation, or in any event such meet-and-confer process is not completed within sixty (60) days after Lessor's written notice commencing the meet-and-confer process, then Lessor shall thereafter have the option to elect to terminate this Lease Agreement upon ninety (90) days' written termination to the Lessee.

Any award made as a result of any condemnation or of the taking of the Leased Premises shall belong to and be paid to the Lessor, and Lessee hereby assigns its interest in any such award to Lessor; provided that, Lessor shall have no interest in any compensation to Lessee for the taking of Lessee's personal property.

ARTICLE SEVEN

DEFAULT

7.1 Events of Default by Lessee. Subject to the notice and cure provisions of Paragraphs 7.2 and 7.3 below, and the expiration of the cure period set forth therein, each of the following events shall be a default by Lessee and a breach of this Lease Agreement:

7.1(a) Failure or refusal to pay when due any Base Rent or other sum required by this Lease Agreement to be paid by Lessee, or failure to perform any other material covenant or condition of this Lease Agreement, which is not cured after written notice of such failure by Lessor to Lessee.

7.1(b) The subjection of any material right or interest of Lessee to attachment, execution, or other levy, or to seizure under legal process which would materially interfere with Lessee's ability to operate the SBHC, if not released within ninety (90) days.

7.1(c) The appointment of a receiver to take possession of the Leased Premises or improvements, or of Lessee's interest in the leasehold estate or of Lessee's operations on the Leased Premises for any reason, which appointment is not dismissed, vacated or otherwise permanently stayed or terminated within ninety (90) days.

7.1(d) An assignment by Lessee for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Lessee under any law for the purpose of (i) adjudicating Lessee as bankrupt, (ii) extending time for payment, adjustment or satisfaction of Lessee's liability, or (iii) reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodians, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within ninety (90) days after the assignment, filing, or other initial event.

7.1(e) An assignment or sublease of the Leased Premises which is in violation of Article Twelve of this Lease Agreement.

7.2 Lessee's Notice. As a condition to pursuing any remedy for an alleged default of Lessee, Lessor shall give written notice of default to Lessee. Each notice of default shall specify in detail the alleged event of default and the intended remedy.

7.3 Lessee's Right to Cure. If the alleged default is nonpayment of any sums to be paid by Lessee under this Lease Agreement, Lessee shall have seven (7) days after notice is given to cure or contest the default. With respect to any other default, Lessee shall cure such breach within thirty (30) days after written notice from Lessor where such breach could reasonably be cured within the thirty day period, or if such breach could not be reasonably cured within the thirty day period, Lessee shall have commenced such cure within the thirty day period and thereafter diligently prosecute the same to completion.

7.4 Remedies. If any material default by Lessee continues uncured following notice of default as required by this Lease Agreement for the period applicable to the default under the applicable provision of this Lease Agreement, or, if contested by Lessee, continues uncured following the issuance of the final award of the arbitrator pursuant to Paragraph 14.12, Lessor has the following remedies in addition to the rights and remedies provided by law or equity to which Lessor may resort cumulatively or in the alternative:

7.4(a) Lessor may at its election terminate this Lease Agreement by giving Lessee notice of termination. On the giving of notice, all Lessee's rights in the Leased Premises and improvements shall terminate. Promptly after notice of termination, Lessee shall surrender and vacate the Leased Premises and all improvements in clean condition. Termination under this Paragraph shall not relieve Lessee from the payment of any sum then due to Lessor or from any claim for damages previously accrued or then accruing against Lessee. Lessee shall be liable immediately to Lessor for all costs Lessor incurs in releasing or itself reoccupying the Leased Premises, including brokers' commissions, expenses of altering

and preparing the Premises required by the releasing. Lessee shall pay to Lessor the Base Rent and other sums due under this Lease on the date the rent is due, less the rent and other sums Lessor received from any releasing.

7.4(b) Lessor may at Lessor's election enter the Leased Premises, and, without terminating this Lease Agreement, at any time and from time to time occupy or relet the Leased Premises and improvements or any part of them for the account and in the name of Lessee or otherwise. Lessor may at Lessor's election eject all persons or eject some and not others or eject none. No act by or on behalf of Lessor under this provision shall constitute the termination of this Lease Agreement unless Lessor gives Lessee notice of termination. After Lessee's default and for as long as Lessor does not terminate Lessee's right to possession of the Leased Premises, and Lessee shall have the right to assign or sublet its interest in this Lease Agreement, but Lessee shall not be released from liability.

7.4(c) Lessor may keep this Lease in effect and enforce by an action at law or in equity all of its rights and remedies under this Lease, including (i) the right to recover the Rent and other sums as they become due by appropriate legal action; (ii) the right to make payments required of Lessee or perform Lessee's obligations and be reimbursed by Lessee for the cost thereof with interest at the rate of the prime rate as published in the *Wall Street Journal* plus 3%, from the date the sum is paid by Lessor until Lessor is reimbursed by Lessee; and (iii) the remedies of injunctive relief and specific performance to compel Lessee to perform its obligations under this Lease.

7.5 Events of Default by Lessor. Subject to the notice and cure provisions of Paragraphs 7.6 and 7.7 below, and the expiration of the cure period set forth therein, each of the following events shall be a default by Lessor and a breach of this Lease Agreement:

7.5(a) Failure to perform any material covenant or condition of this Lease Agreement, which is not cured after written notice of such failure by Lessee to Lessor.

7.5(b) The subjection of any material right or interest of Lessor to attachment, execution, or other levy, or to seizure under legal process which would materially interfere with Lessor's ability to lease the SBHC, if not released within ninety (90) days.

7.5(c) The appointment of a receiver to take possession of the Leased Premises or improvements, or of Lessor's interest in the Leased Premises or of Lessor's ownership the Leased Premises for any reason, which appointment is not dismissed, vacated or otherwise permanently stayed or terminated within ninety (90) days.

7.5(d) An assignment by Lessor for the benefit of creditors or the filing of a voluntary or involuntary petition by or against Lessor under any law for the purpose of (i) adjudicating Lessor as bankrupt, (ii) extending time for payment, adjustment or satisfaction of Lessor's liability, or (iii) reorganization, dissolution, or arrangement on account of or to prevent bankruptcy or insolvency; unless the assignment or proceeding, and all consequent orders, adjudications, custodians, and supervisions are dismissed, vacated, or otherwise permanently stayed or terminated within ninety (90) days after the assignment, filing, or other initial event.

7.6 Lessor's Notice. As a condition to pursuing any remedy for an alleged default of Lessor, Lessee shall give written notice of default to Lessor. Each notice of default shall specify in detail the alleged event of default and the intended remedy.

7.7 Lessor's Right to Cure. Lessor shall not be in default unless Lessor fails to perform obligations required of Lessor within a reasonable time, but in no event later than thirty (30) days after written notice by Lessee to Lessor, specifying wherein Lessor has failed to perform such obligation; provided, however, that if the nature of Lessor's obligation is such that more than thirty (30) days are required for performance, then Lessor shall not be in default if Lessor commences performance within such 30-day period and thereafter diligently prosecutes the same to completion. In the event of Lessor's default hereunder

which continues uncured following notice of default as required by this Lease Agreement for the period applicable to the default under the applicable provision of this Lease Agreement, or, if contested by Lessor, continues uncured following a period of thirty (30) days following the issuance of the final award of the arbitrator pursuant to Paragraph 14.12, Lessee shall be entitled to terminate this Lease Agreement and all other rights and remedies available to it at law or in equity.

7.8 Injunctive Relief. As contemplated by Paragraph 14.12, and notwithstanding any other provision of this Article Seven, each party hereto shall be entitled to seek preliminary or provisional equitable relief following the giving of any notice of default to the other party, without waiting for the expiration of any cure period relating to such default, and without limiting any other rights or remedies to which such party may be entitled or constituting a waiver of the dispute resolution and arbitration provisions set forth in Paragraph 14.12.

ARTICLE EIGHT

EFFECT OF SURRENDER AND HOLDING OVER

The voluntary or other surrender of this Lease Agreement by Lessee, or a mutual cancellation or rescission thereof, shall not create a merger, and shall operate as an assignment to Lessor of all existing and valid subleases, subtenancies or contracts relating to the use or operation of the Leased Premises.

Following a notice of the intent to terminate this Lease Agreement or after expiration of the initial term as set forth in Paragraph 1.2, any holding over by Lessee after termination or expiration of the term shall not constitute a renewal or extension of the Lease Agreement or give Lessee any rights in or to the Leased Premises except as expressly provided in this Lease Agreement. A holding over after such expiration with the written consent of Lessor shall be construed to be on the same terms and conditions as this Lease Agreement.

ARTICLE NINE

RIGHT OF FIRST OFFER; ETC.

9.1 Right of First Offer. Prior to January 1, 2000, Lessor shall not sell otherwise transfer to a third party, all or any part of Lessor's interest in the Leased Premises. If at any time following January 1, 2000, Lessor desires to sell or otherwise transfer to a third party, all or any part of Lessor's interest in the Leased Premises, Lessor shall first provide Lessee with written notice of the price and terms Lessor is intending to offer a third party for its interest in the Leased Premises, and Lessee shall have thirty (30) days after receipt of such notice to notify Lessor in writing of its contractual commitment to acquire the subject interest on the terms set forth in the notice. If Lessee desires to acquire the subject interest, the parties shall then negotiate in good faith in any details necessary to consummate the proposed purchase, acquisition, lease or assignment. If Lessee does not commit to acquire the subject interest within the 30-day period, Lessor may offer such interest to a third party, provided that the purchase price or lease terms, as the case may be and after consideration of all economic factors, are not materially more favorable to a third party than the price or lease terms offered to Lessee. For this purpose "materially more favorable" means that the net present value of all payments to Lessor in the proposed transaction is less than 90% of the net present value of the payments to Lessor in the transaction originally offered to Lessee. In calculating the net present values, all payments shall be discounted monthly using a discount rate equal to the prime rate as shown in the *Wall Street Journal* published closest prior to the original offer to Lessee. If Lessor determines that the terms are materially more favorable, it shall re-offer the interest to Lessee on these terms and Lessee shall have 5 business days in which to commit to acquire the interest on the terms in the re-offer notice. In the event a transfer to such a third party is not consummated within two hundred forty (240) days after Lessor's receipt of Lessee's election not to acquire subject interest, or if the price or lease terms or structure of such transfer are not substantially similar to that offered to Lessee,

Lessee's right of first offer shall continue in existence and Lessor shall then be obligated to give notice from time to time of the terms of Lessor's intent to offer to transfer all or any portion of Lessor's interest in the Leased Premises.

ARTICLE TEN

HAZARDOUS MATERIALS

If any hazardous materials are brought upon, generated, used, kept or stored in, on, about or under the Leased Premises by Lessee or any of its agents, representatives, employees, contractors, suppliers, permittees, assignees, invitees or sublessees (collectively "Responsible Parties"), then Lessee and its Responsible Parties shall generate, use, keep, store, treat, remove, transport and dispose of such hazardous materials in a manner which materially complies with all applicable environmental regulations. Without limiting any of the other obligations of Lessee set forth in this Lease Agreement, Lessee shall, at its own cost and expense, procure, maintain in effect and materially comply with all conditions and requirements of any and all permits, licenses and other governmental, court-imposed and regulatory approvals, authorizations or orders arising or required under any environmental regulations relating to Lessee's generation, use, keeping, storage, transport or disposal of such hazardous materials. Lessee shall immediately notify Lessor of its discovery of (i) any material release of any hazardous materials on or about the Leased Premises or adjoining property, or (ii) the presence thereon of any hazardous materials which is in material violation of any material environmental regulations, or (iii) its receipt of any notice of violation or any environmental regulations or environmental claim pertaining to the Leased Premises or Lessee's activities. If Lessee shall generate, use, keep, store, remove, transport or dispose of hazardous materials in, on, about or under the Leased Premises or any adjoining property and the same results in any contamination of the Leased Premises or the surrounding environment during the term of this Lease Agreement or within a period of five (5) years thereafter, and a written claim with respect thereto is asserted by Lessor or its

assignee against Lessee within such term or within five (5) years thereafter, then Lessee shall promptly at its sole cost and expense take all actions as are necessary to return the Leased Premises and/or the surrounding environment to the condition existing prior to such contamination in a manner which materially complies with all environmental regulations. Prior to the expiration or earlier termination of the term of this Lease Agreement, Lessee shall cause to be removed from the Leased Premises all hazardous materials existing in, on, about or under the Leased Premises and/or adjoining property which were brought upon, generated, used kept or stored by Lessee or any of its Responsible Parties and shall cause such hazardous materials to be stored, treated, transported and/or disposed of, all in material compliance with all environmental regulations. Lessee shall immediately deliver to Lessor copies of any and all manifests and other documentation relating to the removal, storage, treatment, transportation and/or disposal of any hazardous materials or receptacles or containers therefor reflecting the legal and proper removal, storage, treatment, transportation and/or disposal thereof. Lessee shall, at its sole cost and expense, repair any damage to the Leased Premises resulting from Lessee's removal of such hazardous materials and receptacles or containers therefor. Lessee's obligations hereunder shall include, but shall not be limited to, the cost of investigation, removal, remediation, restoration and/or abatement, and shall survive the expiration or earlier termination of this Lease Agreement.

ARTICLE ELEVEN

LIENS, ESTOPPELS AND EASEMENTS

11.1 No Liens by Lessor. Except for permitted encumbrances and the easements, covenants, conditions and restrictions created in accordance with Paragraph 11.3, Lessor agrees and covenants not to place any deed of trust, mortgage or security lien ("Lien") upon the Leased Premises during the term of this Lease Agreement.

11.2 Estoppel Certificate. Each party, within twenty (20) days after notice from the other party, shall execute and deliver to the other party in recordable form, a

certificate stating that this Lease Agreement is unmodified and in full force and effect, or in full force and effect as modified, and stating the modifications. The certificate also shall state the nature and extent of any then existing default or breach of this Lease Agreement by the party requesting the certificate. Failure to deliver the certificate within such twenty-day period shall be conclusive upon the party failing to deliver the certificate for the benefit of the party requesting the certificate and any successor to the party requesting the certificate, that this Lease Agreement is in full force and effect and has not been modified and no default or breach exists, except as may be represented by the party requesting the certificate. Lessor shall also provide similar estoppel certificates upon request by Lessee or any sublessee on the same terms with respect to any subleases which may be entered into by Lessee under and as permitted by this Lease Agreement from time to time with respect to all or any portion of the Leased Premises.

11.3 Easements, Restrictions. At no cost or expense to Lessor, Lessor shall execute whatever documents Lessee, through its Manager, reasonably requests to impose upon the Leased Premises such easements, covenants, conditions and restrictions for parking, ingress, egress and utilities as are reasonably required by Lessee in connection with the orderly operation and development of the Leased Premises; provided that Lessor shall not be required to execute any such document which would have a material adverse effect upon the use of the Leased Premises as provided for in Paragraph 3.1.

ARTICLE TWELVE

ADDITIONAL COVENANTS OF LESSEE

12.1 Assignment and Subletting. Lessee may assign or sublease all or any part of the Leased Premises upon at least 90 days' written notice to Lessor, subject to Lessors right to terminate this Lease Agreement as a result of such assignment or sublease.

12.2 Attornment and Nondisturbance of Subtenants. If Lessee subleases to one or more persons all or any portion of the Leased Premises as permitted herein, each

such sublease shall contain a provision requiring the sublessee of such sublease to attorn to Lessor if Lessee defaults under or otherwise terminates this Lease Agreement. Lessor shall recognize each and every such sublease and shall not disturb any such sublessee's possession thereunder so long as such sublessee is not in default under such sublease, such sublessee attorns to Lessor and pays to Lessor all rent due and payable after the date of such attornment (subject to any rights of Lessee set forth elsewhere in this Lease Agreement and without any liability or obligation by Lessee or such sublessee to refund any amount of prepaid rent previously received by Lessee or such sublessee from the attorning sublessee), and Lessor shall not be responsible to such sublessee for any act, omission, event or circumstance by Lessee or any sublessee claiming under Lessee occurring on or prior to the date of such attornment.

12.3 Accreditation. Lessee shall cause its Manager to continuously maintain any accreditation which may be necessary for Lessee to continue to operate the Leased Premises as a health care institution, including without limitation, its accreditation with the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO").

12.4 License. Lessee shall cause its Manager to continuously maintain a valid license issued by the Department of Health Services of the State of California for the operation of the Leased Premises as a health care institution, and to maintain any additional licenses, permits and other governmental approvals necessary for Lessee to continue to operate the Leased Premises as a health care institution.

12.5 Payment Systems. Lessee, with respect to overall Hospital operations and Lessee's Manager with respect to the Leased Premises, shall maintain (i) SBHC certification for participation in the Medicare program or any successor thereto, (ii) SBHC qualification for participation in the Medi-Cal program or any successor thereto, and (iii) SBHC qualification for participation in and payment under private insurance programs having broad application and federal, state and local governmental programs providing for

payment or reimbursement for services rendered; provided, however, that nothing herein shall require Lessee to (a) institute or maintain any action or proceeding against the State of California or any other governmental entity or agency, (b) enter into a contract with a Local Initiative or Mainstream Plan under the Department of Health Services' plan for expanding Medi-Cal managed care, or (c) comply with any new laws or regulations which substantially modify existing laws or regulations respecting Disproportionate Share Payments.

12.6 Obtaining Transfer of Licenses. As a condition precedent to the effectiveness of this Lease Agreement and the Management Agreement, Lessee shall obtain all necessary and appropriate licenses to operate SBHC as a distinct unit of the Hospital (the "Licenses"). Lessee shall use its best efforts to obtain the Licenses as of or prior to November 30, 1997, and Lessor shall use its best efforts to assist Lessee in obtaining the Licenses. Lessee shall be liable to Lessor for any damages resulting from Lessee's failure to use best efforts to obtain the Licenses in the event such Licenses are not obtained as of or prior to November 30, 1997.

ARTICLE THIRTEEN

TERMINATION

13.1 Termination by Either Lessor or Lessee. This Lease Agreement may be terminated by action of either Lessee or Lessor if the other party has defaulted under this Lease Agreement as provided in Article Seven above and such default has not been cured as provided therein.

13.2 Termination Upon Termination of Management Agreement. This Lease Agreement shall be terminated in the event of and on the date of the termination the Management Agreement.

13.3 Termination Upon Assignment or Sublease. Lessor shall have the option to terminate this Lease Agreement upon 90 days' written notice in the event of an assignment or sublease of all or any part of the Leased Premises by Lessee to a third party.

13.4 Surrender of Leased Premises. Upon the expiration or earlier termination of this Lease Agreement (but subject to Paragraph 3.4 and Articles Five and Six), Lessee shall surrender unto Lessor the Leased Premises as is (except for damage caused by Lessee) and all records and books relating to the Leased Premises which are reasonably necessary to the operation thereof by Lessor or a successor lessee. In this regard, Lessee shall maintain throughout the term of this Lease Agreement appropriate building records. At such time, Lessee shall also cooperate with Lessor in obtaining the transfer and assignment to Lessor or to any lessee succeeding Lessee of all licenses, permits and contracts, including without limitation contracts with payors for health care services, related to the operation of the Leased Premises. During the last twelve (12) months preceding the termination of this Lease Agreement, Lessee shall afford Lessor and its agents reasonable access to the Leased Premises and to Lessee's books and records for the operation of the SBHC for the purpose of showing them to prospective lessees or purchasers of the Leased Premises, provided Lessor and its agents, as well as any prospective lessees or purchasers, agree in writing with Lessee to keep any such information confidential, except as otherwise provided by law.

13.5 Termination Upon Federal Waiver or Elimination of Reimbursement Differential. Either party shall have the right to terminate this Lease Agreement and the Management Agreement in the event Lessor is successful in obtaining a federal waiver which eliminates the necessity of SBHC to be operated as a distinct unit of an acute care hospital. Either party shall have the right to terminate this Lease Agreement and the Management Agreement if any law or regulation is passed or lapses, which would eliminate reimbursement differentials and payment criteria such that there is no material economic disparity between operating SBHC as a distinct unit of an acute care hospital or a free standing unit.

ARTICLE FOURTEEN

MISCELLANEOUS

14.1 Modification or Amendment. This Lease Agreement may not be modified or amended except pursuant to an instrument in writing executed and delivered on behalf of each of the parties to this Lease Agreement.

14.2 Waiver. The waiver by either party of any term, covenant, agreement or condition contained in this Lease shall not be deemed to be a waiver of any subsequent breach of the same or any other term, covenant, agreement or condition, nor shall any custom or practice which may grow up between the parties in the administration of this Lease be construed to waive or lessen the right of either party to insist upon performance in strict accordance with all of the provisions of this Lease. The subsequent acceptance of Rent by Lessor shall not be deemed to be a waiver of any preceding breach by Lessee of any provision, covenant, agreement or condition of this Lease, other than the failure of Lessee to pay the particular Rent so accepted, regardless of Lessor's knowledge of such breach at the time it accepts the Rent.

14.3 Indemnification.

14.3(a) Lessee shall defend, indemnify and hold Lessor harmless from, and reimburse Lessor for, any loss, cost, expense, liability or damage (including, without limitation, reasonable attorneys' fees and costs in connection with or in any way related to, any breach or default in the performance of any obligation to be performed by Lessee under the terms of this Lease Agreement, or any intentional misconduct or negligence of Lessee, or any officer, agent, employee, guest, or invitee of Lessee or of any sublessee of Lessee, regardless of whether such intentional misconduct or negligence was active or passive.

14.3(b) Lessor shall defend, indemnify and hold Lessee harmless from, and reimburse Lessor for, any cost, expense, liability or damage (including, without limitation, reasonable attorneys' fees and costs), in connection with or in any way related to

any breach or default in the performance of any obligation to be performed by Lessor under the terms of this Lease Agreement during the term hereof or any intentional misconduct or negligence of Lessor under the terms of this Lease Agreement during the term hereof or any intentional misconduct or negligence of Lessor, or any officer, agent, employee, guest or invitee of Lessor, regardless of whether such intentional misconduct or negligence was active or passive.

14.3(c) Following termination of this Lease Agreement, Lessor shall defend, indemnify and hold Lessee harmless from, and reimburse Lessor for, any cost, expense, liability or damage (including, without limitation, reasonable attorneys' fees and costs), in connection with or in any way related to any breach or default in the performance of any obligation to be performed by Lessor in acting as Manager of Lessee for the Leased Premises during the terms of this Lease Agreement.

14.3(d) In the event of the occurrence of any event which a party asserts is an indemnifiable event pursuant to this Paragraph, such party shall notify the other party promptly and, if such event involves the claim of any third person, the notified party shall have sole control over, and shall assume all expense with respect to, the defense, settlement, adjustment or compromise of any claim as to which this Paragraph requires it to indemnify the other, provided that (i) the other may, if it so desires, employ counsel at its own expense to assist in the handling of such claim, and (ii) the indemnifying party shall obtain the prior written approval of the other party, which shall not be unreasonably withheld, before entering into any settlement, adjustment or compromise of such claim or ceasing to defend against such claim, if pursuant thereto or as a result thereof there would be imposed injunctive or other similar relief against the other party. All indemnification obligations hereunder shall survive the expiration or earlier termination of this Lease.

14.4 Trade Secrets. At all times during this Lease Agreement and following the expiration or earlier termination of this Lease Agreement, except as may be

required by law, neither party hereto shall, without the prior consent of the other party, use, disclose or knowingly permit any other person or entity to disclose or use any trade secrets or proprietary information belonging or pertaining to the other party.

14.5 Governing Law. This Lease Agreement shall be governed by and construed in accordance with the internal laws of the State of California, without regard to principles of conflicts of law.

14.6 Invalidity. In the event that any one or more of the provisions contained in this Lease Agreement shall be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Lease Agreement shall not in any way be affected or impaired thereby. To the extent permitted by applicable law, each party to this Lease Agreement waives any provision of law which renders any provision of this Lease Agreement invalid, illegal or unenforceable in any respect. In the event any provision of this Lease Agreement shall be held invalid, illegal or unenforceable, the parties shall use all reasonable efforts to substitute a valid, legal and enforceable provision which implements the purposes and intents of this Lease Agreement.

14.7 Notices. All notices, requests, demands, waivers, consents and other communications hereunder shall be in writing, shall be delivered either in person, by telegraphic, facsimile or other electronic means, by overnight air courier or by mail, and shall be deemed to have been duly given and to have become effective (a) upon receipt if delivered in person or by telegraphic, facsimile or other electronic means calculated to arrive on any business day prior to 6:00 p.m. local time at the address of the addressee, or on the next succeeding business day if delivered on a non-business day or after 6:00 p.m. local time, (b) one business day after having been delivered to an air courier for overnight delivery or (c) three business days after having been deposited in the mails as certified or registered mail, return receipt requested, all fees prepaid, directed to the parties or their assignees at the following addresses (or at such other address as shall be given in writing by a party hereto):

If to Lessee, addressed to:

TENET HEALTHSYSTEM HOSPITALS, INC.
Doctors Medical Center
1441 Florida Ave.
Modesto, CA 95352
Attn: Chris DiCicco, CEO
Facsimile: (209) 576-3680

with a copy for breach notice or invocation of
dispute resolution only to counsel for Lessee:

Tenet HealthSystem
14001 Dallas Parkway, Suite 200
Dallas, TX 75240
Attn: General Counsel
Facsimile: (214) 789-2370

and

John A. Meyers, Esq.
Ervin, Cohen & Jessup
9401 Wilshire Blvd., 9th Floor
Beverly Hills, CA 90212-2974
Facsimile: (310) 859-2325

If to Lessor, addressed to:

STANISLAUS COUNTY
1100 H Street
Modesto, CA 95353
Attn: Reagan M. Wilson, CEO
Facsimile: (209) 544-6226

with a copy to counsel for Lessor:

STANISLAUS COUNTY
1100 H Street
Modesto, CA 95353
Attn: Michael H. Krausnick, County Counsel
Facsimile: (209) 544-6226

14.8 Entire Agreement. This Lease Agreement (including any exhibits and schedules) constitutes the entire agreement, supersedes all other prior agreements and understandings, both written and oral, among the parties, or any of them, with respect to the subject matter of this Lease Agreement.

14.9 Captions. The article and Paragraph captions in this Lease Agreement are for convenient reference only, do not constitute part of this Lease Agreement and shall not limit or otherwise affect any of the provisions of this Lease Agreement.

14.10 Additional Documents. In addition to the documents and instruments to be delivered as provided in this Lease Agreement, each of the parties shall, from time to time at the request of the other party, execute and deliver to the other party such other documents and shall take such other actions as may be reasonably required to carry out more effectively the terms of this Lease Agreement.

14.11 Time is of the Essence. Time is hereby made of the essence with respect to each and every term of this Lease Agreement, including the delivery of rent and all other time constraints and deadlines imposed under the terms of this Lease Agreement.

14.12 Dispute Resolution. In the event any disagreement, dispute or claim (collectively, a "Dispute") arises between Lessor and Lessee with respect to the enforcement or interpretation of any term or provision of this Lease Agreement or whether an alleged default or breach hereof has or has not occurred, or with respect to any indemnity claim or right or any other matter related to or arising out of this Lease Agreement or the relationship or transactions contemplated hereby, such Dispute shall be resolved in accordance with the following procedures:

14.12(a) Meet-and-Confer. In the event of a Dispute between Lessor and Lessee, either party may give written notice to the other party setting forth the nature of such Dispute ("Dispute Notice"). The parties shall meet and confer to discuss the Dispute in good faith within thirty (30) days of the other party's receipt of the Dispute Notice in an

attempt to resolve the Dispute (unless the parties have already engaged in a meet-and-confer process with respect to such matter under another provision of this Lease Agreement, in which event they may proceed directly to arbitration upon receipt of the Dispute Notice hereunder. All representatives shall meet at such date(s) and time(s) as are mutually convenient to the representatives of each party within such 30-day period.

14.12(b) Arbitration of Disputes. Except as set forth below, any Dispute which cannot be resolved by Lessor and Lessee within thirty (30) days after either party's receipt of a Dispute Notice may be submitted at the option of either party to binding arbitration, which arbitration shall be conducted in accordance with the following provisions:

(1) Venue. The arbitration shall be conducted in Stanislaus County, California, unless the parties mutually determine that another venue would be more convenient for the parties.

(2) Law. The governing law shall be the law of the State of California.

(3) Selection. A single disinterested third party arbitrator shall be selected by mutual agreement of the parties, or if they are unable to mutually select an arbitrator within fifteen (15) days after either party notifies the other of its desire to arbitrate the Dispute, then by JAMS/Endispute ("JAMS") in accordance with its then-current Rules of Practice and Procedure.

(4) Administration. The arbitration shall be administered by JAMS.

(5) Rules. The rules of arbitration shall be the Rules of Practice and Procedure of JAMS as may be modified by the parties to the arbitration by mutual agreement at the time of the arbitration, except that the provisions of California Code of Civil Procedure Section 1283.05 are

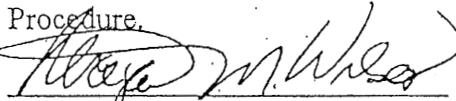
) incorporated into and made applicable to this agreement to arbitrate, unless the parties agree otherwise at such time. For good cause shown and on order of the arbitrator, depositions may be taken and discovery may be obtained in accordance with California Code of Civil Procedure Section 1283.05.

(6) Award. The decision of the arbitrator shall be final and binding upon the parties hereto, and judgment upon the award may be entered in any court of competent jurisdiction in the United States. The award shall include written findings of fact, a summary of the evidence and reasons underlying the decision and conclusions of law. The arbitrator shall have the power to award equitable relief, including specific performance of the terms and conditions of this Lease Agreement and/or injunctive relief. However, the arbitrator shall not have the right or power to issue an award which terminates this Lease Agreement, approves any such termination by action of Lessor, or otherwise affects Lessee's right to occupy the Leased Premises without disturbance, unless and until (a) the arbitrator shall have first issued a final, binding award requiring specific performance of this Lease Agreement or enjoining a violation of this Lease Agreement by Lessee, and (b) Lessee shall have failed to comply with such prior award within thirty (30) days thereafter (or if such compliance cannot reasonably be accomplished within such 30-day period, Lessee shall have failed to commence such compliance within such 30-day period and thereafter diligently prosecuted it to completion). Furthermore, the arbitrator shall not have the right or power to award punitive or exemplary damages.

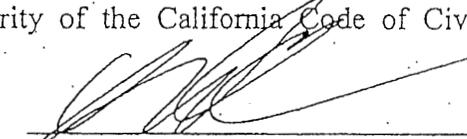
(7) Fees and Costs. As part of the award, the arbitrator may award reasonable and necessary costs actually incurred by the prevailing party, as determined by the arbitrator in his or her award, including that party's share

of the arbitrator's fees, costs and expenses, as well as any administration fees. The arbitrator may also include reasonable attorneys' fees in an award of costs if the arbitrator finds that the party against whom the fees are assessed acted frivolously or in bad faith in its demand for, or participation in, the arbitration.

NOTICE: By initialing the space below Lessor and Lessee are agreeing to have any Dispute arising out of the matters included in this "arbitration of disputes" provision decided by neutral arbitration as provided by California law (provided that such Dispute has not been resolved through the meet-and-confer discussions described above) and the parties are giving up any rights they might possess to have the Dispute litigated in a court or jury trial. By initialing the space below Lessor and Lessee hereby agree to give up their judicial rights to discovery and appeal, unless those rights are specifically included in this "arbitration of disputes" provision. If Lessor or Lessee refuses to submit to arbitration after agreeing to this provision, such party may be compelled to arbitrate under the authority of the California Code of Civil Procedure.



Lessor



Lessee

14.12(c) Selection of Alternative Arbitrator. In the event that JAMS is not in existence at the time of commencement of the arbitration proceeding, as applicable, then the Large and Complex Case Panel of the American Arbitration Association ("AAA") shall administer the proceeding. In such case, all references to JAMS in this Lease Agreement shall instead refer to the AAA, and all references to the Rules of Practice and Procedure of JAMS in this Lease Agreement shall instead refer to the then-current commercial arbitration rules of the AAA.

14.13 Relationship of Lessor and Lessee. Nothing contained herein shall be deemed or construed as creating the relationship of principal and agent or of partnership or of joint venture by the parties hereto, it being understood and agreed that no provision contained in this Lease Agreement nor any acts of the parties hereto shall be deemed to create any relationship other than the relationship of lessor and lessee.

14.14 Consents Not Unreasonably Withheld. Wherever the consent or approval of any parties is required under this Lease Agreement, such consent or approval shall not be unreasonably withheld, delayed or conditioned, unless such consent or approval is to be given by such party at the sole and absolute discretion of such party or is otherwise similarly qualified.

14.15 No Third Party Beneficiaries. This Lease Agreement is being entered into solely for the benefit of the parties hereto and their respective successors and assigns, and is not intended to benefit any third party, and only the parties hereto and their respective successors and assigns shall have the right to enforce the terms hereof.

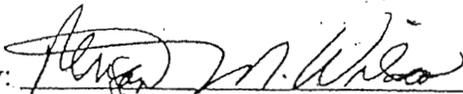
14.16 Short Form Agreement. This Lease Agreement shall not be recorded, but the parties agree, at the request of either of them, to execute a short form agreement for recording, containing the names of the parties, a description of the Leased Premises and the lease term.

14.17 Subordination and Nondisturbance. At Lessor's option, this Lease (and any security interest in this Lease) may be subordinated or made prior to any mortgage, deed of trust, or master ground lease which is now or at any future time may be placed upon all or any portion of the Leased Premises. If Lessor requests, Lessee shall execute, acknowledge and deliver to Lessor, in such form as may be reasonably required by any ground lessee, mortgagee or holder of a first or second deed of trust or mortgage on the leasehold or on the Leased Premises, any instrument or instruments which may be deemed

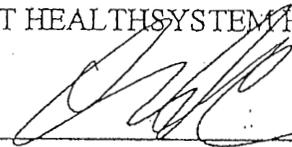
necessary to further effect the subordination or priority of the Lease (and any security interest in this Lease) to the lien of the ground lease, mortgage or deed of trust.

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed as of the date first written above.

STANISLAUS COUNTY

By: 
Reagan M. Wilson, CEO

TENET HEALTHSYSTEM HOSPITALS, INC.

By: 
Chris DiCicco
Authorized Signatory

Facility Lease Agreement

Schedule 1.1(a)

Real Property Owned In Fee By County Upon Which SBHC Is Located

Real property located at 1501 Claus Road, Modesto, California, consisting of approximately 10.087 acres, with buildings thereon consisting of the original complex, licensed for patient care of approximately 51,872 square feet and a newly added warehouse space of approximately 6,000 square feet.

Facility Lease Agreement

Schedule 1.1(b)

Tangible Personal Property Owned By County Related To SBHC

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Page 2

MODESTO PSYCH CENTER
FIXED ASSET SYSTEM

Depreciation Summary - INTERNAL

By G/L Code / FAS Asset No.

For Fixed Assets 00001 Through 00503 77105

C FAS	ASSET	DATE	EST	LAST	ACQUISITION	D-E-P-R-E-C-I-A-T-I-O-N		
L NUMBER	DESCRIPTION	LOCATR Co Asset #	G/L Code	ACQD M LIFE	REPRC	VALUE	CURRENT YTD	TOTAL
W 00487	REMOBEL BLDG B		1704	07/92	M 15 00 12/93	\$2,791	\$112	\$280
W 00496	ENTRANCE SIGN	HPL 695	1704	11/92	M 07 00 12/93	\$1,070	\$91	\$168
W 00500	BUILDINGS		1704	05/90	M 41 10 12/93	\$7,714,264	\$92,171	\$7,289,675
B 00502	ALPHINDS		1704	10/93	M 15 00 12/93	\$7,362	\$93	\$93
W 00503	METAL FRAME DO CAC		1704	12/93	M 10 00 12/93	\$1,600	\$13	\$13
G/L Code 5						\$7,727,066	\$92,480	\$7,289,749

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MODESTO PSYCH CENTER
 FIXED ASSET SYSTEM
 Depreciation Summary - INTERNAL
 By G/L Code / FAS Asset No.
 For Fixed Assets 00001 Through 00503 FY=03

C	FAS	ASSET	LOCKTR	CO	ASSET #	G/L Code	DATE	DE	EST	LAST	ACQUISITION	VALUE	CURRENT	TYO	TOTAL
1	00122*	BUILDING AND I				17040000	03/87	5	40	00	03/90	\$4,007,172	\$0		\$4,007,172
1	00123*	CONSTRUCTION				17040000	03/87	5	40	00	03/90	\$7,868	\$0		\$7,868
1	00124*	INSURANCE				17040000	03/87	5	40	00	03/90	\$331	\$0		\$331
1	00125*	CONSTRUCTION				17040000	03/87	5	40	00	03/90	\$736,308	\$0		\$736,308
1	00126*	SIGNS				17040000	04/87	5	40	00	03/90	\$3,132	\$0		\$3,132
1	00127*	CARPET				17040000	04/87	5	40	00	03/90	\$12,643	\$0		\$12,643
1	00128*	SIGNS				17040000	04/87	5	40	00	03/90	\$192	\$0		\$192
1	00129*	CONSTRUCTION				17040000	04/87	5	40	00	03/90	\$15,007	\$0		\$15,007
1	00130*	BLDG IMPROVE.				17040000	04/87	5	40	00	03/90	\$5,000	\$0		\$5,000
1	00131*	CONSTRUCTION				17040000	04/87	5	40	00	03/90	\$1,100	\$0		\$1,100
1	00143*	BLDG IMPROVEME				17040000	04/87	5	40	00	03/90	\$1,732	\$0		\$1,732
1	00144*	BLDG IMPROVEME				17040000	04/87	5	40	00	03/90	\$3,949	\$0		\$3,949
1	00145*	BLDG IMPROVEME				17040000	04/87	5	40	00	03/90	\$260,866	\$0		\$260,866
1	00146*	BLDG IMPROVEME				17040000	04/87	5	40	00	03/90	\$5,275	\$0		\$5,275
1	00147*	BLDG IMPROVEME				17040000	04/87	5	40	00	03/90	\$119,920	\$0		\$119,920
1	00148*	BLDG IMPROVEME				17040000	04/87	5	40	00	03/90	\$1,668	\$0		\$1,668
1	00149*	BLDG IMPROVEME				17040000	04/87	5	40	00	03/90	\$2,862	\$0		\$2,862
1	00158*	BLDG IMPROVEME				17040000	07/87	5	40	00	03/90	\$337	\$0		\$337
1	00159*	BLDG IMPROVEME				17040000	06/87	5	40	00	03/90	\$18,597	\$0		\$18,597
1	00160*	BLDG IMPROVEME				17040000	06/87	5	40	00	03/90	\$1,025	\$0		\$1,025
1	00178*	BLDG IMPROVEME				17040000	08/87	5	40	00	03/90	\$4,120	\$0		\$4,120
1	00184*	BLDG IMPROVEME				17040000	09/87	5	40	00	03/90	\$35,544	\$0		\$35,544
1	00197*	BLDG IMPROVEME				17040000	10/87	5	40	00	03/90	\$2,993	\$0		\$2,993
1	00198*	LOCKS				17040000	10/87	5	40	00	03/90	\$717	\$0		\$717
1	00199*	LOCKS				17040000	10/87	5	40	00	03/90	\$2,900	\$0		\$2,900
1	00206*	BLDG IMPROVEME				17040000	11/87	5	07	00	03/90	\$5,250	\$0		\$5,250
1	00207*	SIGNS				17040000	11/87	5	60	00	03/90	\$503	\$0		\$503
1	00209*	SHelves				17040000	11/87	5	10	00	03/90	\$2,625	\$0		\$2,625
1	00220*	SIGNS ON BLDGS				17040000	12/87	5	40	00	03/90	\$1,100	\$0		\$1,100
1	00221*	BLDG. IMPROVE.				17040000	12/87	5	40	00	03/90	\$6,387	\$0		\$6,387
1	00222*	BLDG. IMPROVE.				17040000	12/87	5	40	00	03/90	\$811	\$0		\$811
1	00223*	BLDG. IMPROVE.				17040000	12/87	5	40	00	03/90	\$820	\$0		\$820
1	00230*	BLDG IMPROVEME				17040000	01/88	5	40	00	03/90	\$3,204	\$0		\$3,204
1	00231*	BLDG IMPROVEME				17040000	01/88	5	40	00	03/90	\$3,490	\$0		\$3,490
1	00232*	BLDG IMPROVEME				17040000	01/88	5	40	00	03/90	\$2,016	\$0		\$2,016
1	00237*	BLDG. AND IMPR				17040000	02/88	5	40	00	03/90	\$102,738	\$0		\$102,738
1	00243*	BLDG. AND IMPR				17040000	03/88	5	40	00	03/90	\$12,481	\$0		\$12,481
1	00244*	BLDG. AND IMPR				17040000	03/88	5	40	00	03/90	\$172,920	\$0		\$172,920
1	00245*	LANDSCAPING-SK				17040000	03/88	5	10	00	03/90	\$1,630	\$0		\$1,630
1	00252*	BLDG. AND IMPR				17040000	04/88	5	05	00	03/90	\$375	\$0		\$375
1	00253*	BUILDING AND I				17040000	05/88	5	40	00	03/90	\$1,409	\$0		\$1,409
1	00257*	BLDG AND IMPRO				17040000	07/88	5	40	00	03/90	\$20,879	\$0		\$20,879

MODESTO PSYCH CENTER
 FIXED ASSET SYSTEM
 Depreciation Summary - INTERNAL
 By G/L Code / FAS Asset No.
 For Fixed Assets 00001 Through 00323 FY=05

C FAS	ASSET	DATE	D EST	LAST	ACQUISITION	---D-E-P-R-E-C-I-A-T-I-O-N---	TOTAL			
NUMBER	DESCRIPTION	LOCATH	Co Asset #	G/L Code	ACQD M-LIFE	DEPRC	VALUE	CURRENT	YTD	TOTAL
1 00262	BLDG. AND IMPR			17040000	07/88	5 40 00 03/90	\$2,865	30		\$113
1 00263	BLDG AND IMPRO			17040000	07/88	5 40 00 03/90	\$5,595	30		\$216
1 00264	BLDG. AND IMPR			17040000	08/88	5 40 00 03/90	\$2,520	30		\$99
1 00265	BLDG. AND IMPR			17040000	08/88	5 40 00 03/90	\$4,000	30		\$150
1 00266	BLDG. AND IMPR			17040000	08/88	5 40 00 03/90	\$431	30		\$16
1 00267	BLDG. AND IMPR			17040000	08/88	5 40 00 03/90	\$650	30		\$24
1 00271	TELEPHONE SYS			17040000	09/88	5 10 00 03/90	\$2,875	30		\$107
1 00272	FENCING			17040000	09/88	5 10 00 03/90	\$5,688	30		\$206
1 00273	FENCING-PAINTI			17040000	09/88	5 10 00 03/90	\$500	30		\$71
1 00274	PARCOURSE			17040000	09/88	5 10 00 03/90	\$6,996	30		\$291
1 00275	SIGNS-STOCKTOR			17040000	09/88	5 60 00 03/90	\$955	30		\$34
1 00276	FENCING-GATE			17040000	09/88	5 10 00 03/90	\$2,959	30		\$119
1 00277	LOCKS AND GATE			17040000	09/88	5 10 00 03/90	\$912	30		\$129
1 00278	PAINT FOR FENC			17040000	09/88	5 10 00 03/90	\$1,119	30		\$159
1 00279	BLDG AND IMPRO			17040000	09/88	5 40 00 03/90	\$2,686	30		\$95
1 00286	MEDICINE CABIN			17040000	10/88	5 40 00 03/90	\$2,686	30		\$90
1 00287	DECO WALL CHAR			17040000	10/88	5 40 00 03/90	\$1,341	30		\$43
1 00288	PARCOURSE			17040000	10/88	5 40 00 03/90	\$3,225	30		\$108
1 00297	CONCRETE FLOOR			17040000	11/88	5 40 00 03/90	\$3,000	30		\$94
1 00298	STAK INSTALL-C			17040000	11/88	5 60 00 03/90	\$2,791	30		\$87
1 00299	CLASSROOM REMO			17040000	11/88	5 20 00 03/90	\$1,001	30		\$63
1 00300	COMPUTER ROOM			17040000	11/88	5 20 00 03/90	\$338	30		\$34
1 00301	COMPUTER ROOM			17040000	11/88	5 20 00 03/90	\$1,226	30		\$77
1 00306	COMPUTER ROOM			17040000	12/88	5 20 00 03/90	\$3,459	30		\$202
1 00307	UTILITY ROOM-C			17040000	12/88	5 20 00 03/90	\$2,567	30		\$150
1 00308	REMOVAL NURSES			17040000	12/88	5 20 00 03/90	\$2,000	30		\$117
1 00312	PHONE SYSTEM			17040000	12/88	5 20 00 03/90	\$1,677	30		\$98
1 00313	DOOR INSTALLAT			17040000	12/88	5 20 00 03/90	\$600	30		\$35
1 00315	DOOR INSTALLAT			17040000	01/89	5 20 00 03/90	\$1,144	30		\$62
1 00316	ALARM INSTALLA			17040000	01/89	5 05 00 03/90	\$285	30		\$192
1 00317	COMPUTER ROOM			17040000	01/89	5 20 00 03/90	\$750	30		\$41
1 00318	DOOR INSTALLAT			17040000	01/89	5 20 00 03/90	\$877	30		\$48
1 00319	COMPUTER ROOM			17040000	01/89	5 20 00 03/90	\$70	30		\$4
1 00320	NURSE STATION-			17040000	01/89	5 20 00 03/90	\$116	30		\$6
1 00321	ECT ROOM BLDG.			17040000	01/89	5 20 00 03/90	\$716	30		\$39
1 00322	CORRIDOR PARTI			17040000	01/89	5 15 00 03/90	\$334	30		\$26
1 00323	CORRIDOR PARTI			17040000	01/89	5 15 00 03/90	\$1,786	30		\$93
1 00324	CORRIDOR PARTI			17040000	01/89	5 15 00 03/90	\$1,186	30		\$66
1 00325	COMPUTER ROOM			17040000	01/89	5 20 00 03/90	\$573	30		\$31
1 00328	UTILITY ROOM			17040000	01/89	5 20 00 03/90	\$734	30		\$40
1 00327	COMP. RM. AIR			17040000	01/89	5 15 00 03/90	\$833	30		\$40
1 00326	RAIN CUTTERS			17040000	01/89	5 20 00 03/90	\$8,750	30		\$474

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MODESTO PITCH CENTER
FIXED ASSET SYSTEM

Depreciation Summary - INTERNAL

By G/L Code / FAS Asset No.

For Fixed Assets 00001 Through 00503 FY=05

Page 1

C	FAS	ASSET	LOCATN	Co Asset #	G/L Code	ACQD M	EST	LAST	ACQUISITION	DEPRECIATION	CURRENT YTD	TOTAL
1	NUMBER	DESCRIPTION							VALUE			
1	00336	SIGNS-STOCKTON			17040000	03/89	\$	12 00	12/93	847	349	8309
1	00337	SIGNS-STOCKTON			17040000	03/89	\$	12 00	12/93	837	314	8120
1	00338	SIGNS-STOCKTON			17040000	03/89	\$	12 00	12/93	850	328	8228
1	00344	NURSE STA. DOC			17040000	04/89	\$	15 00	12/93	82,900	8112	8898
1	00352	BLDG. AND IMPR			17040000	04/89	\$	20 00	12/93	81,284	835	1288
1	00355	STORAGE BLDG.			17040000	05/89	\$	20 00	12/93	81,750	849	8391
1	00356	BLDG. AND IMPR			17040000	05/89	\$	40 00	12/93	85,388	877	8610
1	00357	BLDG. AND IMPR			17040000	05/89	\$	40 00	12/93	8854	814	8105
1	00358	BLDG. AND IMPR			17040000	05/89	\$	40 00	12/93	8840	814	8104
1	00359	BLDG. AND IMPR			17040000	05/89	\$	40 00	12/93	8700	87	865
1	00360	BLDG. AND IMPR			17040000	05/89	\$	40 00	12/93	8753	814	8101
1	00361	BLDG. AND IMPR			17040000	05/89	\$	40 00	12/93	818,849	8273	82,151
1	00373	EXHAUST FANS-T			17040000	06/89	\$	15 00	12/93	82,141	884	8666
1	00374	STORAGE BLDG.-			17040000	06/89	\$	18 00	12/93	8990	835	8262
1	00375	WALL REMODEL			17040000	06/89	\$	20 00	12/93	8750	821	8164
1	00376	WALL REMODEL			17040000	06/89	\$	20 00	12/93	8965	828	8216
1	00377	BLDG. AND IMPR			17040000	06/89	\$	40 00	12/93	85,552	849	8386
1	00378	WALL REMODEL-C			17040000	07/89	\$	20 00	12/93	81,715	849	8373
1	00380	A/C COMPRESSOR			17040000	08/89	\$	15 00	12/93	89,703	8378	82,806
2	00383	WATER FOUNTAIN			17040000	08/89	\$	10 00	12/93	8507	828	8213
1	00386	ARCH. FEES-ORI			17040000	10/89	\$	10 00	12/93	81,038	863	8444
	0387	WINDOW-BLDG. C			17040000	10/89	\$	20 00	12/93	8792	821	8155
	0393	CARPET & VINYL			17040000	01/90	\$	05 00	12/93	82,773	8322	82,166
2	00396	SOM ALERT SYST			17040000	03/90	\$	10 00	12/93	83,121	8182	81,170
1	00398	PAINTING			17040000	03/90	\$	10 00	12/93	81,951	8112	8223
1	00401	BUILDING REPAIR			17040000	04/90	\$	40 00	12/93	82,913	842	8265
2	00407	REPAIR GATE			17040000	12/90	\$	10 00	12/93	81,508	891	8480
2	00412	BUILDING REPAIR			17040000	12/90	\$	20 00	12/93	8534	814	875
	00413	INTERIOR IMPRO			17040000	04/91	\$	05 00	12/93	8833	898	8482
1	00418	INSTALL FIRE D			17040000	05/91	\$	20 00	12/93	84,591	8133	8608
1	00422	VIBRANCY DESIG			17040000	07/91	\$	20 00	12/93	8791	821	879
1	00423	CARPET & VINYL			17040000	07/91	\$	05 00	12/93	81,498	8175	8629
1	00424	METAL DOOR FRM			17040000	07/91	\$	20 00	12/93	81,434	842	8147
B	00434	CASEWORK FOR P			17040000	10/91	\$	15 00	12/93	81,394	856	8199
B	00435	ARCHITECTURE F			17040000	10/91	\$	15 00	12/93	864	80	81
B	00436	ARCHITECTURE F			17040000	08/91	\$	15 00	12/93	8272	814	848
B	00437	VINYL FLOOR FD			17040000	09/91	\$	10 00	12/93	81,498	884	8301
B	00438	DOORWAY FOR PH			17040000	08/91	\$	10 00	12/93	81,434	884	8299
B	00439	ARCHITECTURE F			17040000	07/91	\$	15 00	12/93	8453	821	870
B	00440	DOORWAY FOR I			17040000	11/91	\$	10 00	12/93	81,050	863	8226
B	00445	PHARMACY			17040000	11/91	\$	30 00	12/93	85,333	8103	8376
F	00452	DOOR JAM FOR M			17040000	12/91	\$	15 00	12/93	893	87	824

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MOBSTER PITCH CENTER
 FIXED ASSET SYSTEM
 Depreciation Summary - INTERNAL
 BY G/L Code / FAS Asset No.
 For Fixed Assets 00001 Through 00303 FY=05

C FAS	ASSET	LOCATN	CO ASSET #	G/L Code	ACQD	D	EST	LAST	ACQUISITION	-----O-E-P-R-E-C-I-A-T-I-O-N-----	CURRENT YTD	TOTAL
L NUMBER	DESCRIPTION				MO	M	LIFE	DEPRG	VALUE			
B 00456	MEDICAL REC SH			17040000	02/92	M	20 00	12/93	\$4,965		\$147	\$511
B 00459	SALARIES FOR C			17040000	03/92	M	15 00	12/93	\$853		\$33	\$122
F 00464	GENL CLASSROOM			17040000	03/92	M	15 00	12/93	\$78		\$0	\$1
F 00465	CEILING FANS			17040000	03/92	M	15 00	12/93	\$494		\$21	\$74
B 00466	PAINTING OF RD			17040000	04/92	M	15 00	12/93	\$360		\$14	\$50
B 00470	ELECTRICAL FOR			17040000	03/92	M	10 00	12/93	\$99		\$7	\$24
B 00473	RECREY FACILITY			17040000	05/92	M	10 00	12/93	\$2,400		\$140	\$500
B 00474	WARR BATHS			17040000	05/92	M	15 00	12/93	\$1,775		\$70	\$249
B 00486	NEW CONDENSATI			17040000	05/92	M	05 00	12/93	\$437		\$77	\$272
F 00490	SHELVING UNITS			17040000	08/92	M	05 00	12/93	\$1,076		\$128	\$256
G/L Code 136									\$7,770,862		\$3,745	\$585,754

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MODESTO PSYCH CENTER
 FIXED ASSET SYSTEM
 Depreciation Summary - INTERNAL
 By G/L Code / FAS Asset No.
 For Fixed Assets 00001 Through 00503 FY=95

C FAS	ASSET	LOCATN	Co	Asset #	G/L Code	DATE ACQ	EST	LAST	ACQUISITION	---D.E.P.R.E.C.I.A.T.I.O.N---	TOTAL
I NUMBER	DESCRIPTION								VALUE	CURRENT YTD	
2 00132	TELEPHONE SYS.				17070000	03/87	S	20 00 12/93	\$518	\$16	\$171
2 00133	TELEPHONE SYS.				17070000	03/87	S	20 00 12/93	\$483	\$21	\$239
2 00134	TELEPHONE SYS.				17070000	03/87	S	20 00 12/93	\$5,440	\$161	\$1,560
2 00135	TELEPHONE SYS.				17070000	03/87	S	20 00 12/93	\$7,900	\$203	\$2,586
2 00136	TELEPHONE SYS.				17070000	03/87	S	20 00 12/93	\$37,672	\$2,555	\$29,944
2 00137	TELEPHONE SYS.				17070000	03/87	S	20 00 12/93	\$212	\$21	\$265
2 00138	TELEPHONE SYS.				17070000	03/87	S	20 00 12/93	\$362	\$16	\$140
2 00140	TELEPHONE SYS.				17070000	03/87	S	20 00 12/93	\$6,675	\$194	\$2,287
2 00141	TELEPHONE SYS.				17070000	03/87	S	20 00 12/93	\$3,438	\$245	\$2,842
2 00201	TELEPHONE SYS.				17070000	10/87	S	10 00 12/93	\$936	\$54	\$583
2 00202	TELEPHONE SYS.				17070000	10/87	S	10 00 12/93	\$369	\$35	\$359
2 00395	PHONE SYSTEM K				17070000	01/90	S	10 00 12/93	\$2,626	\$154	\$1,033
2 00397	PHONE SYSTEM				17070000	03/90	S	10 00 12/93	\$2,295	\$133	\$475
F 00446	PHARMACY EQUIP				17070000	11/91	K	10 00 12/93	\$2,400	\$140	\$499
F 00447	WALK IN COLLER				17070000	11/91	K	10 00 12/93	\$1,713	\$98	\$350
F 00449	WHEELCHAIR				17070000	12/91	K	05 00 12/93	\$450	\$36	\$200
F 00463	HEAVY DUTY WAG				17070000	03/92	K	08 00 12/93	\$533	\$42	\$147
F 00469	PULSE OXIMETER				17070000	04/92	K	10 00 12/93	\$2,068	\$119	\$427
S/L Code - 18									\$137,191	\$4,263	\$44,616

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MODESTO POSTAL CENTER
FIXED ASSET SYSTEM

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Depreciation Summary - INTERNAL

By G/L Code / FAS Asset No.

For Fixed Assets 00001 Through 00503 FY05

C FAS	ASSET				DATE	D	EST	LAST	ACQUISITION	---D-E-P-R-E-C-I-A-T-I-O-N---		
L NUMBER	DESCRIPTION	LOCATN	CV	Asset #	G/L Code	ACQD	M	LIFE	DEPRC	VALUE	CURRENT YTD	TOTAL
F 00488	STOCKTON PHONE	STCTN			1708	07/92	X	10 00	12/93	85,337	8308	8372
F 00494	REPAIR ELEC PD	MPC	494		1708	11/92	X	07 00	12/93	81,024	884	8156
F 00495	CAB RACK	MPC	495		1708	11/92	X	03 00	12/93	8368	870	8132
F 00497	COMPAR COMPUTE	TOS			1708	02/93	X	05 00	12/93	84,754	8553	81,029
F 00498	COMPAR 386SX2	BDNTR	00498		1708	03/93	X	05 00	12/93	82,725	8315	8588
G/L Code 5										816,208	81,330	82,677

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MODESTO PSYCH CENTER
FIXED ASSET SYSTEM

Depreciation Summary - INTERNAL

By G/L Code / FAX Asset No.

For Fixed Assets 00001 Through 00503 FY-05

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C	FAS	ASSET	LOCATN	Co	Asset #	G/L Code	ACQD	M	LIPE	DEPRC	ACQUISITION	---	D-E-P-R-E-C-I-A-T-I-O-N---	VALUE	CURRENT	YTD	TOTAL
2	00001	INTERIOR FURN.				17080000	03/87	M	10	00	12/93			\$175		\$7	\$120
2	00002	ARCHITECTURAL				17080000	03/87	S	07	00	12/93			\$1,440		\$119	\$1,400
2	00003	COPY MACHINE-X				17080000	03/87	S	05	00	05/93			\$8,015		\$0	\$8,014
2	00004	CASINO CLOTH				17080000	03/87	S	10	00	12/93			\$484		\$28	\$329
2	00005	CITY LIGHTS				17080000	03/87	S	10	00	12/93			\$2,047		\$168	\$1,955
2	00006	PHOTOS				17080000	03/87	S	07	00	12/93			\$393		\$34	\$393
2	00007	ELECTRONIC PAK				17080000	03/87	S	07	00	12/93			\$575		\$49	\$567
2	00008	COMPUTER SERV				17080000	03/87	S	07	00	12/93			\$150		\$11	\$150
2	00009	MATERIAL				17080000	03/87	S	07	00	12/93			\$614		\$49	\$590
2	00010	MATERIAL				17080000	03/87	S	07	00	12/93			\$2,282		\$189	\$2,222
2	00011	MATERIAL				17080000	03/87	S	07	00	12/93			\$1,579		\$133	\$1,547
2	00012	MATERIAL				17080000	03/87	S	07	00	12/93			\$1,518		\$124	\$1,480
2	00013	MATERIAL				17080000	03/87	S	07	00	12/93			\$1,130		\$91	\$1,068
2	00014	MATERIAL				17080000	03/87	S	07	00	12/93			\$3,085		\$259	\$3,021
2	00015	SHIPPING COST				17080000	03/87	S	07	00	12/93			\$27		\$0	\$16
2	00016	INTERIOR FURN.				17080000	03/87	S	07	00	12/93			\$10,091		\$840	\$9,846
2	00017	PHYSICIANS SCA				17080000	03/87	S	15	00	12/93			\$184		\$7	\$83
2	00018	WHEELCHAIR				17080000	03/87	S	10	00	12/93			\$391		\$21	\$259
2	00019	MATERIAL				17080000	03/87	S	07	00	12/93			\$1,638		\$140	\$1,644
2	00020	ADDRESSOGRAPH				17080000	03/87	S	07	00	12/93			\$5,324		\$441	\$5,185
2	00021	MATERIAL				17080000	03/87	S	07	00	12/93			\$284		\$21	\$265
	0022	FURNITURE				17080000	03/87	S	15	00	12/93			\$319		\$14	\$152
	0023	BULLETIN BOARD				17080000	03/87	S	10	00	12/93			\$511		\$28	\$341
2	00024	OFFICE FURN.				17080000	03/87	S	15	00	12/93			\$1,946		\$77	\$892
2	00025	MOBILE CART				17080000	03/87	S	10	00	12/93			\$398		\$21	\$262
2	00026	WAREHOUSING AN				17080000	03/87	S	07	00	12/93			\$78		\$6	\$78
2	00027	OFFICE FURNITU				17080000	03/87	S	15	00	12/93			\$1,138		\$42	\$508
2	00028	POSTAL SCALE				17080000	03/87	S	10	00	12/93			\$3,077		\$182	\$2,115
2	00029	MATERIAL				17080000	03/87	S	07	00	12/93			\$5,907		\$490	\$5,754
2	00030	FLOOR COVERING				17080000	03/87	S	05	00	02/92			\$66,541		\$0	\$66,357
2	00031	SCALE				17080000	03/87	S	10	00	12/93			\$4,918		\$287	\$3,361
2	00032	CHAIR				17080000	03/87	S	15	00	12/93			\$544		\$21	\$247
2	00033	EXETER TRAY TA				17080000	03/87	S	15	00	12/93			\$1,055		\$42	\$486
2	00034	SAFE CART AND				17080000	03/87	S	10	00	12/93			\$1,182		\$70	\$813
2	00035	DRAPER DIPLOMA				17080000	03/87	S	08	00	12/93			\$140		\$14	\$147
2	00036	MATERIAL				17080000	03/87	S	07	00	12/93			\$54		\$7	\$22
2	00037	PHOTOS				17080000	03/87	S	08	00	12/93			\$177		\$14	\$157
2	00038	ADDRESSOGRAPH				17080000	03/87	S	07	00	12/93			\$1,636		\$133	\$1,581
2	00039	OFFICE EQUIP.				17080000	03/87	S	07	00	12/93			\$91		\$7	\$84
2	00040	FREIGHT				17080000	03/87	S	07	00	12/93			\$107		\$7	\$95
2	00041	FLOOR COVERING				17080000	03/87	S	05	00	02/92			\$2,916		\$0	\$2,916
2	00042	CHAIRS				17080000	03/87	S	15	00	12/93			\$4,000		\$231	\$2,723

MODESTO PSYCH CENTER

FIXED ASSET SYSTEM

Depreciation Summary - INTERPOL

By G/L Code / FAS Asset No.

For Fixed Assets 00001 Through 00503 FYX05

09-1994 16:21:56

C	FAS	ASSET	LOCATN	Co Asset #	G/L Code	ACQD	M	LIFE	DEPRC	ACQUISITION	---	D-E-P-R-E-C-I-A-T-I-O-N---	VALUE	CURRENT	YTD	TOTAL
2	00043	MEDICAL EQUIP.			17080000	03/87	5	15	00	12/93			\$751	\$62		\$809
2	00044	CHAIRS			17080000	03/87	5	15	00	12/93			\$14,697	\$576		\$15,273
2	00045	FREIGHT			17080000	03/87	5	07	00	12/93			\$78	\$7		\$85
2	00046	CHAIR AND SOFA			17080000	03/87	5	15	00	12/93			\$5,595	\$217		\$5,812
2	00047	BOOKCASES			17080000	03/87	5	15	00	12/93			\$21,209	\$826		\$22,035
2	00048	WORK TABLE			17080000	03/87	5	12	00	12/93			\$793	\$62		\$855
2	00049	PILLOWS			17080000	03/87	5	05	00	05/93			\$402	\$30		\$432
2	00050	MATERIAL			17080000	03/87	5	07	00	12/93			\$47	\$0		\$47
2	00051	VISED CONSOLE			17080000	03/87	5	15	00	12/93			\$2,172	\$84		\$2,256
2	00052	FREIGHT			17080000	03/87	5	07	00	12/93			\$188	\$14		\$202
2	00053	FREIGHT			17080000	03/87	5	07	00	12/93			\$1,145	\$98		\$1,243
2	00054	MATERIAL			17080000	03/87	5	07	00	12/93			\$6,060	\$504		\$6,564
2	00055	MEDICAL EQUIP.			17080000	03/87	5	10	00	12/93			\$2,013	\$119		\$2,132
2	00056	OFFICE EQUIP.			17080000	03/87	5	07	00	12/93			\$3,243	\$273		\$3,516
2	00057	DESKS			17080000	03/87	5	20	00	12/93			\$15,637	\$455		\$16,092
2	00058	MATERIAL			17080000	03/87	5	07	00	12/93			\$5,188	\$434		\$5,622
2	00059	OFFICE EQUIP.			17080000	03/87	5	07	00	12/93			\$1,031	\$84		\$1,115
2	00060	MEDICAL EQUIP.			17080000	03/87	5	10	00	12/93			\$743	\$55		\$798
2	00061	LAMPS			17080000	03/87	5	10	00	12/93			\$348	\$27		\$375
2	00062	AUDIO EQUIP.			17080000	03/87	5	07	00	12/93			\$2,364	\$238		\$2,602
2	00063	CHAIRS			17080000	03/87	5	15	00	12/93			\$3,397	\$133		\$3,530
2	00064	FREIGHT			17080000	03/87	5	07	00	12/93			\$141	\$7		\$148
2	00065	WAREHOUSING			17080000	03/87	5	07	00	12/93			\$356	\$70		\$426
2	00066	HANGER STAND			17080000	03/87	5	05	00	02/92			\$1,392	\$0		\$1,392
2	00067	LINEX CARTS			17080000	03/87	5	10	00	12/93			\$3,191	\$189		\$3,380
2	00068	TELEVISION			17080000	03/87	5	08	00	12/93			\$771	\$56		\$827
2	00069	WORK SHELF			17080000	03/87	5	20	00	12/93			\$5,004	\$147		\$5,151
2	00070	OFFICE EQUIP.			17080000	03/87	5	07	00	12/93			\$3,243	\$273		\$3,516
2	00071	CARD FILE			17080000	03/87	5	07	00	12/93			\$197	\$14		\$211
2	00072	MATERIAL			17080000	03/87	5	07	00	12/93			\$627	\$49		\$676
2	00073	MEDICAL EQUIP.			17080000	03/87	5	10	00	12/93			\$7,781	\$448		\$8,229
2	00074	OFFICE EQUIP.			17080000	03/87	5	07	00	12/93			\$809	\$70		\$879
2	00075	ELECTRICAL EQ			17080000	03/87	5	07	00	12/93			\$368	\$28		\$396
2	00076	CHAIRS			17080000	03/87	5	15	00	12/93			\$38,498	\$1,498		\$39,996
2	00077	FLOOR COVERING			17080000	03/87	5	05	00	02/92			\$4,057	\$0		\$4,057
2	00078	DRAPES			17080000	03/87	5	05	00	02/92			\$13,360	\$0		\$13,360
2	00079	OFFICE FURN.			17080000	03/87	5	07	00	12/93			\$4,572	\$378		\$4,950
2	00080	FILE CABINET			17080000	03/87	5	15	00	12/93			\$510	\$21		\$531
2	00081	FREIGHT			17080000	03/87	5	07	00	12/93			\$146	\$9		\$155
2	00082	FREIGHT			17080000	03/87	5	07	00	12/93			\$66	\$2		\$68
2	00083	OFFICE FURN.			17080000	03/87	5	15	00	12/93			\$944	\$35		\$979
2	00084	OFFICE FURN.			17080000	03/87	5	15	00	12/93			\$706	\$28		\$734

MODESTO PSTCH CENTER

FIXED ASSET SYSTEM

Depreciation Summary - INTERNAL

By C/L Code / FAS Asset No.

For Fixed Assets 00007 Through 00503 FY=05

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C FAS	ASSET	DATE	EST	LAST	ACQUISITION	---	D-E-P-R-E-C-I-A-T-I-O-N	TOTAL	
L NUMBER	DESCRIPTION	LOCATN	Co Asset #	C/L Code	ACQD M LIFE	DEPRC	VALUE	CURRENT YTD	TOTAL
2 00085	OFFICE FURN.			17080000	03/87	5 15 00 12/93	3201	37	3238
2 00086	OFFICE FURN.			17080000	03/87	5 15 00 12/93	323,789	3924	310,829
2 00087	CHAIRS			17080000	03/87	5 15 00 12/93	516,460	5637	572,097
2 00088	OFFICE FURN.			17080000	03/87	5 15 00 12/93	554,225	52,107	606,332
2 00089	OFFICE FURN.			17080000	03/87	5 15 00 12/93	38,609	3336	42,045
2 00090	FREIGHT			17080000	03/87	5 07 00 12/93	31,145	398	31,543
2 00091	OFFICE FURN.			17080000	03/87	5 15 00 12/93	33,156	3126	36,282
2 00092	FURN. INSTALLA			17080000	03/87	5 15 00 12/93	313,200	3511	316,711
2 00093	FREIGHT			17080000	03/87	5 07 00 12/93	34,898	3406	38,304
2 00094	OFFICE EQUIP.			17080000	03/87	5 07 00 12/93	31,891	3161	35,052
2 00095	FREIGHT			17080000	03/87	5 07 00 12/93	375	35	410
2 00096	ELECTRICAL EQU			17080000	03/87	5 08 00 12/93	365	36	401
2 00097	FREIGHT			17080000	03/87	5 07 00 12/93	356	30	386
2 00098	COMPUTER			17080000	03/87	5 05 00 02/92	33,308	30	33,338
2 00099	FREIGHT			17080000	03/87	5 07 00 12/93	3466	338	3804
2 00100	FLOOR COVERING			17080000	03/87	5 05 00 02/92	34,579	30	34,609
2 00101	WARDROBE			17080000	03/87	5 15 00 12/93	35,809	3224	39,033
2 00102	TELEPHONE SYS.			17080000	03/87	5 10 00 12/93	350,922	31,806	382,728
2 00103	SEDS AND DESKS			17080000	03/87	5 15 00 12/93	360,592	32,359	392,951
2 00104	ARTWORK			17080000	03/87	5 15 00 12/93	38,024	3315	41,339
2 00105	OFFICE FURN.			17080000	03/87	5 07 00 12/93	37,144	3595	40,739
2 00106	OFFICE FURN.			17080000	03/87	5 15 00 12/93	37,033	3273	40,306
2 00107	DRAPERIES AND			17080000	03/87	5 05 00 02/92	38,062	30	38,092
2 00108	PRINTS			17080000	03/87	5 15 00 12/93	38,024	3315	41,339
2 00109	DRAWING COPIES			17080000	03/87	5 07 00 12/93	314	30	344
2 00110	SOFTWARE			17080000	04/87	5 05 00 04/92	3890	30	3920
2 00111	DICTAPHONE			17080000	03/87	5 07 00 12/93	33,660	3308	36,968
2 00112	LASER PRINTER			17080000	05/87	5 05 00 05/92	34,524	30	34,554
2 00113	FLOOR EQUIP.			17080000	05/87	5 05 00 04/92	36,816	30	36,846
2 00114	DICTAPHONE			17080000	05/87	5 07 00 12/93	33,660	3308	36,968
2 00115	SOFTWARE			17080000	05/87	5 05 00 04/92	31,575	30	31,605
2 00116	SOFTWARE			17080000	05/87	5 05 00 04/92	31,624	30	31,654
2 00117	OXIMETER			17080000	05/87	5 10 00 12/93	33,500	3205	36,705
2 00118	SAFE			17080000	06/87	5 20 00 12/93	3339	328	3667
2 00119	FREIGHT			17080000	06/87	5 07 00 12/93	36,035	3504	39,539
2 00120	INSTALLATION			17080000	03/87	5 07 00 12/93	3328	370	3708
2 00121	PIANO			17080000	05/87	5 20 00 12/93	32,955	304	33,259
2 00139	MAJOR MOVABLE			17080000	03/87	5 07 00 12/93	315,368	31,113	346,481
1 00142	FURNITURE			17080000	06/87	5 07 00 12/93	3312	328	3640
2 00150	CLINICAL FURN.			17080000	06/87	5 07 00 12/93	31,263	3105	34,368
2 00151	PROJECTOR			17080000	06/87	5 10 00 12/93	3949	354	4303
2 00152	DICTAPHONE EQU			17080000	06/87	5 07 00 12/93	33,660	3308	36,968

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MORENO PISTON CENTER
FIXED ASSET SYSTEM
Depreciation Summary - INTERNAL

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By G/L Code / FAS Asset No.

For Fixed Assets 00001 Through 00503 FY=05

FAS	ASSET	DATE	D	EST	LAST	ACQUISITION	-----D-E-P-R-E-C-(A-T)-O-M-----						
1 NUMBER	DESCRIPTION	LOCATN	QU	ASSET #	G/L Code	ACQD	M	LIFE	DEPRE	VALUE	CURRENT	TOTL	
2 00153	DICTAPHONE EQU				17080000	06/87	5	07	00	12/93	33,660	3300	33,613
2 00154	OFFICE EQUIP.				17080000	06/87	5	07	00	12/93	33,707	3300	33,638
2 00155	MAINT. EQUIP.				17080000	06/87	5	07	00	12/93	31,240	3105	31,159
2 00156	SPORTS EQUIP.				17080000	06/87	5	05	00	06/92	33,628	30	33,621
2 00157	OFFICE EQUIP.				17080000	06/87	5	07	00	12/93	32,170	3182	32,020
2 00161	CLINICAL EQUIP				17080000	07/87	5	07	00	12/93	3723	363	3677
2 00162	COMPUTER MATER				17080000	07/87	5	05	00	07/92	3608	30	3603
2 00163	COMPUTER MATER				17080000	07/87	5	05	00	07/92	3618	30	3613
2 00164	CALCULATORS				17080000	07/87	5	08	00	12/93	3360	342	3456
2 00165	CLOCKS				17080000	07/87	5	10	00	12/93	3316	323	3215
2 00166	T.V.				17080000	07/87	5	08	00	12/93	3687	369	3345
2 00167	DIAG. EQUIP.				17080000	07/87	5	03	00	12/90	3530	30	3530
2 00168	ICE DISPENSER				17080000	07/87	5	10	00	12/93	33,269	3189	32,090
2 00169	WATER DISPENSE				17080000	07/87	5	10	00	12/93	33,025	3175	31,935
2 00170	HOUSEKEEPING E				17080000	07/87	5	07	00	12/93	3724	363	3676
2 00171	OFFICE EQUIP.				17080000	07/87	5	07	00	12/93	37,620	3133	37,475
2 00172	OFFICE EQUIP.				17080000	07/87	5	07	00	12/93	3652	356	3595
2 00173	COMPUTER				17080000	07/87	5	05	00	06/92	35,625	30	35,625
2 00174	OFFICE EQUIP.				17080000	07/87	5	05	00	07/92	305	30	378
2 00175	MAINT. LAUN BL				17080000	07/87	5	04	00	07/91	3391	30	3390
2 00176	MAINT. EQUIP				17080000	07/87	5	05	00	07/92	3318	30	3315
2 00177	STEREO EQUIP.				17080000	07/87	5	08	00	12/93	37,204	391	3781
2 00179	COMPUTER				17080000	08/87	5	05	00	07/92	33,836	30	33,836
2 00180	COMPUTER EQUIP				17080000	08/87	5	05	00	07/92	3555	30	3551
2 00181	STEREO AND EQU				17080000	08/87	5	08	00	12/93	3178	314	3166
2 00182	OFFICE EQUIP.				17080000	08/87	5	05	00	08/92	3722	30	3721
2 00183	SECLUSION BED				17080000	08/87	5	15	00	12/93	3440	314	3171
2 00186	SECLUSION BED				17080000	08/87	5	15	00	12/93	3440	314	3171
2 00185	SECLUSION BED				17080000	08/87	5	15	00	12/93	3440	314	3171
2 00184	SPORTS EQUIP.				17080000	08/87	5	05	00	08/92	3903	30	3902
2 00189	CLINICAL EQUIP				17080000	09/87	5	05	00	08/92	3661	30	3655
2 00190	DICTAPHONE EQU				17080000	09/87	5	07	00	12/93	3470	342	3433
2 00191	OFFICE EQUIP.				17080000	09/87	5	20	00	12/93	3757	321	3231
2 00192	TELEPHONE-HEAR				17080000	09/87	5	10	00	12/93	3845	349	3526
2 00193	TEST METER				17080000	09/87	5	05	00	09/92	31,010	30	31,010
2 00196	ALUMN SYS.				17080000	09/87	5	10	00	12/93	3464	328	3295
2 00200	COPY MACHINE				17080000	10/87	5	05	00	10/92	31,586	30	31,577
2 00203	COMPUTER EQUIP				17080000	10/87	5	05	00	10/92	3683	30	3676
2 00204	OFFICE EQUIP.				17080000	10/87	5	05	00	12/93	31,073	30	31,072
2 00205	OFFICE EQUIP.				17080000	10/87	5	05	00	10/92	31,283	30	31,275
2 00208	COMPUTER CLOCK				17080000	10/87	5	05	00	10/92	3710	30	3710
2 00210	MED. EQUIP.				17080000	11/87	5	07	00	12/93	37,190	398	37,028

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MODESTO PSTOR CENTER
FIXED ASSET SYSTEM

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Depreciation Summary - INTERNAL

By G/L Code / FAS Asset No.

For Fixed Assets 00001 Through 00503 FY=05

G / FAS	ASSET	LOCATH Co Asset #	G/L Code	ACQD M	DATE	EST	LAST	ACQUISITION	DEPRECIATION	TOTAL
L NUMBER	DESCRIPTION							VALUE	CURRENT YTD	
2 00211	COMPUTERS		17080000	11/87	5	05	00	12/93	\$0	\$18,282
2 00212	SHelves		17080000	11/87	5	07	00	12/93	\$224	\$2,649
2 00213	TELEPHONE SYS		17080000	11/87	5	20	00	12/93	\$14	\$406
2 00214	DIETARY CARTS		17080000	11/87	5	10	00	12/93	\$84	\$1,420
2 00215	OFFICE FURN.		17080000	11/87	5	15	00	12/93	\$56	\$1,458
2 00216	COMPUTER		17080000	11/87	5	05	00	11/92	\$0	\$3,683
2 00217	SPEAKERS		17080000	11/87	5	05	00	11/92	\$0	\$176
2 00218	OFFICE EQUIP.		17080000	11/87	5	07	00	12/93	\$322	\$3,862
2 00219	MOUSEKEEPING E		17080000	11/87	5	07	00	12/93	\$105	\$1,229
2 00224	THEATR LIGHT		17080000	12/87	5	05	00	12/92	\$0	\$356
2 00225	MEDICAL EQUIP.		17080000	12/87	5	05	00	12/92	\$0	\$1,669
2 00228	STORAGE SHELVE		17080000	12/87	5	05	00	12/93	\$0	\$273
2 00229	INTERCOMM.		17080000	12/87	5	05	00	12/92	\$0	\$314
2 00233	CLINICAL EQUIP		17080000	01/88	5	07	00	12/93	\$42	\$529
2 00234	OFFICE FURN.		17080000	01/88	5	07	00	12/93	\$301	\$3,583
2 00235	OFFICE FURN.		17080000	01/88	5	07	00	12/93	\$210	\$2,493
2 00236	OFFICE FURN.		17080000	01/88	5	07	00	12/93	\$224	\$2,684
2 00237	OFFICE FURN.		17080000	01/88	5	07	00	12/93	\$189	\$2,264
2 00238	OFFICE FURN.		17080000	01/88	5	07	00	12/93	\$182	\$2,210
2 00241	DESK		17080000	02/88	5	07	00	12/93	\$56	\$691
2 00242	CABINETS		17080000	02/88	5	07	00	12/93	\$147	\$1,769
2 00246	COMPUTER EQUIP		17080000	04/88	5	05	00	03/93	\$0	\$1,250
2 00247	SHREDDER		17080000	04/88	5	05	00	03/93	\$0	\$2,684
2 00248	SLEEP LAB EQUI		17080000	04/88	5	05	00	03/93	\$0	\$11,040
2 00249	OFFICE EQUIP.		17080000	04/88	5	05	00	03/93	\$0	\$897
2 00250	BLDG. AND APPR		17080000	04/88	5	05	00	12/93	\$0	\$655
2 00251	COMPUTER		17080000	04/88	5	05	00	03/93	\$0	\$3,325
2 00255	TRACTOR AND TR		17080000	05/88	5	05	00	12/93	\$0	\$2,327
2 00256	EQUIPMENT		17080000	05/88	5	05	00	05/93	\$0	\$1,656
2 00258	COMPUTER EQUIP		17080000	07/88	5	05	00	06/93	\$8	\$999
2 00259	COMPUTER EQUIP		17080000	07/88	5	05	00	06/93	\$8	\$999
2 00260	COMPUTER EQUIP		17080000	07/88	5	05	00	12/93	\$1	\$523
2 00261	BEAN BAG CHAIR		17080000	07/88	5	05	00	06/93	\$13	\$789
2 00268	PANASONIC PRIN		17080000	08/88	5	05	00	08/93	\$40	\$837
2 00269	KI-QUEUE COMPU		17080000	08/88	5	05	00	08/93	\$615	\$12,320
2 00270	PARK BENCHES		17080000	08/88	5	05	00	08/93	\$39	\$803
2 00281	LOCKS		17080000	09/88	5	08	00	12/93	\$14	\$1,180
2 00282	FURNITURE-STOC		17080000	09/88	5	20	00	12/93	\$84	\$2,763
2 00283	FENCING		17080000	09/88	5	18	00	12/93	\$63	\$1,063
2 00284	AMPLIFIER-SLEE		17080000	09/88	5	07	00	12/93	\$56	\$878
2 00285	TELEVISION AND		17080000	09/88	5	07	00	12/93	\$56	\$682
2 00289	FURNITURE-STOC		17080000	10/88	5	05	00	12/93	\$89	\$1,178

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MODESTO PATEN CENTER
FIXED ASSET SYSTEM

Depreciation Summary - INTERNAL

By G/L Code / FAS Asset No.

For Fixed Assets 00001 Through 00503 FY=05

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C	FAS	ASSET	LOCATR	Co	Asset #	G/L Code	DATE	D	EST	LAST	ACQUISITION	-----D-B-P-R-E-C-I-A-T-I-O-N-----	TOTAL
1	NUMBER	DESCRIPTION					ACQUR	M	LIFE	DEPRC	VALUE	CURRENT YTD	TOTAL
2	00290	CHAIR RECOVERI			17080000	10/88	5	05	00	12/93	\$1,132	\$90	\$1,132
2	00291	CHAIR RECOVERI			17080000	10/88	5	05	00	12/93	\$3,667	\$305	\$3,660
2	00292	YCR CABINET-CY			17080000	10/88	5	05	00	10/93	\$379	\$34	\$369
2	00293	AUDIOMETERA			17080000	10/88	3	05	00	12/93	\$1,633	\$70	\$633
2	00302	COMPUTER - PIA			17080000	11/88	3	05	00	12/93	\$5,817	\$580	\$5,817
2	00303	CABINET - CHILD			17080000	11/88	3	05	00	11/93	\$550	\$54	\$543
2	00304	FURNITURE-MANT			17080000	11/88	3	05	00	11/93	\$852	\$84	\$866
2	00305	COMPUTER SYS.			17080000	11/88	3	05	00	11/93	\$496	\$48	\$488
2	00309	CHAIRS			17080000	12/88	5	15	00	12/93	\$1,038	\$42	\$353
2	00310	CHAIRS			17080000	12/88	5	15	00	12/93	\$1,183	\$49	\$409
2	00311	COMPUTER-FINAN			17080000	12/88	5	05	00	12/93	\$2,120	\$245	\$2,109
2	00314	DESK-WORK STAT			17080000	11/88	3	15	00	12/93	\$304	\$21	\$177
2	00332	AIR CONDITIONE			17080000	01/89	3	15	00	12/93	\$2,361	\$287	\$2,416
2	00333	COMPUTER/MED.			17080000	01/89	3	05	00	12/93	\$2,629	\$308	\$2,591
2	00335	REFRIGERATOR-M			17080000	03/89	5	10	00	12/93	\$7,903	\$462	\$3,759
2	00339	ELECTRON GEN.-			17080000	03/89	3	15	00	12/93	\$1,161	\$42	\$333
2	00340	BIOFEEDBACK EQ			17080000	03/89	3	05	00	12/93	\$12,849	\$1,498	\$12,201
2	00341	FURNITURE-APAR			17080000	03/89	3	10	00	12/93	\$2,244	\$333	\$1,076
2	00345	DESK, PROF. LOU			17080000	04/89	3	15	00	12/93	\$232	\$35	\$271
2	00346	ECT CASEWORK			17080000	04/89	3	20	00	12/93	\$715	\$21	\$168
2	00347	GROUP B CASEWO			17080000	04/89	3	20	00	12/93	\$368	\$14	\$120
2	00348	ECT EXAM CASEV			17080000	04/89	3	20	00	12/93	\$901	\$28	\$218
2	00349	MED. REC. DESK			17080000	04/89	3	15	00	12/93	\$781	\$28	\$232
2	00350	FILE CABINETS-			17080000	04/89	3	15	00	12/93	\$1,163	\$42	\$347
2	00351	WOOD CLIMBER			17080000	04/89	3	10	00	12/93	\$2,836	\$168	\$3,336
2	00353	OFFICE EQUIP			17080000	04/89	3	05	00	12/93	\$4,262	\$497	\$3,969
2	00354	COMPUTER EQUIP			17080000	04/89	3	05	00	12/93	\$1,717	\$203	\$1,615
2	00362	ANESTHESIA EQUIP			17080000	05/89	3	10	00	12/93	\$400	\$27	\$173
2	00363	SPREADER			17080000	05/89	3	05	00	12/93	\$4,855	\$567	\$4,453
2	00364	DESK			17080000	05/89	3	15	00	12/93	\$733	\$28	\$222
2	00365	CABINETS			17080000	05/89	3	20	00	12/93	\$785	\$21	\$171
2	00366	CHAIRS			17080000	05/89	3	15	00	12/93	\$483	\$21	\$158
2	00367	DESK			17080000	05/89	3	15	00	12/93	\$473	\$28	\$214
2	00370	BOOKCASE			17080000	06/89	3	20	00	12/93	\$309	\$14	\$110
2	00371	DESK AND CHAIR			17080000	06/89	3	15	00	12/93	\$959	\$33	\$277
2	00379	DICTATION EQUI			17080000	07/89	3	05	00	12/93	\$16,176	\$1,652	\$12,513
2	00381	DESK			17080000	08/89	3	15	00	12/93	\$716	\$28	\$208
2	00382	CHAIR-MAFERS			17080000	08/89	3	15	00	12/93	\$795	\$28	\$215
2	00385	CLOCKS-RADIO S			17080000	09/89	3	10	00	12/93	\$758	\$42	\$308
1	00388	CABINETS-FLDG.			17080000	10/89	3	15	00	12/93	\$792	\$28	\$206
1	00389	CABINETS-FLDG.			17080000	10/89	3	15	00	12/93	\$794	\$28	\$206
2	00390	OFFICE FURNITU			17080000	12/89	3	15	00	12/93	\$1,978	\$77	\$328

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MODESTO PSYCH CENTER
 FIXED ASSET SYSTEM
 Depreciation Summary - INTERNAL
 By G/L Code / FAS Asset No.

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For Fixed Assets 00001 Through 00503 FY=05

C	FAS	ASSET	LOCATN	Co Asset #	G/L Code	DATE	D	EST	LAST	ACQUISITION	DEPRECIATION	TOTAL	
1	NUMBER	DESCRIPTION				ACQD	M	LIFE	DEPRC	VALUE	CURRENT YTD	TOTAL	
2	00391	OFFICE FURN. *T			17080000	12/89	S	15	00	12/93	3988	335	3207
2	00392	TELEPHONE EQUI			17080000	12/89	S	10	00	12/93	38,928	3518	33,558
2	00394	NEW DRAPES N.W			17080000	01/90	S	05	00	12/93	3790	391	3616
2	00399	CABINETS			17080000	04/90	S	15	00	12/93	31,009	342	31,655
2	00400	PHONE SYSTEM			17080000	04/90	S	10	00	12/93	32,295	3133	3356
2	00402	COPY MACHINES			17080000	05/90	S	05	00	12/93	31,254	3147	3320
1	00403	BOOK CASES			17080000	07/90	S	10	00	12/93	34,213	3245	31,036
2	00404	LASER PRINTER		627	17080000	08/90	S	07	00	12/93	32,019	3168	3394
1	00405	DEPRESSION PKD			17080000	10/90	S	07	00	12/93	37,878	3458	33,664
1	00406	FAX MACHINE WA			17080000	10/90	S	07	00	12/93	3560	349	3271
2	00408	FAX MACHINE ME			17080000	12/90	S	05	00	12/93	3562	363	3334
2	00409	COMPUTER MED S			17080000	01/91	S	07	00	12/93	3090	377	3391
	00410	FENCE REPAIR			17080000	02/91	S	10	00	12/93	31,231	370	3340
1	00411	CIRCULATION PD			17080000	03/91	S	07	00	12/93	31,231	3105	3510
2	00414	MEMOIR PATIENT			17080000	04/91	S	05	00	12/93	3322	335	3165
	00415	306 33 COMPUTE			17080000	04/91	S	05	00	12/93	33,450	3406	31,914
1	00416	PAINTING BLDG.			17080000	05/91	S	10	00	12/93	34,973	3406	31,798
1	00417	LAWN MOWER			17080000	05/91	S	07	00	12/93	39,953	3326	33,658
2	00419	TOASTER			17080000	05/91	S	05	00	12/93	3458	356	3248
2	00420	COPIER			17080000	08/90	S	05	00	12/93	3750	391	3315
2	00421	UNKNOWN ACERUA			17080000	05/91	S	09	00	05/93	315,941	30	312
	625	KRONOS PAYROLL			17080000	06/91	M	05	00	12/93	35,373	3630	32,250
	626	COPY GUARD			17080000	05/91	M	05	00	12/93	3572	370	3367
2	00427	PHARMACY CABIN			17080000	07/91	M	15	00	12/93	31,197	349	3177
2	00428	CABINETS			17080000	09/91	M	15	00	12/93	3749	328	3103
2	00429	BAR CODE SIFTV			17080000	07/91	M	05	00	12/93	3373	342	3149
2	00430	COPY GUARD			17080000	06/91	M	05	00	12/93	3572	370	3248
P	00431	TIME CLOCKS &			17080000	07/91	M	10	00	12/93	35,000	3294	31,049
F	00432	CABINETS			17080000	10/91	M	15	00	12/93	3749	328	3100
C	00433	COMPUTER, PRIM			17080000	12/91	M	05	00	12/93	34,747	3784	32,800
C	00441	PAYROLL COMPUT			17080000	12/91	S	05	00	12/93	31,930	3224	3268
C	00442	PAYROLL COMPUT			17080000	12/91	S	05	00	12/93	32,430	3287	3364
C	00443	CONTROLLER'S C			17080000	12/91	M	05	00	12/93	34,377	3511	31,823
C	00444	TAPE BACK-UP S			17080000	12/91	M	05	00	12/93	32,209	3299	3325
F	00450	HOT CARPET CL			17080000	01/92	M	08	00	12/93	31,251	391	3327
F	00451	CEILING MACHI			17080000	01/91	M	08	00	12/93	3898	363	3338
F	00453	HP LASERJET II			17080000	12/91	M	05	00	12/93	31,051	3126	3449
F	00457	REPRODUCED			17080000	02/92	M	10	00	12/93	37,292	3420	31,500
F	00458	HP LASERJET I			17080000	02/92	M	05	00	12/93	31,906	3224	3000
F	00460	CHARTS FOR O/P			17080000	03/92	M	10	00	12/93	32,653	3154	3350
F	00461	2-SEAT BEAM CR			17080000	03/92	M	10	00	12/93	32,470	3434	31,533
F	00462	MODULAR SEAT &			17080000	03/92	M	10	00	12/93	39,683	3567	32,022

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MODESTO POSTON CENTER
FIXED ASSET SYSTEM

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Depreciation Summary - INTERNAL

By G/L Code / FAS ASSET NO.

For Fixed Assets 00001 Through 00503 FY-95

C	FAS	ASSET	LOCATH	CG	ASSET #	G/L Code	ACQD	M	LIFE	DEPRG	ACQUISITION	-----D-E-P-R-E-C-I-A-T-I-O-N-----	CURRENT YTD	TOTAL
L	NUMBER	DESCRIPTION									VALUE			
F	00467	ADDRESS CHAIR				17080000	03/92	X	10	00	12/93	\$2,093	\$119	\$1,28
F	00468	SOLO CHAIR - X				17080000	03/92	X	10	00	12/93	\$8,928	\$467	\$1,875
F	00471	PHYSICIAN W/LLI				17080000	05/92	X	02	00	12/93	\$500	\$70	\$247
F	00475	FAX MACHINE				17080000	05/92	X	03	00	02/93	\$1,201	\$0	\$1,234
F	00476	W/A 6-0 PII				17080000	05/92	X	05	00	12/93	\$305	\$56	\$203
F	00477	REUPHOLSTERED				17080000	05/92	X	03	00	12/93	\$2,495	\$294	\$1,048
R	00480	3 PORT PHONE L				17080000	05/92	X	05	00	12/93	\$666	\$77	\$278
F	00481	STOCKTON PHONE				17080000	05/92	X	05	00	12/93	\$2,400	\$280	\$1,000
F	00482	FAX MACHINE				17080000	06/92	X	03	00	12/93	\$2,890	\$560	\$1,040
F	00483	TELEPHONE LINE				17080000	06/92	X	05	00	12/93	\$596	\$70	\$130
F	00484	APPROUSTERY				17080000	06/92	X	05	00	12/93	\$3,176	\$371	\$683
F	00485	FRANCHISE				17080000	06/92	X	10	00	12/93	\$1,947	\$112	\$208
R	00491	AIR CONDITIONI				17080000	08/92	X	10	00	12/93	\$355	\$49	\$89
F	00499	PHARMACY COMPU				17080000	02/93	X	05	00	12/93	\$2,681	\$135	\$135
G/L Code 340											\$1,062,291	\$51,873	\$692,817	

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HOUSTON PITCH CENTER
 FIXED ASSET SYSTEM
 Depreciation Summary - INTERNAL
 By G/L Code / FAS Asset No.
 For Fixed Assets 00001 Through 00503 FY=03

C	FAS	ASSET	LOCATH	Co	ASSET #	G/L Code	ACQSD	M	LIFE	DEPRC	LAST	ACQUISITION	---D-E-P-R-E-C-I-A-T-I-O-N---	
													YALUE	CUMREXT YTD
K	00492	COPIER 2151 ST	STOCKY	492		1708000000	10/92	H	05	00	12/95	\$2,904	\$336	\$628
Z	00195	DOUCE VAN				17160000	07/87	S	03	00	10/91	\$75,740	\$0	\$75,740
V	00454	GEO VAN FOR HR				17160000	02/92	H	04	00	12/95	\$19,638	\$2,863	\$10,227
V	00455	CHAIR LIFT FOR				17160000	02/92	H	10	00	12/95	\$1,965	\$331	\$323
												\$39,323	\$3,096	\$26,790
G/L Code - 3														

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MODESTO PSTCH CENTER
 FIXED ASSET SYSTEM
 Depreciation Summary - INTERNAL
 By G/L Code / FAS Asset No.
 For Fixed Assets 00001 Through 00503 FT=03

C	FAS	ASSET	LOCATN	Co Asset #	G/L Code	DATE	D	EST	LAST	ACQUISITION	-----D-E-P-R-E-C-I-A-T-I-O-N-----	TOTAL	
L	NUMBER	DESCRIPTION				ACQD	M	LIFE	DEPRC	VALUE	CURRENT YTD		
F	00489	MIS EQUIPMENT			1718	07/92	M	03	00	12/93	\$49	\$93	
Z	00330	COMPUTER EQUIP			17180000	01/89	S	05	00	12/93	\$127,097	\$14,826	\$126,969
Z	00331	COMPUTER EQUIP			17180000	01/89	S	05	00	12/93	\$6,638	\$749	\$6,324
Z	00354	COMPUTER EQUIP			17180000	01/89	S	05	00	12/93	\$37,075	\$4,326	\$36,460
Z	00362	COMPUTER SYS-B			17180000	03/89	S	05	00	12/93	\$4,366	\$511	\$4,155
Z	00363	COMPUTER SYS-D			17180000	03/89	S	05	00	12/93	\$21,219	\$2,678	\$20,170
Z	00368	COMPUTER EQUIP			17180000	05/89	S	05	00	12/93	\$4,508	\$525	\$4,127
Z	00369	COMPUTER EQUIP			17180000	05/89	S	05	00	12/93	\$4,206	\$490	\$3,852
Z	00372	COMPUTER EQUIP			17180000	06/89	S	05	00	12/93	\$38,096	\$4,645	\$34,288
Z	00384	COMPUTER EQUIP			17180000	08/89	S	10	00	12/93	\$17,370	\$1,015	\$17,535
C	00668	DIGITAL TAPE D			17180000	11/91	M	05	00	12/93	\$16,547	\$1,932	\$16,739
F	00478	TAPE BACK-UP S			17180000	05/92	M	10	00	12/93	\$3,730	\$217	\$376
										\$280,672	\$31,514	\$249,371	

G/L Code 11

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MOORESTOWN POSTER CENTER
FIXED ASSET SYSTEM
Depreciation Summary - INTERNAL

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By G/L Code / FAS Asset No.
For Fixed Assets 00001 Through 00503 . FT=05

C. FAS	ASSET	DATE	D EST	LAST	ACQUISITION	---D-E-P-R-E-C-I-A-T-I-O-N---					
L NUMBER	DESCRIPTION	LOCATN	Co	ASSET #	G/L Code	ACQD M	LIFE	DEPRE	VALUE	CURRENT TTD	TOTAL
F 00493	IPA COMPUTER S W.O.	4YS	1718000000	10/92	M 05	09	12/93		\$3,808	\$441	\$423

CHARG	500								\$17,833,815	\$192,436	\$2,919,626
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