

Term Sheet
Draft 11/27/17

I. Parties

- A. Mark Twain Health Care District (District)
- B. Dignity Health (Dignity)

II. The parties are negotiating terms by which:

- A. To revise the Articles and Bylaws of Mark Twain Medical Center (MTMC).
- B. Pursuant to “Term Sheet for Wind-up of Prior Lease”, to terminate the existing 1989 Lease Agreement (Prior Lease) between District and MTMC, prior to its 12/31/2019 expiration.
- C. To execute a new Lease Agreement (New Lease) between District and MTMC.
- D. To seek a simple majority vote of the District Electorate, authorizing the District to consummate the contemplated transactions.

III. MTMC Articles and Bylaws

The parties agree to modify the MTMC Articles and Bylaws such that:

- A. Upon the dissolution or winding up of the corporation, 99% of its assets remaining after payment, or provision for payment, of all debts and liabilities of the corporation shall be distributed to Dignity, and 1% shall be distributed to District.
- B. The Board of Trustees shall have 5 voting trustees, all of whom shall be appointed by Dignity. Four shall be Dignity executives. One shall be a District Board member nominated by District, whose appointment by Dignity shall not be unreasonably withheld. Terms shall be 3 years, to a maximum of 3 consecutive full-3-year terms on the Board.
- C. The Board of Trustees shall delegate the following responsibilities to a 7 member Community Board: approval of Medical Staff bylaws, Medical Staff privileging and credentialing, and quality oversight. The Board of Trustees shall also seek the advice of the Community Board regarding: (i) the MTMC mission, vision, and strategic direction, (ii) priorities for MTMC’s community benefits, (iii) proposals for material changes in clinical services, and (iv) strategic plans. The 7 member Community Board shall be constituted as follows:

	<i>Term / Term Limit</i>	<i>Initial Appointments</i>	<i>Subsequent</i>	
			<i>Nomination</i>	<i>Appointment</i>
MTMC CEO	Ex-officio			
MTMC Chief of Staff	Ex-officio			

	<i>Term / Term Limit</i>	<i>Initial Appointments</i>	<i>Subsequent</i>	
			<i>Nomination</i>	<i>Appointment</i>
MTMC Board Member who is not also a District Board Member	Two years / Maximum of 3 consecutive full-2-year terms on Community Board	Two years. Chosen and appointed by Dignity Health		Chosen and appointed by MTMC Board
District Board Member	Two years / Maximum of 3 consecutive full-2-year terms on Community Board	As agreed between District and Dignity Health, and appointed by Dignity Health, per Closing documents.	Nominated by District Board	Appointment by MTMC Board, which shall not be unreasonably withheld
Three at large Calaveras County residents	Two years / Maximum of 3 consecutive full-2-year terms on Community Board	After consultation with a committee comprising the MTMC CEO, MTMC Chief of Staff, a District Board Member and a Dignity Health executive, District and Dignity Health will specify the 3 individuals in the Closing documents. One shall be appointed to a one year initial term; two shall be appointed to two year initial terms.	Nominated by a Nominating Committee comprising: MTMC CEO, MTMC Chief of Staff, the District Board Member who sits on the Community Board, and the MTMC Board Member who is not also a District Board Member and sits on the Community Board	Appointed by MTMC Board, which shall not be unreasonably withheld

D. Values Based Discernment process –

- a. The Community Board shall ensure that MTMC utilizes a Values Based Discernment process if MTMC is considering taking an action – other than one caused by the suspension or termination of privileges resulting from a peer review process – that: (i) would eliminate or relocate beyond 5 miles, any medical service line, department or rural health clinic; and/or (ii) could reasonably be expected to result in the exodus from Calaveras County of a recognized medical specialty previously available therein.
- b. At minimum, the Values Based Discernment process shall include participation of the District Board member who sits on the MTMC Community Board, one additional District Board member, and the MTMC Medical Executive Committee.
- c. The purposes of – and processes for – a Values Based Discernment process are as outlined in the attached. The MTMC Board must receive and consider the final report-

out from the Values Based Discernment process, prior to taking the action for which the Values Based Discernment process was conducted.

- E. After consultation with the MTMC Board, Dignity shall appoint the CEO of MTMC. CEO shall serve as the full-time MTMC administrator.
- F. MTMC will provide District access to operational and financial information necessary to complete all regulatory, compliance, auditing, and legal reports as well as reports or metrics specified in the New Lease.

IV. Facility Lease

The parties agree:

- A. Pursuant to “Term Sheet for Wind-up of Prior Lease”, to terminate the Prior Lease between District and MTMC.
- B. To execute a New Lease between District (Landlord) and MTMC (Tenant), with the following terms:
 - a. Initial Term – 10 years, commencing the first of the month following Closing. Closing is the termination and wind-up of the Prior Lease as set forth in “Term Sheet for Wind-up of Prior Lease”.
 - b. Automatic Renewals – Lease shall automatically renew for four consecutive 5 year terms (for a total of 30 years), unless Tenant: (i) gives notice to prevent such automatic renewal from occurring no later than 36 months in advance of such automatic renewal, and (ii) pays the Termination Fee. Termination Fee equals [\$10,000] times [360 minus the number of months (during New Lease term) the Tenant occupied the leased premises], and is due and payable within 60 days of Tenant’s notice. By way of example, if Tenant gives notice to prevent the automatic renewal as of the beginning of year 21, then the Termination Fee calculated as of the end-of-year 20 termination shall be \$1,200,000 [i.e. \$10,000 * (360-240)]. Should the actual termination date differ from the date used to compute and pay (within 60 days of Tenant’s notice) the Termination Fee, such Termination Fee shall be trued-up (without interest) by refund to Tenant or additional payment to Landlord.
 - c. Tenant obligations
 - i. Fixed (for 30 years) payments of \$___ per month. The amount of such monthly payment shall be the sum of: (a) \$65,000, plus (b) “District’s Acquisition Cost” divided into 360 monthly payments, at an interest rate of 3.25%. “District’s Acquisition Cost” is defined in the “Term Sheet for Wind-up of Prior Lease”. As set forth in paragraph IV.B.d.ii. regarding electric utilities, in certain circumstances such monthly rent amount may decrease.

- ii. Maintain and operate a General Acute Care hospital (as defined by Title 22), including a 24x7 emergency room, in the leased premises.
- iii. During the initial 5 year period, Tenant must obtain Landlord's written approval prior to: (a) reducing available General Acute Care beds below 25, (b) eliminating a service listed on the MTMC license as of the Closing date, or (c) eliminating telemedicine services. The parties acknowledge and agree that Tenant's maintenance of 24x7 telemedicine services can, from time-to-time, be beyond Tenant's control because of physician contracts, available physician coverage, technology and other changes which impact how such services can be reasonably provided.
- iv. Other than the items for which Landlord assumes financial responsibilities pursuant to IV. B. d. ii and iii below, Tenant to pay all costs of the leased property, including but not limited to: hazardous and medical waste removal; insurance; maintenance; repair; painting; tenant improvements; County assessments; janitorial; building services equipment maintenance, repair and replacement; hospital equipment maintenance, repair and replacement; etc.
- v. To seek Landlord's written approval prior to:
 - 1. Committing to alterations, additions or improvements (e.g. equipment acquisition and installation, building on leased premises, renovations, etc) that – as of the potential non-lease renewal dates – would have a cumulative net book value (i.e. unamortized cost) in excess of:
 - a. End of Year 10 \$12.0 million
 - b. End of Year 15 \$14.5 million
 - c. End of Year 20 \$17.0 million
 - d. End of Year 25 \$19.5 million
 - e. End of Year 30 \$22.0 million
 - 2. Incurring debt which would cause MTMC's debt-to-capital ratio to exceed 75%.
- vi. [paragraph not used]
- vii. To limit its use of the name 'Mark Twain' to healthcare operations owned and operated by MTMC.
- viii. Tenant currently operates certain clinics located in various Calaveras County locations. One of those clinics – Valley Springs – is aged and undersized. Landlord and Tenant have been collaborating on plans to construct a replacement Valley Springs clinic. Landlord has secured financing which would enable it to develop, construct and own a Valley Springs clinic building. Tenant

and Landlord intend to continue collaborating with the intent that: (a) a primary care clinic (such as a Federally Qualified Healthcare Clinic, or a clinic defined under California Health & Safety Code sections 1204a, 1206b or 1206d) will be operated (by Landlord or by Tenant or in collaboration with one another or by a Landlord facilitated partner) in the Landlord-developed and owned Valley Springs clinic building, (b) upon the opening of the clinic operation in the new Valley Springs clinic building, Tenant would on a reasonably timely basis cease to operate its existing Valley Springs Rural Health Clinic location, (c) thereafter such services and those operated by Tenant elsewhere in Calaveras County shall be operated as components of a single clinically integrated network of healthcare services, and (d) thereafter such services shall not be aligned with a competing healthcare system in Calaveras or an immediately adjacent county.

- ix. Tenant will continue to provide Landlord with approximately 520 square feet of administrative space, as set forth in Section 5.12 of the 1989 Lease (as amended). However, clause 'd' of that Section 5.12 regarding the provision by Tenant of certain administrative services to Landlord shall not be carried forward into the New Lease.

d. Landlord obligations

- i. As of the Effective Date, to provide Tenant full access and occupancy to the leased premises, which shall comprise a fully equipped, fully functioning, general acute care hospital consistent with those premises leased to Tenant pursuant to the Prior Lease. As of the Effective Date, Tenant and Landlord shall stipulate that the leased premises meet this standard.
- ii. To pay electric utilities of the leased premises. Landlord shall pay such electric utilities for the entire term of the lease unless through no fault of its own, Landlord becomes ineligible to purchase discounted electricity. Should that occur, then at any time after such occurrence, Landlord may in its sole discretion via 60 days prior written notice to Tenant, terminate its obligation to pay such electric utilities and monthly rent shall decrease by \$55,000.
- iii. To pay the following utilities associated with the leased premises: natural gas, water/sewer, telephone other than the main AT&T telephone bill, and waste removal other than hazardous or medical waste. Landlord may upon 90 day prior written notice to Tenant, require that Tenant make an "Annual Reimbursement" to Landlord for Landlord's prospectively incurred costs for the utilities specified in this paragraph 'iii'. Such "Annual Reimbursement" shall be determined annually on a calendar year basis (the first such period of which may be a prorated partial period ending December 31). Such "Annual Reimbursement" shall be the amount by which Landlord's costs of such utilities exceeds "Threshold". "Threshold" shall be: (a) \$300,000 per calendar year

during the initial 5 year period, and (b) thereafter, such annual amount (not less than zero) as established (no more frequently than annually) by the Landlord in its sole discretion. Landlord may require Tenant to make monthly or quarterly progress payments toward such "Annual Reimbursement" based on good faith estimates of the "Annual Reimbursement", provided that a final reconciliation and true-up shall be completed no later than March 31 following the close of each calendar year.

- iv. Upon New Lease termination, to purchase all alterations, additions or improvements (e.g. equipment acquisition and installation, building on leased premises, renovations, etc.), at their then net book value (i.e. their unamortized cost). Twenty (20%) of the amount to be paid by Landlord shall be paid within one hundred and eighty (180) days after the termination or expiration of this Lease. Each year thereafter for four (4) years on the annual anniversary of the one hundred and eightieth (180th) day after the termination or expiration, another twenty (20%) of the amount to be paid shall be paid by Landlord. Provided, however, that Landlord may, without penalty prepay any amount owing. And further provided, that the amount due shall accrue interest at the Wall Street Journal Prime rate plus one (1 %) percent adjusted monthly. And further provided, that should Tenant seek to dissolve following termination or expiration of the Lease and Tenant determines that the provisions of this subsection (iv) permitting payment over time may become a constraining factor in the wind-up of Tenant's affairs, then the Landlord shall use its best efforts to obtain alternative financing to enable Landlord to pay the outstanding balance in full so as to permit Tenant to timely wind-up its affairs and dissolve.
- v. To give MTMC a first-right-of-refusal to buy the leased premises.
- vi. To give MTMC the right to participate in any healthcare programs of District, specifically including District's financial support for uninsured and under-insured patients.
- vii. Non-compete
 - 1. Landlord and Tenant share a common mission and vision for providing excellent healthcare services to the Calaveras County community. Landlord intends to rebrand itself as a community-based healthcare district. As such Tenant and Landlord shall collaborate to develop and agree proactively on a community needs assessment and plan with the intent to establish coordinated investments to advance the health of the population of Calaveras County. As a community-based healthcare district, Landlord intends to initiate, develop and provide healthcare services to meet unmet community needs (such as senior living, child

advocacy, and behavioral health) and develop partnerships to facilitate such services, in Calaveras County.

2. During the term of New Lease, no entity that is affiliated with Landlord shall, directly or indirectly, participate or engage in any healthcare or healthcare related program, transaction or activity in Calaveras County that competes with Tenant, unless: (a) the prior written approval of Tenant is obtained, which approval Tenant shall not unreasonably withhold, condition or delay (provided that it shall be reasonable for Tenant to withhold approval for any program, transaction or activity that would materially reduce or impair Tenant's financial condition), or (b) such program, transaction or activity is identified in the allowed services list below.
3. Allowed programs, transactions or activities which do not require any approval by MTMC:
 - a. Valley Springs primary care community clinic, identified in paragraph IV.B.c.viii. above
 - b. Ambulance services,
 - c. Medical transportation,
 - d. Non acute care hospital continuing care retirement community facilities
 - e. Assisted living and residential care facilities for the elderly and poor
 - f. Senior housing and services
 - g. Adult day care
 - h. Behavioral health outpatient or residential care
 - i. Partnering with local governments to create opportunities for healthy lifestyles
 - j. Homes and services for individuals with developmental disabilities, including group residences to serve individuals with disabilities
 - k. Senior wellness
 - l. Nutrition and fitness education
 - m. Grief and support counseling services
 - n. Youth counseling and child advocacy
 - o. Medical office development and/or leasing
4. The process by which Tenant's prior written approval shall be obtained in those circumstances where – pursuant to paragraph IV.B.d.vii.2. above – Landlord's contemplated healthcare related program,

transaction or activity requires such prior written approval shall include:

- a. Approval or disapproval by MTMC within 90 days
- b. Language that defines “competes with Tenant” to be “any service which materially reduces or impairs the financial condition of the Tenant.”

V. Consideration

- A. In consideration of the Articles and bylaws changes – specifically including the change in the MTMC liquidation rights – at Closing, Dignity will pay District: 49% of Computed Net Assets. Computed Net Assets shall be the MTMC net asset value (i.e. its equity, its fund balance) per the MTMC Balance Sheet immediately preceding the Effective Date of the New Lease, minus MTMC’s loss-on-disposition that emerges as a result of the \$4,699,000 reduction in the “District’s Acquisition Cost” (as set forth in the “Term Sheet for Wind-up of Prior Lease”).
- B. In consideration of the execution of the New Lease, within 90 days after Close, Dignity shall make a \$2,000,000 contribution to Mark Twain Medical Center Foundation restricted for the benefit of one or more Mark Twain Medical Center programs and projects.

Values-Based Discernment Process

A Primer for Leaders



Courage is what it takes to
stand up and speak.

Courage is also what it takes to
sit down and listen.

—Winston Churchill

The Values Based Discernment Process

Nothing shapes an organization's character more than the way that organization makes important decisions. Our founders are women religious, for whom contemplation and action are linked in every decision. That tradition has come down to us in the way we go about making important, values-based decisions, specifically in the use of a discernment process that requires significant aspects of the decision be weighed in the light of our core values. This process is especially important when decisions are complex, or when the values involved may conflict.

Why would I use this process?

It's collaborative. Not every decision that executives make needs a genuinely multi-disciplinary examination. We prize leaders who can size up a situation and, thinking with the values of the organization, come to a decision to act in a timely manner. Some decisions, however, because of their complexity or impact, are best made in conversation with others. When it's important that a range of viewpoints is considered, the Values-Based Discernment Process may be helpful.

It's reflective. Especially when an organization's core values are at stake, and when a decision at hand makes it likely that our core values may conflict or appear to conflict, it's important to give reflective time to a decision, so that our first convictions are not our only ones. When a decision seems obvious but may involve conflicting values, it's even more important to slow down enough to invite the "second thought" to surface.

It's explicit. Big decisions—ones that affect many people or involve much in the way of resources or seem more directly to touch an organization's core values—will be scrutinized more carefully than more routine decisions, by ourselves, by the government, by the public. For this reason, an explicit decision process is a good way to be sure all the bases have been covered, and it can serve as a record of our thinking when the rationale behind a decision is questioned.

Here are some examples of when leaders utilize the formal Values-Based Discernment Process:

- When significant resources — either human or financial — will be affected by a decision, a leader may utilize the process to be sure the decision has been reviewed from a values perspective by experts other than ones in the leader's field.
- When a partnership opportunity presents itself that has the potential to affect Dignity Health's mission or identity, the process may be used in advance of a Board or Sponsorship Council meeting to invite a multi-disciplinary group to examine its impact on the mission, values and responsibilities of the organization.
- When a program or partnership that is strongly associated in employees' or the public's mind with the basic mission of the organization will end or transition.
- When a significant decision affects not only the business of the organization but its values or when options inherent in a decision may result in a conflict between or among core values.

How does the process work?

When you recognize that a decision is complex, it's time to plan for a formal Values Based Discernment Process. The process has several components:

Background Preparation:

- **Gather the Facts.** This means you or your staff must assemble a description of the problem so that an outsider can understand it. It should be a snapshot — in finances, personnel, external forces, etc. — of the reasons you are facing a decision. This must be completed early enough that a true discernment is called for. Nothing alienates people more quickly than being asked to go through the motions to legitimize a decision that has already been made.

- **Clarify the Central Question.** Be sure to think your way around the issue so that you and your group can identify several options in response to the central question. A central question set up to require a yes or no answer will not generate the kind of creative thinking that is a hallmark of the process. For example, your first thought about a central question could be “shall we close X program or keep it open?” This requires binary thinking. Further thought might refine this question to “How shall we honor the values that X program has embodied?” Closing or keeping open the program might be two options, but a third and fourth might emerge if the question is focused differently.

We have used this process since shortly after 1986, when we were founded as a health system, for decisions ranging from appropriate partnerships to the closure of facility service lines.



- **Identify Stakeholders.** Planning for the process itself requires deciding who should participate. In keeping with the Catholic principle of subsidiarity, those affected by a decision should have a voice in it. This is complicated when a decision involves confidential negotiations (with a union, with an external partner) but the more you can involve those affected, the better the decision will be.

- **Identify and include the decision maker.** Maybe that will be you. If so, you must be involved in the process itself. If a discernment group gathers without any representation from those making the final decision, there is a risk that a recommendation that has been arrived at after much reflection on the values will be made on other grounds. This will confirm the suspicion that the values are “nice,” but irrelevant in actual business decisions.

- **Appoint people to roles.** In addition to the leaders, roles include the participants, a facilitator, and a scribe. These roles are described later in this Primer.

Background Preparation Continued

- **Set a date or dates.** This process relies on reflection and cannot be rushed. It cannot be ‘streamlined.’ People who agree to participate must leave other work for a period of time. Breaks should not be used to check email or voicemail, but to rest with the discussion, see where questions or resistance is bubbling up, etc. People who cannot spare the time should not be invited. As the leader, you must set the expectation that people participate fully in the process, without distraction. This may mean multiple meetings, so that participants don’t leave other work for a full day.

- **With the help of a mission leader facilitator, tailor values questions to your discernment.** You would not be undertaking this process if you as a leader had not already identified the potential for conflict between or among Dignity Health core values in the decision at hand. Now is the time to make those conflicts more visible, and to lay out the implications of the core values for the question you are answering. A mission leader in a facility, or someone from the Mission Integration Department of the system office can help, as will your reflective consideration of the implications of the Statement of Common Values for your question. You will distribute these questions with the other background material the group needs for immediate preparation.

- **Secure a room.** It is not always possible to provide for an off-site space, but whatever space you do use should be free of distractions. Ideally, chairs and tables will be set up in a circle, reminding everyone visually that all participants are equal. (If you can’t manage a circle, you at least should not sit at the ‘head’ of the table, which will reinforce your position and undermine the message of equality of voices.) An experienced group might be able to ‘meet’ on the telephone, if the limitations of travel make that necessary. This can be especially helpful if a discernment process requires more than one meeting and the parties know one another.

Two Weeks Before:

- **Prepare participants.** Participants must come prepared to the discernment.
 - That means having all their factual questions answered. (You don't want to derail the process by one person saying "Where'd you get those numbers? They don't seem right to me.") That means you or your staff must follow up by phone with each participant to see that all advance factual questions are answered. When you do this, you may find that you have missed an element of preparation, which you can then still distribute to the group in advance.
 - A second requirement for their participation is to complete the exercise on hopes, fears and biases (described later in the Primer).
 - Finally, you must ask participants to reflect on the Statement of Common Values with regard to this question. The results of this reflection will form the bulk of your discussion on the day itself.

- **Distribute opening exercise, values questions and the Statement of Common Values.** Ask participants to prepare these in writing to bring with them to the discernment.

On the day itself:

- **Welcome the participants, and then hand over the meeting to the facilitator.**
Communicate your intention to listen to the wisdom of the group. Review groundrules. (Ground rules appear later in the Primer.)

- **Facilitator will run the process.** The general flow of the process is as follows:
 - Hopes, fears and biases exercise, preparing group to share at a deeper level than usual
 - Brief review of facts (brief is critical; no new information should be introduced)
 - Discussion of values questions and relevance of the Statement of Common Values
 - Silent reflection
 - Tapping for consensus, avoiding groupthink or peer pressure
 - Revisiting points of difference
 - Recommendation
 - Some of these steps will bear repeating; this is what you have a facilitator for

Following Up:

- **Facilitator and scribe compare notes.**
They work together to produce a written memory:
 - A complete record of how the discussion unfolded, including recommendations, available only to stakeholders who were part of the discernment
 - A separate short document including only the recommendations, which will be available to stakeholders who were not part of the discernment
 - Next steps
 - Any open questions

Roles: Who does what during a values based discernment process?

These are the four main roles of those who discern. Each is important for different reasons.

1. The Role of the Leader

The leader's role in this process is to:



- Select a broad range of participants, a small enough group to have meaningful dialogue but large enough to contain multiple perspectives, especially perspective that may differ from the leader's own. The voices of those affected by a decision should be included. One or two participants should be people from outside the main group of stakeholders, who can be observant of the process, who have the overall good of the organization at heart and who can contribute to a discussion of values, but who do not have a big stake in the outcome.
- Determine who is making the decision; if the group doing the reflective process is different from the decision making group or person, leader should make clear the reason for the reflective process.
- Prepare (or have prepared) a digest of the relevant facts of the situation, in a way that will be accessible to the group and verifiable by others. Debated facts derail a process.
- Prepare (with help from mission colleagues) questions specific to the decision at hand, using the Dignity Health core values or other values relevant to the decision. See the last page for samples, which may or may not be useful in any particular decision.
- With facilitator and scribe, distill group recommendations.
- Be responsible to distribute the notes.
- Communicate decisions or recommendations to stakeholders.

2. The Role of the Facilitator

The facilitator's role in this process is to:



- Stand back from the content of the decision and be sure participants are
 - / Listening to one another
 - / Focusing on the values aspect of the questions
 - / Resisting the temptation to discuss assumptions or relevant facts
 - / Keeping track of time
- Welcome participants; introduce participants if they don't all know each other
- Lead the process, including the hopes, fears, biases reflection at the beginning.
- Build in time for silent reflection, so that participants can hear and integrate all values perspectives.
- Tap the group for consensus, using techniques that will not lend the group to "majority rules" but to hear the convergences in the discussion, as well as the serious sticking points.
- Help bring group to consensus
- Lift up the values that may have been subordinated in the recommendation; ask group to address.
- Compare notes and memory with scribe to be sure of an accurate reflection of the group's movements.

Note on Facilitators: People who are skilled in facilitation, by training or practice, should be asked to play this role. Mission leaders, Chaplains, Social Workers and Organizational Development staff are good places to look for facilitators. The best ones have training and experience.

3. The Role of the Participant

The participant's role in this process is to:



- Bring an open mind to the conversation.
- Bring to the group both a concern for the general good of the organization as well as the participant's expertise in his or her domain.
- Help uncover potential conflicts of values and ways to manage or mitigate the conflicts.
- Focus on the relevance of decision to the overall mission of the organization.

4. The Role of the Scribe

The scribe's role in this process is to:



- Take notes to
 - / Record date, topic, and names of participants in the process
 - / Capture the points of agreement or consensus; capture the points of stress or tension
 - / Document any recommendation along with the rationale
- Edit notes in collaboration with facilitator

Note on Scribes: excellent note-taking is essential to the durability of the process. This person will be asked to summarize conclusions and reflect back to the group in writing the main threads of the conversation. Staff accustomed to careful note taking in Board meetings may be appropriate for this role.

Ground Rules

- The more (appropriate) disciplines represented, the richer the discussion.
- Every voice is important. No one person's voice is authoritative, regardless of the position that person holds in the organization. Ethical decision making relies on a group of concerned persons thinking together and equally about a challenging situation.
- Careful listening and openness to another view is essential to a positive outcome. Pontificating and speechifying are not helpful.
- During this dialogue, no piece of information, no one's perspective and no suggestion for action should be censored. It is possible that someone will offer a piece of irrelevant information, but better to cast the net widely than to miss something important.
- An attitude of prayer or openness is essential. In this context, "prayer," doesn't mean the recitation of prayers, such as supplications or invocations at the beginning of meetings. It means instead the creation of reflective time and space where participants can be quiet and listen to what God may be saying to them through shared reasons and conversation, as well as through individual or collective wisdom, intuition and affect. The process presumes a positive anthropology, that is, an understanding that God can and does speak to all persons of good will and sincere conscience, regardless of their religious affiliation or beliefs. But the process also recognizes that any of us can sometimes be deceived by our own prejudices, emotional pains, biases or vices, or even by pathological manipulations. For these reasons, the process must be entered into with great humility.



Opening Exercise

In advance of the meeting, each participant should reflect on the following, and make some personal notes (not to be shared) to bring to the meeting.

What are my **hopes** related to this question:

What are my **fears** related to this question?

What are my **biases** related to this question:

(Biases are hard to identify; try to be honest)

Spend some time identifying your top one or two hopes, fears and biases. Bring these to the meeting, ready to share. All will respectfully listen as each person speaks. No one will comment.

From our history, an example...

As we all know, the profession of nursing goes through a kind of boom and bust cycle, with shortages for a few years, followed by gluts for a few years. It is a profession that our ministry relies on, accounting for roughly 40% of our workforce. In addition to nursing skills, nurses who work at Dignity Health must have respect for the dignity of patients, deep compassion, and a commitment to patient advocacy.

During one of the serious nursing shortages, questions arose, at Dignity Health and across the country, about ways to fill the need for qualified nurses. One possibility was to recruit foreign nurses. Proponents argued that many nurses in other countries wanted to come to the United States to earn very good money—sometimes to send home—and to improve their skills in well-equipped workplaces. At the same time, critics asserted that enticing foreign nurses to the United States amounted to ‘robbing’ the home country of its own nurses, and that unless their language skills were as good as their technical skills, foreign nurses could not meet the needs of our patients. Also of concern was their own happiness and satisfaction, removed from family and friends and other sources of support.

The result of the discernment?

Dignity Health adopted a policy system-wide only to recruit nurses from foreign countries if:

- 1)** that country’s minister of health assured Dignity Health there that nursing needs were adequately met in the home country
- 2)** English is the language of instruction in the home country and the nurse can pass a proficiency test and
- 3)** the receiving hospital has set up a “soft landing” for support both at work and outside of work.

Sample Questions

System Mission Integration department resources can help you tailor them to your exact situation.

Dignity

- Who will be affected by this proposal, both inside and outside the organization?
- Who of these has direct influence in the decision-making process?
- Can we provide for input and influence by people who will be most affected?
- Can we mitigate the effect of this decision on people who are negatively affected by it?
- How does this decision recognize all dimensions of the human person—body, mind, spirit?
- Does this proposal contribute in some way to the common good?
- Does this proposal promote healing?

Collaboration

- What mechanisms can we put in place to ensure ongoing collaboration with our partner?
- Will the decision facilitate employees having a voice in the conditions of their work?

Stewardship

- What organizational resources—money, personnel, space, technology, management time—are involved in the proposal?
- How does the decision benefit our organization financially (directly or indirectly, long term or short term)?
- Who will benefit? Who will bear the burden?
- Will resources be diverted from some other use?
- How do we ensure compliance with the law?

Justice

- Does this decision directly affect those who are poor, unemployed, disadvantaged in some way?
- Will this decision strengthen or weaken our voice in advocacy?
- Does this decision seem fair?

Excellence

- What does this proposal do to promote high quality work?
- Will this decision enhance or risk our reputation? What can we do to protect it?
- Are there structured opportunities to improve our work built in to this proposal?



If people who have to work together in an enterprise trust one another because they are all operating according to a common set of ethical norms, doing business costs less.

Such a society will be better able to innovate organizationally, since the high degree of trust will permit a wide variety of social relationships to emerge...By contrast, people who do not trust one another will end up cooperating only under a system of formal rules and regulations, which have to be negotiated, agreed to, litigated, and enforced, sometimes by coercive means. This legal apparatus, serving as a substitute for trust, entails what economists call 'transaction costs.' Wide-spread distrust... imposes a kind of tax that high-trust [organizations] do not have to pay.

— Francis Fukuyama Trust:
The Social Virtues and the
Creation of Prosperity

EXHIBIT B
TERM SHEET FOR WIND UP OF PRIOR LEASE

See attached.

Term Sheet for Wind-up of Prior Lease
Draft 11/27/17

I. Parties

- A. Mark Twain Health Care District (District)
- B. Mark Twain Medical Center (MTMC)

II. Background

The parties are negotiating terms by which to terminate the existing 1989 Lease Agreement (Prior Lease) between District and MTMC, prior to its 12/31/2019 expiration. This “Term Sheet for Wind-up of Prior Lease” addresses the termination and wind-up of the Prior Lease. A separate Term Sheet sets forth the terms the parties and Dignity Health are negotiating with regard to a potential New Lease.

III. Consideration

Pursuant to the termination provisions of the Prior Lease, at Closing District will purchase MTMC’s unamortized Tenant Improvements (including but not limited to buildings, building services equipment, renovations and fixed and moveable equipment) from MTMC. “District’s Acquisition Cost” shall be the net book value of MTMC’s property, plant & equipment including construction-in-progress (i.e. MTMC’s acquisition cost less accumulated depreciation) as of the termination date, less \$4,699,000. “District’s Acquisition Cost” shall be paid to MTMC no later than the termination date, and shall consist of cash and a Note Payable (if any).

Pursuant to paragraph V. of the aforementioned Term Sheet, Dignity Health will contribute Consideration to the Closing in cash. Should “District’s Acquisition Cost” exceed such Consideration, District may contribute cash and/or a Note Payable as required to meet its Closing obligations. Such Note (if any) shall be payable to MTMC, and shall have terms no less favorable to MTMC than: (a) a five year term, (b) interest at Wall Street Journal Prime rate + 1%, adjusted monthly, and (c) annual payments comprising the accrued interest and at least 20% of the principal.

The parties acknowledge that (i) under the existing lease, MTMC needs the District’s approval for the Angels Camp project, (ii) the District cannot afford to approve any substantial portion of, or expenditure on, the Angels Camp project prior to the termination of the Prior Lease, as that would increase the “District Acquisition Cost” under the Prior Lease to an amount that could exceed the Consideration and thus would require that the District assume debt in order to complete the early termination of the Prior Lease, which – other than as set forth in the immediately preceding paragraph – the District has very limited means of accomplishing, and (iii) that MTMC cannot make substantial expenditures to build the Angels Camp project without assurance that either (a) the New Lease is in place, or (b) that the District will purchase the Angels Camp project upon termination of the Prior Lease. Accordingly, the parties agree that substantial expenditures on the Angels Camp project will be delayed until the effective date of the New Lease, and that – provided the election result is favorable – the parties will use best

efforts to accomplish an early termination of the Prior Lease and a Closing, as of the last day of a month occurring as soon as practicable following a favorable election result.