

SERVICES AGREEMENT

This Services Agreement is made as of the **23rd** day of **August, 2021** by and between the **Rhode Island Office of the Attorney General**, 150 South Main Street, Providence, RI 02903 (“ATTORNEY GENERAL”) and **RSM US LLP**, with an office located at **80 City Square, Boston, MA 02129** (“RSM”).

WHEREAS, on or about December 13, 2019, **Chamber Inc. (“Chamber”)** and **Ivy Holdings, Inc. (“Ivy”)**, currently owned by a combination of private equity investment partnerships (“Corporate Passive Investor”), Samuel S. Lee (“LEE”), the David & Alexa Topper Family Trust (“TOPPER”), and other minority owners, (collectively, the “Transacting Parties”)¹ filed an initial application for a hospital conversion pursuant to R.I. Gen. Laws § 23-17.14-1, *et seq.* (the “HCA Application”), whereby LEE and TOPPER will become the sole shareholders of Chamber, a newly-formed entity which will become the sole parent of Ivy for the purposes of the buy-out of the Corporate Passive Investor and the other minority owners (hereafter the “Proposed Transaction”);

WHEREAS, the HCA Application was deemed complete by the ATTORNEY GENERAL on March 18, 2020;

WHEREAS, the Proposed Transaction was subject to review by the ATTORNEY GENERAL pursuant to the Hospital Conversions Act (“HCA”), R.I. Gen. Laws § 23-17.14-1, *et seq.* and the ATTORNEY GENERAL rendered a decision on the HCA Application on June 1, 2021 (the “Decision”);

WHEREAS the Decision contained conditions (“the “Conditions”) of approval of the ATTORNEY GENERAL and the ATTORNEY GENERAL may engage experts to monitor the Conditions pursuant to R.I. Gen. Laws § 23-17.14-13, R.I. Gen. Laws § 23-17.14-28, and Condition 12 of the Decision;

NOW THEREFORE, in consideration of the foregoing and of the agreements hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

I. Commencement and Termination

1. The ATTORNEY GENERAL and RSM agree that the duties and obligations of the parties pursuant to this Agreement commence as of the date of this Services Agreement. It is expressly understood by RSM that time is of the essence in the performance of its duties under this Services Agreement. RSM agrees that it shall deliver, at a minimum, quarterly and annual reports to the ATTORNEY GENERAL for the duration of the Conditions and Monitoring Period, as defined by the Decision, as follows:

¹ The Transacting Parties also include the following subsidiaries of Ivy: Ivy Intermediate Holdings, Inc.; Prospect Medical Holdings, Inc. (PROSPECT); Prospect East Holdings, Inc.; Prospect East Advisory Services, LLC; Prospect CharterCARE, LLC; Prospect CharterCARE SJHSRI, LLC; and Prospect CharterCARE RWMC, LLC.

- A. A quarterly report for the fiscal quarter ending June 30, 2021 shall be due no later than forty-five (45) days after the date that this Services Agreement is executed. Thereafter, quarterly reports shall be due no later than eighty (80) days after each fiscal quarter beginning with the fiscal quarter ending September 30, 2021 through the fiscal quarter ending September 30, 2026. Quarterly reports shall include a report on compliance by the Transacting Parties of the Conditions set forth in Exhibit A, including a progress report for those Conditions relating to the CAPEX requirement. The full report on CAPEX requirements shall be included in the annual reports referenced in Subsection (B) herein.
- B. Annual reports shall be due no later than March 15th of each year, beginning March 15, 2022, and continuing through the Conditions and Monitoring Period. Annual reports shall include a report on compliance by the Transacting Parties of the Conditions set forth in Exhibit A and RSM's recommendation as whether a reduction of the Escrows/Letters of Credit (Condition 6.4) and/or a draw of the Escrows/Letters of Credit (Conditions 6.5(b) and 6.6.(d)) is appropriate.
- C. RSM shall deliver a report to the ATTORNEY GENERAL no later than September 17, 2021, reporting on compliance with Condition 6.4(a), including a recommendation as to whether a reduction of the Escrows/Letters of Credit as contemplated by Condition 6.4(a) is appropriate.
- D. RSM shall deliver any other reports as necessary in the determination of RSM or as requested by the ATTORNEY GENERAL.

The ATTORNEY GENERAL understands and acknowledges that the success of RSM's services is dependent upon full openness, communications, and cooperation. RSM will notify the ATTORNEY GENERAL where it feels it is not getting the appropriate cooperation or direction from the Transacting Parties, and RSM's reports shall reflect the same. While RSM is responsible for providing the reports to the ATTORNEY GENERAL timely, RSM shall not be held responsible in the event it is unable to perform the required services or report on compliance due to the Transacting Parties failing to carry out their responsibilities. In such cases, the ATTORNEY GENERAL acknowledges and understands that the reports will reflect the lack of communication and cooperation from the Transacting Parties as well as work capable of being performed.

2. The ATTORNEY GENERAL and RSM agree that this Services Agreement shall terminate:

- A. At the conclusion of the ATTORNEY GENERAL's review of the Conditions and representation of the public's interest, including any resulting court proceedings in connection with the Conditions; or

- B. By the ATTORNEY GENERAL, without cause and without penalty, five (5) days after delivery to RSM of written notice of termination by ATTORNEY GENERAL; or
- C. By the ATTORNEY GENERAL, for cause, by providing written notice to RSM and an opportunity to cure within ten (10) days of the written notice, if RSM breaches any material term or condition of this Services Agreement or if RSM fails to perform or fulfill any material obligation required pursuant to this Services Agreement. The ATTORNEY GENERAL may terminate this Services Agreement for cause immediately and with no notice period if RSM or any of its employees assigned to provide services under this Agreement engage in illegal conduct, including, but not limited to, indictment by a grand jury or arrest for or conviction of a felony.
- D. The notice of termination by the ATTORNEY GENERAL pursuant to Section I(2)(C) shall state the circumstances of termination, identify any alleged breach, and shall set forth a reasonable period to cure any alleged breach, if applicable, and any instructions or restrictions concerning any allowable activities or costs during this notice period.

3. If this Services Agreement is terminated by the ATTORNEY GENERAL, as provided herein, RSM will be paid reasonable compensation for appropriate and reasonable services rendered through the date of termination, such payment to be accepted by RSM in full satisfaction of all claims and demands against the ATTORNEY GENERAL based upon, or arising out of, compensation for the performance of services under this Services Agreement.

4. Within ten (10) business days of the termination of this Services Agreement, RSM agrees to make accessible to the ATTORNEY GENERAL all work product of RSM (prepared or in progress). RSM shall have no further responsibility for any such work product provided that is identified as incomplete or in progress as of the date of termination. RSM shall reasonably cooperate with and assist the ATTORNEY GENERAL to transition the services to an alternate service provider.

II. Nature and Scope of Services

1. RSM shall provide assistance to the ATTORNEY GENERAL to monitor compliance of the Conditions set forth in Exhibit A, provide reports as defined in Section I, and to provide testimony if monitoring of compliance of the Conditions proceeds to litigation.

2. In executing the services listed in Section (II)(1), RSM shall:

- A. Prepare written questions, document requests, and any other investigatory procedures necessary to monitor compliance of the Conditions.
- B. Examine books and records of the Transacting Parties, as necessary.

- C. Conduct interviews and meetings with the Transacting Parties, as necessary.
- D. Conduct facility tours, as necessary.
- E. Meet with representatives of the ATTORNEY GENERAL on a regular basis.
- F. Review and advise on any requests of the Transacting Parties related to the Conditions.
- G. Any other action necessary to monitor compliance of the Conditions as mutually determined and agreed to by both the ATTORNEY GENERAL or RSM.

III. Confidentiality

1. RSM agrees that all communications with the ATTORNEY GENERAL shall remain confidential unless the ATTORNEY GENERAL agrees to disclosure of same, including any communications RSM has with the Rhode Island Department of Health (“RIDOH”) concerning the subject matter and services under this Agreement. All communications that RSM has with RIDOH concerning the subject matter and services under this Agreement shall be governed by a protocol between RSM and the Attorney General. Any and all communications with RIDOH concerning the subject matter and services of this Services Agreement shall remain confidential and the inclusion of RIDOH in any communications with RSM concerning the subject matter and services of this Services Agreement shall not be deemed to be a waiver of any privilege.

2. RSM agrees to review, examine, inspect or obtain such information only for the purposes described above, and to otherwise hold such information confidential pursuant to the terms of this Agreement.

3. RSM agrees that all information that has been furnished, or shall be furnished by the Transacting Parties to RSM shall remain confidential, including any inspection of the business of the Transacting Parties and interviewing of employees or representatives of the Transacting Parties, all on the following conditions:

A. RSM agrees to hold all confidential or proprietary information or trade secrets ("Confidential Information") in trust and confidence and agrees that it shall be used only for the contemplated purpose of this Services Agreement and shall not be used for any other purpose or disclosed to any third party.

B. The information provided to RSM shall not be disclosed to any employees or consultants unless they are bound by written obligations of confidentiality no less restrictive than the confidentiality terms of this Agreement.

4. Confidential Information shall not be deemed confidential or proprietary and RSM shall have no obligation with respect to such information where the information was: (a) known to RSM prior to receiving any of the Confidential Information; (b) becomes publicly known through no wrongful act of RSM; (c) received by RSM without breach of this Agreement from a third party

without restriction as to the use and disclosure of the information; (d) independently developed by RSM without use of the Confidential Information; or (e) ordered to be publicly released by the requirement of a government agency.

5. RSM agrees to take all steps reasonably necessary to protect the secrecy of the Confidential Information and to prevent the Confidential Information from falling into the public domain or into the possession of unauthorized persons.

6. The obligations of this Agreement shall be continuing until the Confidential Information disclosed to RSM is no longer deemed confidential by a court, by law or when Confidential Information is disclosed by a governmental agency.

IV. Consideration

1. RSM acknowledges that its fees and expenses are the responsibility of and are to be paid by PROSPECT. Payment may include money from the fee escrow fund created pursuant to the Monitoring & Trustee Reimbursement Agreement, dated May 27, 2021, which is held by PROSPECT's escrow agent & counsel. The ATTORNEY GENERAL will submit RSM's invoices to Prospect and its escrow agent for payment in a timely manner. Further, the ATTORNEY GENERAL will use its best efforts to secure the timely release of funds to the extent any disputes arise between the parties (including requiring immediate compliance subject to the authority of the ATTORNEY GENERAL and / or court action). The ATTORNEY GENERAL has entered into an agreement with PROSPECT for the payment of such fees. Hourly rates paid to RSM for work performed shall be in accordance with the fee schedule described in Exhibit B attached hereto.

If additional litigation related services are required, such services will be billed on an hourly basis with the hourly rates set forth herein. Clerical work shall not be billed separately but will be included in professional rates.

2. In addition to RSM's fees, the ATTORNEY GENERAL will be invoiced for (i) direct expenses, including, as applicable, amounts attributable to travel, meals, fees and expenses and (ii) a charge of five percent (5%) of the fees for indirect administrative expenses such as technology, research and library databases, communications, photocopying, postage and clerical assistance (collectively, "Expenses"). The ATTORNEY GENERAL in its sole discretion will determine if Expenses are reasonable. RSM will submit invoices for any Expenses for which it seeks reimbursement pursuant to this Services Agreement.

3. RSM shall submit monthly invoices for services rendered, setting forth the date of the service, who performed the service, the nature of the service, the time expended on the service and the billing rate per hour for the person who performed the service. Payment shall not be due prior to thirty (30) working days of the invoice. No interest will be charged without consent of the ATTORNEY GENERAL. RSM reserves the right to suspend or terminate services if its invoices are not timely paid within sixty (60) days of the due date of the invoice, after written notice to the Attorney General with an opportunity to cure, in which event RSM will not be liable for any resulting loss, damage or expense connected with such suspension or termination.

4. RSM shall submit all invoices for payment to Special Assistant Attorney General Jessica D. Rider, Office of Health Care Advocate, Rhode Island Office of the Attorney General, 150 South Main Street, Providence, Rhode Island 02903.

V. Assignment

1. RSM shall not assign, transfer, convey or otherwise dispose of this Services Agreement or its right, title or interest therein, or its power to execute such Retainer Agreement, to any other person, company or corporation, without the previous written consent of the ATTORNEY GENERAL.

2. It is further understood and agreed by RSM that the ATTORNEY GENERAL's retention of RSM pursuant to this Services Agreement is made with the understanding and expectation that Greg Naviloff (NAVILOFF), Jose Vivar (VIVAR), Ryan Haggerty (HAGGERTY), Rick Kes (KES), Matt Wolf (WOLF), and Chris Fitzgerald (FITZGERALD) will be the principal individuals providing assistance to ATTORNEY GENERAL pursuant to this Services Agreement. The ATTORNEY GENERAL has the right to accept or reject any employee RSM assigns to the contractual relationship and to require their replacement at any time.

3. RSM understands and agrees that NAVILOFF, VIVAR, HAGGERTY, KES, WOLF, and FITZGERALD are material to the services engaged pursuant to this Services Agreement and that said individuals will not be replaced without the prior written approval of ATTORNEY GENERAL, such approval not to be unreasonably delayed or withheld.

VI. Conflicts of Interest

RSM represents that at the time of execution of this Agreement it has no interest and shall not acquire any interest, direct or indirect, that would conflict in any manner with its performance of services pursuant to this Services Agreement. RSM further covenants that, in the performance of its obligations under this Services Agreement, it shall not assign to perform services under this Agreement any person having such an interest.

Prior to executing this Agreement, RSM conducted an internal search for any potential conflicts of interest based on the names of the parties the ATTORNEY GENERAL provided to RSM. RSM performed conflict investigations and research of Prospect Medical Holdings, Inc., Leonard Green & Partners, Samuel Lee, David Topper, Chamber Inc., Ivy Holdings Inc., Ivy Intermediate Holding Inc., Prospect East Hospital Advisory Services, LLC, Prospect CharterCARE, LLC, Prospect CharterCARE SJHSRI, LLC, Prospect CharterCARE RWMC, LLC, and the State of Rhode Island Office of the Attorney General. RSM disclosed the results of this conflict review in its response to the ATTORNEY GENERAL's RFQ dated June 30, 2021, pages 24-26, attached hereto as Exhibit C and incorporated into this Agreement. The ATTORNEY GENERAL agrees that it understands the potential conflicts raised within Exhibit C and is waiving any claim that RSM had, has, or will have a conflict of interest (real or perceived), or has breached, is in breach of or may breach any fiduciary, contractual, or other duty RSM may owe either the ATTORNEY GENERAL by providing the services under this Agreement. RSM partners,

principals, directors, employees that are assigned to the matters listed in Exhibit C will not be assigned to this matter, nor will they have access to any files associated with this matter.

Further, the ATTORNEY GENERAL understands that RSM is engaged by new clients every day, and following commencement of our services under this Agreement, new engagements with clients could create a potential conflict. RSM will promptly notify the ATTORNEY GENERAL should a conflict come to its attention, and services will only be provided to the new client if the ATTORNEY GENERAL and RSM do not believe a conflict exists with respect to the parties, or if the appropriate written waivers are obtained.

VII. Recordkeeping and Inspection of Records

RSM shall maintain books, records and other compilations of data, in such detail as shall properly substantiate claims for payment under this Services Agreement. All such records shall be kept for a minimum of the later of one (1) year after the completion of RSM's services performed pursuant to this Services Agreement or any court proceeding resulting therefrom. Upon reasonable prior written notice, RSM agrees to make the records described herein accessible to the ATTORNEY GENERAL for review (including on-site audit) and photocopying.

VIII. Breach

If it becomes necessary for the ATTORNEY GENERAL or RSM or their respective representative to enforce the obligations pursuant to this Services Agreement, each party agrees to pay their own costs and expenses to enforce this Services Agreement, including, but not limited to, reasonable attorneys' fees and any costs incurred to procure substitute or alternative services.

IX. Subcontractors

1. RSM shall not utilize any subcontracts nor shall collateral agreements be permitted, without the ATTORNEY GENERAL's prior written authorization.

2. RSM understands and agrees that any subcontract authorized by the ATTORNEY GENERAL shall not relieve or discharge RSM from any obligation, responsibility or liability under this Services Agreement. Unless provided by law, the ATTORNEY GENERAL shall not be obligated or bound by any provisions contained in a subcontract to which the ATTORNEY GENERAL is not a party. Upon written request by the ATTORNEY GENERAL, RSM shall provide a copy of any subcontract that is funded by this Services Agreement.

X. Indemnity and Limitation of Liability

RSM agrees: (a) To hold the State of Rhode Island, the ATTORNEY GENERAL and their agents and employees (hereafter collectively "STATE") harmless from, and defend STATE against, any liability imposed upon STATE arising from the actions or negligence of RSM, as well as any claim made by a third-party alleging the services performed by RSM under this Agreement infringe its patent, copyright, or trademark, or misappropriates its trade secret; and (b) to comply with all laws of the State of Rhode Island applicable to the performance of services under this Agreement. The total aggregate liability of RSM (and its affiliates, officers, partners, principals,

directors, employees, contractors, agents and representatives) relating to this Agreement will in no event exceed an amount equal to the fees paid to RSM during the immediately preceding twelve (12) months under this Agreement. In no event will RSM (or its affiliates, officers, partners, principals, directors, employees, contractors, agents and representatives) be liable for any indirect, special, consequential, incidental, punitive or exemplary damages or loss (nor any loss of profits, savings or business opportunity, or interruption of business) even if advised of the possibility of such loss.

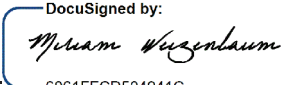
XI. Miscellaneous

1. Cooperation with Other Experts and Consultants: RSM agrees to reasonably cooperate and work with any other expert or consultant the ATTORNEY GENERAL may engage in this matter.
2. Equal Opportunity Compliance, Handicapped Access and Affirmative Action: RSM agrees to abide and comply with all federal and state laws and regulations concerning equal opportunity, handicapped access and affirmative action.
3. Forum and Choice of Law: This Agreement shall be governed by the laws of the State of Rhode Island. RSM hereby agrees to submit to the jurisdiction of the Rhode Island Courts and laws with respect to any dispute arising from, or in connection with, the within Services Agreement. RSM and the ATTORNEY GENERAL agree that any action brought by either RSM or the ATTORNEY GENERAL in connection with, or arising under, this Services Agreement shall be brought in the State of Rhode Island.
4. Merger: This Services Agreement contains the final expression of the parties' agreement, and it is a complete and exclusive statement of the terms of the Services Agreement.
5. Continuing Agreement: The parties understand and agree that the duties and obligations contained in this Services Agreement shall be binding on and inure to the benefit of the heirs, successors, legal representatives and assigns of the ATTORNEY GENERAL and RSM.
6. Modification: RSM and the ATTORNEY GENERAL understand and agree that this Services Agreement may be modified only by a writing signed by both RSM and the ATTORNEY GENERAL.
7. Waiver: It is understood and agreed that forbearance by the ATTORNEY GENERAL or RSM shall not be construed as a waiver, nor in any way limit the legal or equitable remedies available to either party. No waiver by either the ATTORNEY GENERAL or RSM shall constitute a waiver of any subsequent default or breach.
8. Severability: The parties agree that the invalidity, in whole or in part, of any term contained in this Services Agreement does not affect the validity of the remainder of this Services Agreement.

9. Headings: The headings used herein are for reference and convenience only and shall not be a factor in the interpretation of this Agreement.
10. Force Majeure: No party will be liable for any delays or failures in performance due to circumstances beyond its reasonable control.

IN WITNESS WHEREOF, the ATTORNEY GENERAL and RSM caused this Agreement to be executed as of the day and year set forth herein.

OFFICE OF THE ATTORNEY GENERAL

DocuSigned by:
By:  _____
6061FFCD504941C...
Print Name: Miriam Weizenbaum

Print Title: Chief, Civil Division, Rhode Island Office of Attorney General

Date: 23-Aug-2021

RSM US LLP

DocuSigned by:
By:  _____
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Print Name: Greg Naviloff

Print Title: Partner

Date: 23-Aug-2021

EXHIBIT A

Conditions of the Decision Subject to the Retainer Agreement²

I. TRANSACTION

1. The transaction shall be implemented as outlined in the Initial Application, including all Exhibits and Supplemental Responses and as modified and/or amended consistent with these conditions, provided that \$10,000,000 payable to Leonard Green pursuant to the Merger Agreement shall be contributed by Leonard Green to the funding of the Escrows set forth in Condition 6.
2. For the duration of the Conditions and Monitoring Period, upon any change in what was represented by the Transacting Parties in the Initial Application, Merger Agreement, or any supplemental responses describing post-closing actions of the Transacting Parties in connection with the approval of this transaction, notice shall be provided to the Attorney General no fewer than thirty (30) days prior to the implementation of any such change.
3. For the duration of the Conditions and Monitoring Period:
 - (a) Provide notice to the Attorney General identifying any post-closing contracts, material amendments to existing contracts, or termination of contracts, among any of the Transacting Parties and any of the current officers, directors, board members, members, or senior management of Prospect CharterCARE and its subsidiaries, no fewer than thirty (30) days prior to the implementation of any such change; and
 - (b) Provide notice to the Attorney General identifying any post-closing contracts, material amendments to existing contracts, or termination of contracts, among any of the Transacting Parties and any of the current officers, directors, board members, members, or senior management of Prospect Medical Holdings, except for changes to employment contracts, compensation or distribution agreements, no fewer than thirty (30) days prior to the implementation of any such change.

4. INTENTIONALLY OMITTED.

II. FINANCIAL CONDITIONS

5. **Financial Commitment:** Leonard Green, solely with respect to Condition 5.1, and Prospect shall provide the following support (collectively, the "Financial Commitment") to PCC:

² Numbering is consistent with numbering in the Decision. Intentionally omitted Conditions are not within the Scope of Work of this Retainer Agreement.

- 5.1 Provide for the Escrows and/or Letters of Credit as set forth in Condition 6.
- 5.2 Ensure payment of all of PCC's operating expenses and pay the difference between PCC's total net revenue and total operating expenses (net operating loss) on an ongoing basis.
- 5.3 Beginning in Fiscal Year 2020 through the end of Fiscal Year 2026, spend not less than \$72.0 million on CAPEX for the Rhode Island Hospitals only, unless otherwise approved by the Attorney General, which shall be spent according to the following schedule:
- (a) For the period covering Fiscal Year 2020 and the first three quarters of fiscal year 2021, not less than \$12.0 million; and
 - (b) For the period between October 1, 2021 and September 30, 2026, not less than \$60 million shall be spent as follows:
 - i. not less than \$10.0 million during each fiscal year;
 - ii. not less than \$24 million in CAPEX shall be spent by September 30, 2023; and
 - iii. not less than \$48 million in CAPEX shall be spent by September 30, 2025.
- 5.4 No more than \$27 million of PACE financing may be applied against the minimum CAPEX requirement.
- 6. Escrow/Letters of Credit:** Prospect, its parent entities and/or principal shareholders shall fund the following escrow accounts (collectively the "Escrows") and provide the following irrevocable standby letters of credit (the "Letters of Credit"):
- 6.1 Interim Escrows. Pursuant to one or more escrow agreements acceptable to the Attorney General, Prospect, its parent entities and/or principal shareholders and Leonard Green shall, prior to Closing of the Proposed Transaction, fund three (3) escrow accounts as follows (collectively the "Interim Escrows"):
- (a) The amount of \$12,000,000, of which Prospect shall fund \$4,000,000 and Leonard Green shall fund \$8,000,000 ("the Global Conditions Escrow");
 - (b) The amount of \$41,000,000 (the "CAPEX Escrow"), of which Prospect shall fund \$14,200,000 and Leonard Green shall fund \$26,800,000;
 - (c) The amount of \$27,000,000, funded entirely by Prospect ("MAAP Escrow");
 - (d) The Interim Escrows shall comply with, among other things, the terms set forth in Condition 6.5;
 - (e) All funds that Leonard Green is required to provide for the Interim Escrows shall be paid directly by Leonard Green; and

- (f) The Interim Escrows shall remain in place until replaced as set forth in Conditions 6.2 and 6.3, and the Attorney General shall provide written instructions to the escrow agent for the Interim Escrows to release the funds in the Interim Escrows for the purpose of providing the Letters of Credit and/or Escrows required by Conditions 6.2 and 6.3.
- (g) In the event a draw or a reduction is required from the Interim Escrows, such draw or reduction shall take place in accordance with the provisions of Conditions 6.4 or 6.5 as applicable.

6.2 Prospect Letters of Credit. Prospect, its parent entities and/or principal shareholders shall, on or before August 15, 2021, provide three (3) irrevocable standby letters of credit (collectively the “Prospect Letters of Credit”), in accordance with and subject to Condition 6.6, as follows:

- (a) A \$4,000,000 letter of credit that shall not expire until the Attorney General has determined that Prospect has complied with all Conditions through September 30, 2026 (“Prospect Global Conditions LOC”).
- (b) A \$14,200,000 letter of credit (the “Prospect CAPEX LOC”) that shall be reduced in accordance with the CAPEX Escrow/LOC Reduction Schedule set forth in Condition 6.4.
- (c) A \$27,000,000 letter of credit (the “MAAP LOC”) that shall not expire until the Attorney General has determined that all of PCC’s MAAP Obligations have been satisfied in full. The MAAP LOC shall, among other things, secure Prospect’s guaranty of PCC’s MAAP Obligations (see Condition 9). The MAAP LOC shall be reduced quarterly, only upon the written determination of the Attorney General, by the amount of the PCC’s MAAP obligations that have been satisfied in the preceding quarter.

6.3 Leonard Green Obligations. Leonard Green shall, on or before August 15, 2021, either fund Escrows or provide irrevocable standby Letters of Credit, in accordance with and subject to Conditions 6.5 and 6.6, provided that Leonard Green shall use reasonable commercial efforts to obtain the Letters of Credit as set forth in this Condition 6.3.

- (a) Provide an Escrow or a Letter of Credit in the amount of \$8,000,000 that shall not expire until the Attorney General has determined that Prospect has complied with all Conditions through September 30, 2026 (“LG Global Conditions Escrow/LOC”).

- (b) Provide an Escrow or a Letter of Credit in the amount of \$26,800,000 (the “LG CAPEX Escrow/LOC”) that shall be reduced in accordance with the CAPEX Escrow/LOC Reduction Schedule set forth in Condition 6.4.

6.4 “CAPEX Escrow/LOC Reduction Schedule” shall mean the following reductions in the Prospect CAPEX LOC and the LG CAPEX Escrow/LOC (collectively the “CAPEX Funds”) based on the following conditions:

- (a) An \$8 million reduction in the CAPEX Funds, with 40% of the reduction returning to Prospect and 60% of the reduction returning to Leonard Green, on the later to occur of September 30, 2021, or the date upon which all of the following conditions have been satisfied: (a) the Attorney General has determined in writing, based upon documentation provided by Prospect no later than July 30, 2021, that Prospect has spent not less than \$12.0 million in CAPEX for the Rhode Island Hospitals between October 1, 2019, and June 30, 2021, (provided that none of the foregoing CAPEX payments shall be included in the calculation of the minimum CAPEX requirement set forth in Condition 5.3(b)); (b) Prospect has provided Letters of Credit in accordance with Condition 6.2; and (c) Leonard Green has provided Escrows or Letters of Credit in accordance with Condition 6.3.
- (b) A \$6.0 million reduction in the CAPEX Funds upon the written determination by the Attorney General that Prospect has complied with all Conditions through September 30, 2022, with the reduction prorated between Prospect and Leonard Green based on the Reduction Percentages.
- (c) A \$7.0 million reduction in the CAPEX Funds upon the written determination by the Attorney General that Prospect has complied with all Conditions through September 30, 2023, with the reduction prorated between Prospect and Leonard Green based on the Reduction Percentages.
- (d) A \$7.0 million reduction in the CAPEX Funds upon the written determination by the Attorney General that Prospect has complied with all Conditions through September 30, 2024, with the reduction prorated between Prospect and Leonard Green based on the Reduction Percentages.
- (e) A \$7.0 million reduction in the CAPEX Funds upon the written determination by the Attorney General that Prospect has complied with all Conditions through September 30, 2025, with the reduction prorated between Prospect and Leonard Green based on the Reduction Percentages.
- (f) A \$6.0 million reduction in the CAPEX Funds upon the written determination by the Attorney General that Prospect has complied with all Conditions through September 30, 2026, with the reduction prorated between Prospect and Leonard Green based on the Reduction Percentages.

- (g) If Prospect fails to comply with a mandated condition in a given fiscal year, the scheduled reduction for that fiscal year shall not occur until the Attorney General has determined in writing that Prospect has remedied the failure.
- (h) The term “Reduction Percentages” shall mean 66.67% to the LG CAPEX Escrow/LOC and 33.3% to the Prospect CAPEX LOC.

6.5 The following terms, among others, shall apply to the Escrows:

- (a) The Escrows shall not be funded by PCC’s revenue, funded by a loan secured by PCC’s assets, or collateralized by PCC’s assets;
- (b) The funds in the Escrows shall, at the written direction of the Attorney General, be distributed to the Agent/Trustee, if, as determined by the Attorney General (i) Prospect fails to comply with its obligations under II. Financial Conditions (Conditions 5-11) or Condition 22 (Continuity of Services), and/or (ii) an Insolvency Event occurs;
- (c) The Attorney General shall provide written instructions, in accordance with these Conditions, to the escrow agent regarding the distribution of funds from the Escrows;
- (d) The Escrows shall not be reflected as a liability of PCC or the Hospitals on their financials;
- (e) The Escrows, with the exception of the Interim Escrows set forth in Condition 6.1, shall be (i) with an entity that conducts business in the State of Rhode Island, (ii) be subject to Rhode Island law, and (iii) be subject to an agreement that provides, among other things, for disputes to be resolved in the courts of Rhode Island;
- (f) The agreements governing the Escrows shall be approved by the Attorney General; and
- (g) The escrow agent shall be approved by the Attorney General.

6.6 The following terms, among others, shall apply to the Letters of Credit:

- (a) The Letters of Credit shall not be funded by PCC’s revenue, funded by a loan secured by PCC’s assets, or collateralized by PCC’s assets;
- (b) The Letters of Credit shall list the Agent/Trustee as the beneficiary;

- (c) The Letters of Credit shall be irrevocable standby letters of credit in a form acceptable to the Attorney General;
 - (d) The Letters of Credit may be drawn upon by the Agent/Trustee, at the written direction of the Attorney General, if, as determined by the Attorney General: (i) Prospect fails to comply with its obligations under II. Financial Conditions (Conditions 5-11) or Condition 22 (Continuity of Services) and/or (ii) an Insolvency Event occurs;
 - (e) The Attorney General shall provide written instructions, in accordance with these Conditions, to the financial institution issuing the Letters of Credit regarding the reduction in the Letters of Credit;
 - (f) The Letters of Credit shall not be reflected as a liability of PCC or the Hospitals on their financials;
 - (g) The Letters of Credit shall be (i) with an entity that conducts business in the State of Rhode Island, (ii) be subject to Rhode Island law, and (iii) be subject to an agreement that provides, among other things, for disputes to be resolved in the courts of Rhode Island;
 - (h) The agreements governing the Letters of Credit shall be approved by the Attorney General; and
 - (i) The Letters of Credit shall be issued by one or more financial institutions approved by the Attorney General.
- 6.7 Reduction determinations with respect to the CAPEX Escrows and the Letters of Credit, as applicable, will be made by the Attorney General within thirty (30) days after documentation provided by Prospect to support a reduction is deemed complete by the Attorney General, such completeness determination not to be unreasonably withheld.
- 6.8 (a) If the Attorney General determines in writing, as provided in Condition 6.7, that Prospect has failed to comply with any of the required Conditions at any time in a given fiscal year, the Attorney General shall provide Prospect with written notice specifying in reasonable detail the Condition(s) that the Attorney General has determined has not been satisfied and the reasons therefor, and Prospect shall have thirty business days to cure any and all deficiencies with respect to such specified Condition(s). If Prospect has cured any and all deficiencies with respect to such Condition(s) within thirty (30) days of such written notice, the Attorney General shall make the scheduled reduction determination as provided in Condition 6.7.

(b) The Attorney General shall notify Prospect ten (10) days prior to any draw of the Escrows or Letters of Credit pursuant to Conditions 6.5(b) or 6.6(d), respectively, such notification to specify in reasonable detail the Condition(s) that the Attorney General has determined has not been satisfied and the reasons therefor, unless exigent circumstances exist, including but not limited to significant service disruptions or imminent closure of either of the Rhode Island Hospitals which require an immediate draw, in which case the Attorney General shall so inform Prospect, and may proceed with the draw within two (2) business days.

- 6.9 Prospect and Leonard Green shall pay all fees and costs associated with the Escrows and Letters of Credit.
- 6.10 Agent/Trustee Agreement. Any of the funds from the Escrows and/or the Letters of Credit that are delivered to the Agent/Trustee shall be governed by the Agent/Trustee Agreement. Prospect and Leonard Green shall execute the Agent/Trustee Agreement within five (5) business days of its approval by the Attorney General.

7. **Operating Covenants**

- 7.1 PCC shall ensure all payroll, including salaries, retirement contributions and benefits, payroll taxes, property taxes, sales taxes, hospital taxes and fees and workers compensation is paid on a timely basis. In the event that any such payments are delinquent by more than 15 days, PMH shall provide funding in an amount equal to the delinquency and cure the delinquency within thirty (30) days upon notification of the delinquency.
- 7.2 PCC shall ensure its vendors are paid on a timely basis. In the event accounts payable days outstanding is greater than 90 days, PMH shall provide funding to PCC so that accounts payable are less than 90 days at the next quarterly measurement.
8. **PACE Obligation:** Prospect shall guarantee the satisfaction of, and pay, all obligations owed by the Rhode Island Hospitals for PACE financing, including all debt service payments, fines, penalties and any other PACE related costs and expenses during the period of Prospect's ownership of Prospect CharterCARE and the Rhode Island Hospitals, and shall enter into an agreement prior to closing of the Proposed Transaction to meet this obligation.

9. **MAAP Obligation**

- 9.1 Prospect shall guarantee the satisfaction of, and pay, all MAAP Obligations of the provider organizations within PCC, including the Rhode Island Hospitals and shall enter into an agreement prior to closing of the Proposed Transaction to meet this obligation.
- 9.2 Prospect shall use its best efforts to obtain favorable terms for the repayment of all of the MAAP Obligations of all the provider organizations within PCC, including the Rhode Island Hospitals, and provide the Attorney General with the terms of any such agreement.

10. **TRS Note and MPT Amendments:** Prospect shall extend the maturity of the TRS Note³ to five (5) years from April 30, 2021, and none of the PCC assets shall be used to satisfy the TRS Note during said five (5) year period, including through a sale/lease-back of said assets. Thereafter, any transfer of the PCC assets, including through a sale/lease-back, shall not occur unless and until approved by the Attorney General pursuant to the Hospital Conversion Act, R.I. Gen. Laws § 23-17.14-1 *et seq.* Prospect shall amend the TRS Note to reflect these Conditions and execute it prior to the closing of the Proposed Transaction.
11. **Management Fees:** Upon consummation of the contemplated buy-out of the 15% CCCB ownership in Prospect CharterCARE as approved by the courts or September 30, 2021, whichever is sooner, the Prospect CharterCARE Management Services Agreement shall be terminated and no management fees shall be assessed to or collected from PCC, including prior accrued management fees. During the Conditions and Monitoring Period, no management fees or other similar charges and assessments of any type pertaining to Prospect's central office functions shall be levied against Prospect CharterCARE or the Rhode Island Hospitals.

III. MONITORING AND NOTICE

12. INTENTIONALLY OMITTED.
13. Not later than the fiftieth (50th) day after the end of each fiscal quarter, Prospect shall provide the Monitor and the Attorney General with quarterly financial statements, quarterly balance sheet, quarterly statement of operations and quarterly statement of cash flows (including accounts payable and any amounts due to or due from affiliates), for Prospect Medical Holdings and Prospect CharterCARE and any other evidence documenting compliance with II. Financial Conditions (Conditions 5-11) and Condition 22 for the preceding quarter, which documents shall be certified as accurate by Prospect's Chief Financial Officer, and the PCC board minutes (Condition 29).
14. Not later than February 15th of each year, Prospect shall furnish the Monitor and the Attorney General with the audited annual financial statements of Prospect Medical Holding and Prospect CharterCARE, including but not limited to: (a) documentation of compliance with II. Financial Conditions (Conditions 5-11) and Conditions 16-29 for the preceding fiscal year, including any and all supporting documents for expenditures, including but not limited to general ledgers, current contracts, invoices, receipts, and (b) providing a projected capital budget for PCC for the next three (3) years.
15. During the Conditions and Monitoring Period, Prospect shall provide the Attorney General with evidence of a board vote of the Boards of Prospect and PCC, each accepting the audited financial statements of both Prospect and PCC.
16. **MPT, TRS Merger Agreement, PACE, MAAP, and Insolvency Event Notice:** During the Conditions and Monitoring Period, provide the Attorney General with:

³ The TRS Note is defined on pp. 5 and 32 of the Decision.

- 16.1 notice of any proposed change to the documents related to the MPT Transaction⁴ to the extent the changes concern, will by their terms apply to, or will materially impact any Rhode Island entities, no fewer than thirty (30) days prior to the implementation of any such change;
- 16.2 notice of any activity concerning the TRS Note, including but not limited to, repayment, refinancing, default and/or waiver, no fewer than thirty (30) days prior to the implementation of any such change;
- 16.3 copies of any and all notices provided to or received by a party under the Merger Agreement;
- 16.4 notice of any proposed change to the documents related to the obligations owed by the Rhode Island Hospitals for PACE financing, no fewer than thirty (30) days prior to the implementation of any such change;
- 16.5 notice of any proposed change to the documents related to the MAAP obligations of the provider organizations within PCC, including the Rhode Island Hospitals, no fewer than thirty (30) days prior to the implementation of any such change; and
- 16.6 notice of any and all Insolvency Event(s) of Prospect and/or any of its subsidiaries. For purposes of this Condition, the exclusion of Proceedings for Affected Entities whose aggregate revenues do not exceed 5% of the consolidated revenues of Prospect and all of its consolidated subsidiaries for any of the preceding three fiscal years, shall not apply.
17. During the Conditions and Monitoring Period provide sixty (60) days' written advance notice to the Attorney General of any terminations or material amendments to the internal agreements between the Rhode Island entities and Prospect and its affiliates (e.g., Management Agreement).
18. During the Conditions and Monitoring Period provide sixty (60) days' written advance notice to the Attorney General of any and all new proposed organizational agreements between the Rhode Island entities and Prospect and its affiliates.
19. During the Conditions and Monitoring Period, real or personal property, including any lines of service, owned by PCC with a value in excess of \$100,000 shall not be sold, transferred or encumbered without prior notice of at least sixty (60) days and approval by the Attorney General. This condition shall not be construed to limit the authority of the Attorney General under R.I. Gen. Laws § 23-17.14-1, *et seq.*
20. INTENTIONALLY OMITTED.
21. During the Conditions and Monitoring Period, Prospect and Prospect CharterCARE shall provide:

⁴ The MPT Transaction is defined on p. 32 of the Decision.

- (a) Any and all notices of investigation, violations, adverse findings, determinations and actions including fines and penalties, or complaints from the Office of Inspector General, Securities and Exchange Commission, Internal Revenue Service, Centers for Medicare and Medicaid Services, United States Department of Justice, any state attorney general, the Rhode Island Department of Health, Rhode Island Medicaid, any other Rhode Island regulatory body, or any hospital accreditation organizations, as well as any and all documents related to the resolution of any notices or complaints;
- (b) Any and all notices or complaints received from the state of Rhode Island or a Rhode Island municipality for violations, or potential violations, of state tax law, including but not limited to, any notice for delinquency in payments of taxes; and
- (c) All notices, complaints, or other documents shall be provided to the Attorney General within fifteen (15) days of receipt by Prospect and/or Prospect CharterCARE.

IV. BENEFITS, GOVERNANCE AND CONTINUITY OF SERVICES

- 22. During the Conditions and Monitoring Period, Prospect and PCC shall keep the Rhode Island Hospitals open and operational and maintain and continue to provide at each Hospital and all non-hospital settings the full complement of Essential Health Care Services. PCC shall continue to provide access to quality healthcare services and maintain good standing status with all state and federal licensing and regulatory requirements and shall meet all accreditation standards. There shall be no suspension, termination, or material reduction of Essential Health Care Services currently provided by PCC without the prior approval by the Rhode Island Department of Health.
- 23. During the Conditions and Monitoring Period, PMH shall guarantee funding of the PCC 401K retirement plan(s) matching contributions in accordance with the methodology in place as of the most recent plan year. Nothing herein shall impair the right of any union now existing, or to be formed at any of the PCC entities in the future, to negotiate changes to existing collective bargaining agreements and/or to enter new collective bargaining agreement provisions with respect to 401K retirement plan(s).
- 24. For the six (6) months following the issuance of the Decision, Prospect shall make no changes to benefits currently provided under PCC's current plans, including vacation, sick leave, holiday, health insurance, life insurance, and continued COBRA coverage, at current levels. Thereafter and during the Conditions and Monitoring Period, Prospect shall continue to provide benefits, including vacation, sick leave, holiday, health insurance, life insurance, and continued COBRA coverage. Nothing herein shall impair the right of any union now existing, or to be formed at any of the PCC entities in the future, to negotiate changes to existing collective bargaining agreements and/or to enter new collective bargaining agreement provisions with respect to benefits.

25. During the Conditions and Monitoring Period Prospect and/or Prospect CharterCARE shall provide written notice to the Attorney General (i) within ten (10) days upon the adoption of any resolution or plan to implement a reduction in workforce, layoff, furlough, or other restructuring of the workforce that will lower the number of employed FTEs by thirty (30) or more in the course of a fiscal year at PCC, or by ten (10) or more clinical staff (physicians and/or nurses) at either of the Rhode Island Hospitals; and (ii) again no fewer than thirty (30) days prior to the implementation date thereof.
26. During the Conditions and Monitoring Period, Prospect CharterCARE shall continue to provide charity care consistent with its current charity care policy and consistent with all applicable laws and Rhode Island Department of Health Regulations 216-RICR-40-10-23, and provide the Attorney General with supporting documentation evidencing its charitable and uncompensated care expenditures.
27. Prospect and Chamber shall notify the Attorney General of the initial board members prior to closing of the Proposed Transaction and, during the Conditions and Monitoring Period, shall notify the Attorney General of any change in the boards within thirty (30) days of such change.
28. Within thirty (30) days of Prospect's buyout of the 15% CCCB ownership in Prospect CharterCARE, the corporate document that functions as bylaws for Prospect CharterCARE shall be amended to require approval of the majority of all board members, for all matters that were previously listed in Section 8.3 of the Prospect CharterCARE LLC Agreement, dated June 20, 2014.
29. Following Prospect's buyout of the 15 % CCCB ownership in Prospect CharterCARE, and through completion of the Conditions and Monitoring Period, the board shall include Samuel Lee, a licensed and practicing physician, and consist of 40-49% Community Directors. All of the Community Directors shall: (1) be independent of and not employed by or affiliated with Prospect or its affiliates; and (2) not be an elected official or an individual that is subject to the Code of Ethics. The corporate document that functions as the bylaws shall be amended to reflect this Condition within thirty (30) days of Prospect's buyout of the 15% CCCB ownership in Prospect CharterCARE. Prospect shall produce all PCC board minutes to the Attorney General with the quarterly reporting set forth in Condition 13.
30. Prospect CharterCARE shall notify the Attorney General of the initial board members within thirty (30) days of the implementation of Condition 29 and, during the Conditions and Monitoring Period, shall notify the Attorney General of any change in board members board within thirty (30) days of such change.
31. During the Conditions and Monitoring Period, all board members of Prospect, Chamber, and Prospect CharterCARE shall be required to complete fiduciary training on an annual basis and provide certification of completion to the Attorney General.
32. During the Conditions and Monitoring Period, all board members of Chamber, Prospect and Prospect CharterCARE shall file annual conflict of interest statements on a form

provided by the Attorney General no later than May 31 of each year. Additionally, any newly appointed board member must file a conflict of interest statement within thirty (30) days of appointment.

33. Prospect, Prospect CharterCARE, and any and all subsidiaries shall provide, within a reasonable time, any and all information requested by the Attorney General and/or the Attorney General's monitor(s) to confirm compliance with all Conditions stated herein.
34. INTENTIONALLY OMITTED.

EXHIBIT B
[RSM Hourly Rates]

Title	Rate
Partner	■
Principal	■
Senior Director	■
Director	■
Manager	■
Senior Associate	■
Associate	■

The above rates may be subject to annual adjustment, as mutually agreed upon by the parties.

EXHIBIT C
[Potential Conflicts/Other Representations Pages
from June 30, 2021 Response to Request for Qualifications]

RSM performed conflict investigations and research of Prospect Medical Holdings, Inc., Leonard Green & Partners (LGP), Samuel Lee, David Topper, Chamber Inc., Ivy Holdings Inc., Ivy Intermediate Holding Inc., Prospect East Hospital Advisory Services, LLC; Prospect CharterCARE, LLC; Prospect CharterCARE SJHSRI, LLC; Prospect CharterCARE RWMC, LLC, and the State of Rhode Island Office of the Attorney General, and found the following relationships that RSM feel require disclosure:

Current Clients		
Client Name	Related Party Name	Related Entity
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Current Clients		
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
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[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

Prior Clients		
[REDACTED]	[REDACTED]	[REDACTED]