

SUMMARY OF OPERATING AGREEMENT FOR FIRST COAST HEALTH ALLIANCE, LLC

To facilitate your review of the Operating Agreement for First Coast Health Alliance, LLC (“FCHA”), we have prepared the following summary of key provisions. Capitalized terms that are not defined in this summary have the same definitions assigned to them in the Operating Agreement. We still recommend that you take the time to read the Operating Agreement in full, so as to ensure that you understand all terms contained therein.

The Operating Agreement is essentially the document that describes how FCHA is to be managed and run (i.e., akin to corporate bylaws), and outlines the rights and obligations of all Members.

Purpose and Powers of the Company

- The Company has a number of purposes and powers, but principally will operate a clinically integrated network (“CIN”), with the intent of (i) submitting an application to seek designation as a Medicare Shared Savings Plan (“MSSP”) participant, (ii) entering into other shared savings programs or contracts (e.g., private third party payors), and (iii) functioning as an accountable care organization (“ACO”).

Membership Interests, Voting Interests, and Management

- The Hospital will own fifty percent (50.0%) of the membership interests in the Company; these are called the Category I Interests.
- Physician Members shall collectively hold the other fifty percent (50.0%) of the membership interests in the Company; these are called the Category II Interests. Each Physician Member shall own and be allocated an equal, identical, and pro-rata percentage of the Category II Interests. As Physician Members are admitted to or removed from the Company, the percentage membership interests held by Physician Members will increase or decrease accordingly.
- FCHA is a manager managed Florida limited liability company. This means that the Hospital will appoint six (6) Hospital Managers. The Physician Members will elect seven (7) Physician Managers. Substantially all of the decisions of FCHA will be made by these thirteen (13) Managers, who will constitute the Board of Managers.
- There are two voting blocks on the Board of Managers: (A) a Category I Block controlled by the Hospital Managers; and (B) a Category II Block controlled by the Physician Managers. The Category I Block and Category II Block each gets *one single vote*.
- The Hospital Managers will decide how the Category I Block votes. Similarly, the Physician Managers will decide how the Category II Block votes. It is the intent that in order for an action to be approved, the Category I Block and Category II Block votes must agree. Disagreements can, but need not necessarily, be resolved by mediation and arbitration.

Addition of New Members

- The Company can add additional Members in the future.
- Non-physician Members (i.e., licensed facilities) must be approved by 75.0% of the Managers. The 'block voting' process (i.e., agreement between Category I Block and Category II Block) is not used where the Managers are deciding if a new non-physician Member will be approved; each Manager's vote is counted. If a non-physician Member is added, the Managers will decide what percentage membership interest will be granted to the new non-physician member, the required capital contribution, the number of seats (if any) on the Board of Managers to be allocated to the new non-physician Member, etc. Even if a non-physician Member is added, the remaining percentage membership interests will be split equally as between the Category I Interests and the Category II Interests (i.e., so that the Hospital and Physician Members will, as between the two of them, still hold equal ownership).
- New Physician Members must be approved by the Physician Managers, and must pass all Company credentialing processes. New Physician Members receive Category II Membership Interests.

Committees

- The Managers can create committees to assist them in carrying out activities of the Company. The following are standing committees of the Company: Executive Committee, Quality Improvement and Quality Assurance Committee, Medical Informatics and Technology Committee, Network Contracts Committee, Audit and Finance Committee, Governance Committee, and Marketing and Education Committee.

Officers

- The Company's officers shall consist of a President, Vice President, Treasurer, Secretary, and a Chief Medical Officer.
- The President and Chief Medical Officer shall always be a Physician Member. The posts of Vice President, Treasurer, and Secretary shall alternate as between agents of the Hospital and Physician Members.

Sale, Transfer or Encumbrance

- Members cannot sell, transfer or otherwise dispose of their Membership Interests except as permitted in the Operating Agreement, and in compliance with federal and state securities laws.
- Certain Purchase Events (e.g., withdrawal of a Member, death of a Physician Member, Hospital Change of Control, involuntary transfer) shall trigger the Company's right to reacquire a Member's Membership Interests.

- For Physician Members that wish to relinquish their membership interests in FCHA, in the first five years, there will be no payment upon departure for redemption of membership interests. After the fifth year, the Board of Managers will set a value each year that will be paid to a Physician Member should he or she decide to relinquish membership interests in FCHA.
- If the Hospital relinquishes its membership interests in FCHA, then the amount to be paid to the Hospital shall be determined through a fair market valuation process.
- Under Section 17.1, a Member may withdraw from the Company upon 180 days prior written notice. Withdrawal of a Member is a Purchase Event for which the above set price (if any) will be paid in exchange for the Membership Interests.

EXECUTION COPY

**OPERATING AGREEMENT
OF
FIRST COAST HEALTH ALLIANCE, LLC,**
a manager managed Florida limited liability company

THIS OPERATING AGREEMENT of **FIRST COAST HEALTH ALLIANCE, LLC**, a Florida limited liability company (“FCHA” or the “Company”), is made and entered into as of _____, 2013 between **FLAGLER HOSPITAL, INC.**, a Florida not for profit corporation whose principal place of business is 400 Health Park Boulevard, St. Augustine, Florida 32086 (the “Hospital”), the physicians named on Schedule A attached hereto and incorporated herein by reference, in their personal and individual capacities (each a “Physician Member” and collectively, the “Physician Members”), and any subsequent parties who shall be admitted to the Company in accordance with the terms herein, each of which is a member (a “Member” and collectively, the “Members”) of FCHA.

Preliminary Statement. The Hospital is a three hundred thirty five (335) bed, acute care hospital that has been ranked among the top five percent (5%) of all hospitals in the nation for both clinical excellence and patient safety for the past seven consecutive years, with a full panoply of inpatient and outpatient care services. The Physician Members are all physicians in the Hospital’s service area, who (i) are licensed by the State of Florida’s Department of Health, Board of Medicine, (ii) have successfully undergone Company’s credentialing process, (iii) have been identified as leading clinicians in the Hospital’s service area with regards to their particular clinical specialty or subspecialty, and (iv) have demonstrated a willingness and commitment to utilize health care resources in the Hospital’s service area, including those services offered by the Hospital itself, the expertise of other Physician Members and local clinicians, and other area providers or facilities, in a manner that promotes good stewardship of such resources, efficiency, and achieving positive outcomes for patients. The Members wish to form a physician hospital organization (“PHO”), for the purpose of facilitating negotiation of contracts with third party payors, achieving clinical integration, engaging in alignment of efforts in areas of population health improvement, quality management, peer review, and cost containment through joint contracting with health care vendors and suppliers, and other mutually beneficial purposes. FCHA will submit an application to be a Medicare Shared Savings Program (“MSSP”) participant, and will be developed into a full-fledged accountable care organization (“ACO”), as contemplated in the Patient Protection and Affordable Care Act of 2010 (“PPACA”), as amended, and that will be eligible for pay for performance and other initiatives adopted by the federal government and private third party payors in recent years. The Members and FCHA wish to enter into an Operating Agreement that will govern the rights, responsibilities and relationships as between all of them.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

Section 1. DEFINED TERMS. The defined terms used in this Agreement shall have the meanings specified in the Definition Schedule attached hereto. Any terms not defined in the Definition Schedule shall have the meanings specified in the Section of this Agreement in which they first appear.

Section 2. FORMATION AND TERM.

2.1 Formation.

(a) Limited Liability Company. The Members have formed FCHA as a limited liability company pursuant to the provisions of the Act, and the rights, duties and liabilities of the Members shall be as provided in the Act, except as otherwise provided herein.

(b) Articles. Articles of Organization for FCHA were filed with the Florida Secretary of State on May 1, 2013.

(c) Status. The Members hereby confirm and agree to their status as Members upon the terms and conditions set forth in this Agreement.

(d) Names, Address, Capital. The name, mailing address and Original Capital Contribution of each Member, to the extent any capital contribution was or is required as a condition of membership, is listed in Schedule A attached hereto and incorporated by this reference. Schedule A shall be updated from time to time as necessary by the Managers of FCHA, to accurately reflect actions properly taken pursuant to this Agreement. Any amendment or revision to Schedule A made in accordance with this Agreement shall be deemed an amendment to this Agreement; provided, however, that no amendment or revision of Schedule A shall require approval of the Members as described in Section 9 of this Agreement, as long as it is consistent with the actions taken by the Members or Managers in compliance with the terms of this Agreement. Any reference in this Agreement to Schedule A shall be deemed to be a reference to Schedule A as amended and in effect from time to time. At the date hereof, there are no other Members of FCHA and no other Person has any right to take part in the ownership or management of FCHA.

(e) Effect of Inconsistencies with the Act. The Members agree to the terms and conditions of this Agreement as it may from time to time be amended, supplemented, or restated according to its terms. The Members intend that this Agreement shall be the sole source of the relationship among the parties, unless otherwise mutually agreed to in writing by the Members, and except to the extent a provision of this Agreement expressly incorporates federal income tax rules by reference to sections of the Code or Treasury Regulations, or is expressly prohibited or ineffective under the Act, this Agreement shall govern, even when inconsistent with, or different than, the provisions of the Act or any other law. To the extent any provision of this Agreement is prohibited or ineffective under the Act, this Agreement shall be considered amended to the smallest degree possible in order to make such provision effective under the Act. If the Act is subsequently amended or interpreted in such a way as to validate a provision of this Agreement that was formerly invalid, such provision shall be considered to be valid from the effective date of such interpretation or amendment. Each Member shall be entitled to rely on the provisions of this Agreement, and no Member shall be liable to FCHA or to any other Member for any action or refusal to act taken in good faith reliance on this Agreement.

2.2 Name. The name of the limited liability company is First Coast Health Alliance, LLC, and all business of the Company shall be conducted under that name. The Company shall register the fictitious name(s) First Coast Health Alliance, together with any other fictitious names or service marks to be utilized by the Company, with the Florida Secretary of State, and may

use such fictitious name(s) and service marks and to market the services furnished by the Hospital and the Physician Members, consistent with the provisions of Section 2.8 of this Agreement.

2.3 Term. Pursuant to the Act, the existence of FCHA began upon the filing of the Articles with the Florida Secretary of State. FCHA shall exist for the duration specified in the Articles (which may be perpetual), unless sooner dissolved and wound up in accordance with this Agreement or the Act.

2.4 Registered Agent and Office. The Company's registered agent for service of process and registered office in Florida shall be that Person and location reflected in the Articles. At any time, the Managers may designate another registered agent and/or registered office through appropriate filings with the Florida Secretary of State. In the event the registered agent ceases to act as such for any reason or the registered office shall change, the Managers shall promptly designate a replacement registered agent or file a notice of change of address as the case may be. If the Managers shall fail to designate a replacement registered agent or change of address of the registered office, any Member may designate a replacement registered agent or file a notice of change of address.

2.5 Principal Place of Business. The initial principal place of business FCHA shall be such location as may be designated by the Managers. At any time, a majority of the Managers may change the location of the Company's principal place of business.

2.6 Merger. FCHA may merge with or into another limited liability company or other entity, or enter into an agreement to do so, subject to the requirements of the Act and the terms of this Agreement.

2.7 No State Law Partnership. No provision of this Agreement shall be deemed or construed to constitute FCHA a partnership (including, without limitation, a limited partnership) or joint venture, or any Member a partner or joint venturer of any other Member or Manager, for any purposes other than tax purposes.

2.8 Assumed Names. A majority of the Managers may cause the Company to do business under one or more assumed names according to the Florida Limited Liability Company Act, Florida Statutes Chapter 608. In connection with the use of any such assumed names, the Managers shall cause the Company to comply with the applicable state and local law on assumed business or professional names.

Section 3. PURPOSE AND POWERS OF THE COMPANY.

3.1 Purpose. The purposes of the Company shall include, but shall not be limited to: facilitating negotiation of contracts with third party payors through any means that are permissible under federal and state laws, including federal and state antitrust laws; achieving clinical integration amongst the Hospital and Physician Members, including but not limited to exploration, development, and implementation of hospital employment models or other alignment models; engaging in alignment of efforts in areas of population health improvement, quality management, quality improvement, and peer review, with a view to improve patient care in the Hospital's service area; achieving cost containment goals through joint contracting with health care vendors and suppliers; development of clinical care pathways and treatment protocols amongst stakeholders in

the Company, with a view to improve patient care in the Hospital's service area; development and implementation of standard credentialing criteria for Physician Members and other practitioners that may elect to furnish services through the Company without becoming a member or stakeholder; joint review, purchase, and implementation of medical information systems and other technology, to meet electronic health records requirements set by the federal government; development of risk pools, self insurance products, group purchasing organizations, and management organizations in order to achieve all purposes listed in this Section 3.1; and other mutually beneficial purposes. FCHA will submit an application to seek designation as a MSSP participant, and will be developed into a full-fledged ACO, as contemplated in PPACA, as amended, and that will be eligible for pay for performance and other initiatives adopted by the federal government and private third party payors in recent years. The Company shall also be formed for the purpose of transacting any lawful business for which limited liability companies may be organized under the Act, and further to engage in any other business or activity that may be ancillary, incidental, proper, advisable or convenient to accomplish all of the foregoing purposes (including, without limitation, obtaining financing therefor) and that is not forbidden by the law of the jurisdiction in which FCHA engages in that business.

3.2 Powers of the Company. FCHA shall have the power and authority to take any and all actions necessary, appropriate, proper, advisable, convenient or incidental to or for the furtherance of the purposes set forth in Section 3.1, including but not limited to the following:

(a) to conduct its business, carry on its operations and have and exercise the powers granted to a limited liability company by the Act in any state, territory, district or possession of the United States, or in any foreign country that may be necessary, convenient or incidental to the accomplishment of the purpose of FCHA;

(b) to acquire, own, hold, mortgage, lease, option, sell, convey, transfer, or dispose of any real or personal property that may be necessary, convenient or incidental to the accomplishment of the purposes of FCHA;

(c) to enter into, perform and carry out contracts of any kind, including, without limitation, contracts with any Member or any Affiliate thereof, or any agent of FCHA necessary to, in connection with, convenient to, or incidental to the accomplishment of the purpose of FCHA; and

(d) to make, execute, acknowledge and file any and all documents or instruments necessary, convenient or incidental to the accomplishment of the purposes of FCHA.

**Section 4. MEMBERSHIP INTERESTS AND VOTING INTERESTS;
CAPITAL CONTRIBUTIONS AND CAPITAL ACCOUNTS.**

4.1 Membership Interests and Voting Interests. The following provisions shall govern the Membership Interests to be held by and the Voting Interests to be exercised by the Members:

(a) Membership Interests. Each Member shall own the percentage interest in FCHA equal to the Membership Interest set forth opposite such Member's name on Schedule A. All Members acknowledge and mutually agree that the Company's Membership

Interests shall be divided into two categories: (i) the Membership Interests held by the Hospital, which shall always constitute fifty percent (50.0%) of the total issued and outstanding Membership Interests in the Company (the “Category I Interests”); and (ii) the Membership Interests held collectively by the Physician Members, which shall always collectively constitute fifty percent (50.0%) of the total issued and outstanding Membership Interests in the Company (the “Category II Interests”). Hospital and each Physician Member acknowledge and mutually agree that irrespective of how many Physician Members may be admitted to the Company, as between these two categories of Membership Interests, the Category I Interests shall always constitute fifty percent (50.0%) of the total issued and outstanding Membership Interests in the Company, and the Category II Interests shall always constitute fifty percent (50.0%) of the total issued and outstanding Membership Interests in the Company. Unless otherwise provided for herein, the Membership Interest of each Member may not be changed without such Member's consent; *provided however*, that each Physician Member's Membership Interest shall be reduced proportionately when an additional Physician Member is admitted in accordance with Section 5.5(b) of this Agreement, or increased proportionately when a Physician Member withdraws in accordance with Section 17.1 of this Agreement, such that (i) the Physician Members shall collectively hold, and the Category II Interests shall remain, fifty percent (50.0%) of the total issued and outstanding Membership Interests in the Company, and (ii) each Physician Member shall personally and individually be allocated and shall receive from the Company an equal, identical, and pro-rata percentage of the Category II Interests.

(b) Certificates Representing Membership Interests. The Membership Interests of the Members may be evidenced by certificates issued by FCHA, which, when issued, shall be in such form and incorporate such legends, recitals and provisions as the Managers shall deem necessary or advisable. If certificates are issued, the Managers shall establish reasonable procedures for the delivery and reissuance of certificates in connection with transfers of Membership Interests, split-ups or combinations of certificates, loss or destruction of certificates and other eventualities. Among other matters, such procedures may set forth required fees, indemnifications, legal opinions, documentation and signatures (including guarantees thereof) to be obtained from parties requesting reissuance of certificates. Such procedures need not be incorporated into this Agreement, but a copy thereof shall be delivered to all Members.

(c) Voting Interests. In view of the fact that FCHA shall be a manager managed Florida limited liability company, the Voting Interests of the Members shall be effected through and exercised by their respective representatives on the Company's Board of Managers, which shall be divided into two blocks as follows, and which shall utilize the block voting process described in this Section 4.1(c) to make all decisions (including the Major Manager Decisions described in Section 6.3, below), *with the exception* of those decisions regarding admission of new Members as described in Sections 5.5(a) and 5.5(b), below: (i) the Voting Interests of the Hospital, as holder of the Category I Interests, shall constitute one (1) block, with a single (1) vote (the “Category I Block”); and (ii) the Voting Interests of the Physician Members, as the holders collectively of all Category II Interests, shall constitute one (1) block, with a single (1) vote (the “Category II Block”). Hospital and the Physician Members acknowledge and mutually agree that irrespective of how many Members may be admitted to Company, as between the Hospital and the Physician Members (as a collective), each being an original Member of the Company, Hospital and the

Physician Members (as a collective) shall always have an equal number of votes or equal percentage Voting Interests in FCHA, and this Section 4.1(c) shall be read and interpreted to require the same. Those persons elected to the Board of Managers who represent the Hospital, as holder of the Category I Interests (the “Hospital Managers”), shall decide how the Category I Block shall be voted, in any matter requiring a vote; this decision shall be reached via a majority vote of the Hospital Managers, at any meeting of the Board of Managers in which a quorum is present and a majority of the Hospital Managers are present. Those persons elected to the Board of Managers who represent the Physician Members, as holders collectively of all Category II Interests (the “Physician Managers”), shall decide how the Category II Block shall be voted, in any matter requiring a vote; this decision shall be reached via a majority vote of the Physician Managers, at any meeting of the Board of Managers in which a quorum is present and a majority of the Physician Managers are present. It is the intent of the Members that there shall be agreement between the Hospital and the Physician Members (as a collective), and that the Category I Block and Category II Block votes shall concur, before the Company may take any action that requires a vote. Any disagreement between the Hospital and Physician Members (as a collective), as reflected by different Category I Block and Category II Block votes, shall be resolved via mediation (and if not resolved with mediation then via arbitration) as described in Section 6.16 herein.

(d) The Managers shall have the authority to amend or revise Schedule A to this Agreement, to accurately reflect actions properly taken pursuant to the terms of this Agreement. Any amendment or revision to Schedule A shall not require approval of the Members as provided in Section 9 of this Agreement.

4.2 Original Capital Contributions. Each Member has contributed the amount set forth in Schedule A attached hereto as Original Capital Contributions, to the extent any capital contribution was or is required as a condition of membership, to the capital of FCHA. The agreed value of the Original Capital Contributions made or deemed to have been made by each new Member shall be set forth in Schedule A as amended from time to time. The original capital of FCHA shall consist of the cash and value of other property or services contributed (or caused to be contributed), such value to be determined by agreement of the Members (net of liabilities secured by the contributed property that FCHA is considered to assume or take subject to pursuant to Code §752) by the Members as described in Schedule A.

4.3 No Further Capital Contributions. No Member shall be obligated to make any Capital Contribution other than that set forth opposite such Member's name on Schedule A.

4.4 Personal Property. A Member's Membership Interest shall for all purposes be personal property. A Member has no interest in specific FCHA property.

4.5 Status of Capital Contributions.

(a) Members' or Affiliates' Compensation. No Member or Affiliate of a Member shall receive any interest, salary or draw with respect to his or her Capital Contributions or his or her Capital Account or for services rendered on behalf of FCHA or otherwise in his or her capacity as a Member, except as otherwise specifically provided in this Agreement.

(b) Liability. Except as otherwise provided herein, the Members shall be liable only to make their Original Capital Contributions pursuant to Section 4.2 hereof. Except as otherwise required by law, no Member shall have any personal liability for the return or repayment of the Capital Account or of any Capital Contribution of any other Member. Any such return of capital shall be made solely from the assets (which shall not include any right of contribution from a Member) of FCHA. No Member shall be required to pay to FCHA or to any other Member any deficit or negative balance that may exist from time to time in the Member's Capital Account.

4.6 Capital Accounts.

(a) Individual Accounts. An individual Capital Account shall be established and maintained for each Member. The initial balance in each Member's Capital Account shall be equal to the Original Capital Contribution made by such Member (and to the extent that a Member makes no Original Capital Contribution, such Member's Capital Account shall initially be zero and such Member shall initially have no capital interest in the Company), and such Capital Account shall thereafter be adjusted as provided in Subsection 4.6(b).

(b) Maintenance of Capital Account. The Capital Account of each Member is intended to comply with, shall be maintained and adjusted in accordance with, and shall be interpreted and applied in a manner consistent with Treasury Regulation Section 1.704-1(b). The Managers may modify the manner in which the Capital Accounts are maintained under this Section 4.6 in order to comply with those provisions, as well as upon the occurrence of events that might otherwise cause this Agreement not to comply with those provisions; *provided however*, without the prior affirmative vote or prior written consent of all Members, the Managers may not make any modification to the way Capital Accounts are maintained if such modification would have the effect of changing the amount of distributions to which any Member would be entitled during the operations, or upon the liquidation, of FCHA. Without limitation of the foregoing, the Company shall adjust such Capital Accounts in the manner described in Treasury Regulation Section 1.704-1(b)(2)(iv)(f) to reflect a revaluation of the property of FCHA upon any of the permitted adjustment events set forth therein.

(c) No Interest on Capital. Interest earned on the funds of FCHA shall inure solely to the benefit of FCHA, and no interest shall be paid to any Member on any contribution or advances to the capital of FCHA or upon the undistributed or reinvested income or profits of FCHA.

(d) Special Rules.

(i) For purposes of computing the balance in a Member's Capital Account, no credit shall be given for any Capital Contribution that such Member is obligated to make until it is actually made; however, for purposes of allocations of losses, such unpaid Capital Contributions shall be deemed to be included in the Capital Account so as to permit the allocation of losses to such Member.

(ii) If any Membership Interest or part thereof is transferred pursuant to this Agreement, the transferee shall succeed to the Capital Account of the transferor to the extent it relates to the transferred Membership Interest.

4.7 No Third Party Beneficiaries. The provisions of this Section 4 are not intended to be for the benefit of any creditor or any other Person (other than a Member in his or her capacity as such) to whom any debts, liabilities, or other obligations are owed by (or who otherwise has any claim against) FCHA or any Member, and no such creditor or other Person shall obtain any right under such provisions or shall, by reason of any such provisions, make any claim in respect of any debt, liability, obligation, or otherwise against FCHA or any Member.

4.8 Loans from Members. Loans by a Member to FCHA shall not be considered Capital Contributions. If any Member shall advance funds to FCHA in excess of the amounts required hereunder to be contributed by him/her to the capital of FCHA, the making of such advances shall not result in any increase in the amount of the Capital Account of such Member and shall be payable or collectible only out of the assets of FCHA in accordance with the terms and conditions upon which such advances are made. The repayment of loans from a Member to FCHA upon liquidation shall be subject to the order of priority set forth in Section 16.2(d) hereof.

Section 5. MEMBERS.

5.1 Scope of Members' Authority. Except as otherwise provided in this Agreement, no Member shall have any authority to bind or act for, or assume any obligations or responsibility on behalf of, any other Member or FCHA. Neither FCHA nor any Member shall be responsible or liable for any indebtedness or obligation of another Member or otherwise relating to FCHA incurred or arising either before or after the execution of this Agreement, except as to those responsibilities, liabilities, indebtedness, or obligations incurred from and after the date hereof pursuant to and as limited by the terms of this Agreement.

5.2 Compensation and Reimbursement of Members. Except as may be expressly provided herein, or as hereafter approved by the Board of Managers, no payment shall be made by FCHA to any Member for the services of such Member, or to the Affiliates of any Member for the services of such Affiliates.

5.3 Partition. Each Member waives any and all rights that it may have to maintain an action for partition of property of FCHA; provided, however, that nothing in this Section 5.3 shall be deemed to constitute a defense to any action to enforce, or for breach of, Section 17 herein.

5.4 Transfers. The Members shall not pledge, transfer, assign, hypothecate or in any way encumber any of their Membership Interests, whether now owned or hereafter acquired, or any right or interest therein, whether voluntarily or by operation of law, by gift, or otherwise, without the prior written consent of FCHA, except for a transfer that meets the specific requirements of this Agreement and applicable laws of the State of Florida. Any transfer of Membership Interests not in strict compliance with this Agreement and the applicable laws of the State of Florida shall be null and void.

5.5 Additional Members. Additional Members of FCHA may be admitted to FCHA as follows:

(a) Non-physicians (i.e., including but not limited to health care facilities licensed by the State of Florida's Agency for Health Care Administration or any other entities that are not professionals licensed under Florida Statutes Chapters 458, 459, 460, or 461) may be admitted to FCHA by purchasing Membership Interests from the Company and with approval by seventy-five percent (75.0%) of the Board of Managers. For the sake of clarity and by means of example only, if the Board of Managers consists of thirteen (13) total Managers, a non-physician would be admitted as a Member of FCHA only if ten (10) out of the thirteen (13) Managers voted to approve such action; the Category I Block and Category II Block voting process described in Section 4.1(c), above, shall not be used in instances where the Board of Managers is considering the admission of a non-physician Member. The value of such additional Member's Original Capital Contribution shall be as agreed upon by a vote of seventy-five percent (75.0%) of the Board of Managers. The Membership Interest and Voting Interest to be acquired by the new non-physician Member, and the resulting change in each Member's Membership Interest and Voting Interest shall be approved by a vote of seventy-five percent (75.0%) of the Board of Managers. With the admission of each new non-physician Member, the Category I Interests and Category II Interests shall be proportionately reduced such that Hospital, and the Physician Members collectively, as the original Members of the Company, will hold equal percentage Membership Interests in FCHA following the admission of the additional Member(s), unless otherwise stipulated by seventy-five percent (75.0%) of the Board of Managers. The Voting Interests of the Members holding Category I Interests and Category II Interests shall be proportionately reduced such that Hospital, and the Physician Members collectively, as the original Members of the Company, will hold equal percentage Voting Interests in FCHA following the admission of the additional Member(s), unless otherwise stipulated by seventy-five percent (75.0%) of the Board of Managers. A new non-physician Member may be entitled to seats on the Board of Managers as approved via a vote of seventy-five percent (75.0%) of the Board of Managers, so long as the Hospital Managers and Physician Managers have equal voting power relative to each other on the Board of Managers even with the creation of such new Manager positions. Any additional Member shall execute such instruments as the Board of Managers may reasonably require to evidence such Member's agreement to be bound by the provisions of this Agreement. Pursuant to Section 2.1 and 4.1(d), the Board of Managers shall revise Schedule A to this Agreement from time to time to reflect the addition of new non-physician Members to FCHA pursuant to this Section 5.5(a).

(b) Physicians (i.e., professionals licensed under Florida Statutes Chapters 458, 459, 460, or 461) may be admitted to FCHA by purchasing Membership Interests from the Company, and with approval by seventy-five percent (75.0%) of the Physician Managers, who are elected to represent the Physician Members holding Category II Interests. As a condition of membership, all Physician Members must successfully undergo and be approved through the Company's credentialing process, and must be a participating provider in the Company's clinically integrated network. Physician Members need not be members of the medical staff or have clinical privileges at Hospital. New Physician Members shall be allocated and shall receive from the Company Category II Interests, with the Company recalculating the distribution of such Category II Interests upon admission of each new Physician Member such that all Physician Members shall personally and individually be

allocated and shall receive from the Company an equal, identical, pro-rata percentage of the Category II Interests, and such that all other requirements of Section 4.1 are satisfied. Any additional Physician Member shall execute such instruments as the Board of Managers may reasonably require to evidence such Physician Member's agreement to be bound by the provisions of this Agreement, and shall remit such subscription fees as may have been prescribed by the Board of Managers in order to acquire their Membership Interests. Pursuant to Section 2.1 and 4.1(d), the Board of Managers shall revise Schedule A to this Agreement from time to time to reflect the addition of new Physician Members to FCHA pursuant to this Section 5.5(b).

5.6 Membership Qualification. The Board of Managers of FCHA shall reserve the right to adopt policies regarding qualifications required in order to become a new Member of FCHA, so long as such policies do not otherwise conflict with the terms of this Agreement.

5.7 Non-Exclusivity. Except as may otherwise be prohibited by law, including but not limited to any laws, rules, or regulations pertaining specifically to MSSP participants and ACOs, Members are not restricted from becoming members of or participants in other clinically integrated networks or ACOs, so long as a Member continues to honor all responsibilities and obligations to FCHA as described in this Agreement, or the Company's Subscription Agreement or Participation Agreement.

Section 6. MANAGEMENT.

6.1 Management. FCHA shall be a manager managed Florida limited liability company. The powers of FCHA shall be exercised by or under the authority of, and the business and affairs of FCHA shall be managed under the direction of, the Board of Managers except as expressly delegated to the Committees of FCHA or other Persons by this Agreement or by the Board of Managers.

6.2 Number; Appointment or Election; Term; Qualification; Structure of Board of Managers. Overall oversight and management of FCHA shall be by a Board of Managers, which shall consist of no greater than thirteen (13) persons: (i) no greater than six (6) Hospital Managers, who shall be appointed by the Hospital at its sole discretion and shall be Hospital administrators, physician employees of Hospital in key leadership roles, or other Hospital representatives, to include at least one (1) at large community representative who resides in or is otherwise knowledgeable of the Hospital's service area and who shall also be a Medicare beneficiary; and (ii) no greater than seven (7) Physician Managers, who shall be elected by the Physician Members as further described in this Section 6.2, and who shall each be a Physician Member, and which may include no more than one hospital based physician (i.e., hospitalist, emergency physician, radiologist, pathologist, or anesthesiologist) and no more than one physician per group practice (the Hospital Managers and Physician Managers collectively, the "Managers"). The Physician Managers shall be elected by the Physician Members, in accordance with a process which the Physician Members may from time to time adopt. With respect to the initial Board of Managers of the Company whose duties shall commence on June 4, 2013 (the "Initial Board"), the Physician Managers shall be elected by those members of the Hospital's active medical staff who have executed letters of intent to become Members of the Company (the "Eligible Physicians"). Candidates for the seven (7) Physician Manager positions on the Initial Board shall be Eligible Physicians, shall have indicated a willingness to serve on the Initial Board through submission of a written statement of candidacy to the

Company, and shall be ready, able, and willing to commit the time and energy to the activities of the Company. All candidates for the seven (7) Physician Manager positions on the Initial Board shall be placed on a ballot that will be submitted to all Eligible Physicians. Eligible Physicians shall each have seven (7) votes to cast for the Physician Managers on the Initial Board, and all ballots (including absentee ballots) shall be returned to the Company or its appointed agent on or before Thursday, May 23, 2013. The seven (7) candidates receiving the highest number of votes shall serve as the Physician Managers on the Initial Board; *provided however*, that (i) there shall be no more than one hospital based Physician Manager (i.e, hospitalist, emergency physician, radiologist, pathologist, or anesthesiologist), and should two (2) or more hospital based physicians appear on the ballot, only the top hospital based physician shall serve as a Physician Manager, and (ii) all Physician Managers on the Initial Board must be affiliated with different group practices in the Hospital's service area, and should two (2) or more Physician Members affiliated with the same group practice be among the candidates receiving the seven (7) highest number of votes, the candidate in that group practice receiving the highest number of votes shall serve as a Physician Manager on the Initial Board and the other candidates within that same group practice shall be passed over, with additional Physician Manager positions on the Initial Board to be filled by candidates from other group practices. Thereafter, Physician Managers shall be nominated by the Company's Governance Committee from amongst Physician Members, taking into consideration leadership skills, business acumen, and other competencies, with names of all candidates to be placed on a ballot submitted to Physician Members for a vote, and with the candidate(s) receiving the top number of votes elected to fill the Physician Manager position(s) open for that election. In the event that new non-physician Members are added and additional Manager positions are created on the Board of Managers, or that the number of Managers is increased or decreased for any reason, Hospital and the Physician Members (as a collective) agree that as between them, each shall always have equal voting power on the Board of Managers. Any change in the number of Managers specified in this Section 6.2 shall be determined in accordance with Section 6.5, but there shall never be less than two (2) Managers. Any change in the method of voting by the Managers shall require an amendment to this Agreement pursuant to Section 9 herein. The Managers on the Initial Board shall hold office for a period of one (1) year. Thereafter, Managers shall be appointed (if a Hospital Manager) or elected (if a Physician Manager) to hold office for a period of three (3) years, and shall be appointed (if a Hospital Manager) or elected (if a Physician Manager) at the next annual meeting of the Members following the end of the term for any Manager for whom a successor is to be chosen. Managers shall hold office until their successors are appointed (if a Hospital Manager) or elected (if a Physician Manager). The Company, through its Board of Managers, may stagger the terms of Managers following expiration of the one (1) year terms of the Managers on the Initial Board, in any manner it deems appropriate and which is otherwise permissible under the laws of the State of Florida, so as to permit for smooth and efficient transitioning of Company management. No decrease in the number of Managers shall have the effect of shortening the term of any incumbent Manager. There shall be no term limits on Hospital Managers or Physician Managers.

6.3 Major Manager Decisions. The Board of Managers shall utilize the block voting process described in Section 4.1(c), above, in arriving at all decisions, and it shall take special and particular care with respect to the actions and decisions enumerated in this Section 6.3 (the "Major Manager Decisions"), to ensure that no Major Manager Decision is made unless and until the same has been approved by the Managers, and consensus reached between the Category I Block and Category II Block votes, as provided in Section 4.1(c), above. The Major Manager Decisions are:

- (a) any amendment to the Articles of FCHA;
- (b) any change in the character of the business of FCHA, including but not limited to submitting an application on behalf of the Company for designation as a MSSP participating, or otherwise pursuing designation of FCHA as an ACO;
- (c) the sale of all or substantially all of the assets or properties of FCHA;
- (d) the dissolution of FCHA;
- (e) changing the structure or governance of FCHA;
- (f) the acquisition, sale, lease, mortgaging or other disposition or encumbrance of the assets of FCHA, other than in the ordinary course of the Company's business;
- (g) approval of any managed care or third party payor agreements, or any other contracts for reimbursement, on behalf of the Company or any Member, including the Hospital or any Physician Members;
- (h) approval of the conversion of any "fee for services" contract to a "risk shared" contract;
- (i) approval of proposed budgets for FCHA;
- (j) making any single or aggregate capital expenditures or loans that exceed Fifty Thousand and No/100 Dollars (\$50,000.00), which is not in the ordinary course of the business of FCHA;
- (k) executing any single or aggregate mortgages, bonds, equipment leases or debt that concern an amount in excess of Fifty Thousand and No/100 Dollars (\$50,000.00); or
- (l) settling any claims in excess of Fifty Thousand and No/100 Dollars (\$50,000.00).

6.4 Removal of Manager and Vacancies. A Hospital Manager may be removed at any time with or without cause by the Hospital. A Physician Manager may be removed at any time with or without cause by a majority vote of the Physician Managers, at any meeting in which a quorum of Physician Managers is present. Any vacancies of the Managers shall be filled prior to any further action being taken by the Board of Managers, including without limitation any Major Manager Decisions described in Section 6.3, above; *provided however*, that the Hospital shall expeditiously fill any vacancy for Hospital Managers, and the remaining Physician Managers shall expeditiously fill any vacancy for Physician Managers, so as to minimize disturbances or delays in Company business. A replacement Manager shall serve until the next annual meeting of the Members, at which point a Manager shall be appointed (if a Hospital Manager) or elected (if a Physician Manager) in accordance with the provisions at Section 6.2, above.

6.5 Change in Number. A change in the number of Managers shall require an amendment of this Agreement pursuant to Section 9 herein. Any such amendment shall specify the Member(s) affected by the increase or decrease in the number of Managers. Any Manager vacancy to be filled (by reason of an increase in the number of Managers) or any Manager to be removed (by reason of a decrease in the number of Managers) shall be filled by a Manager appointed or elected by, or removed by, as the case may be, the Member(s) entitled to appoint such Manager(s).

6.6 Place of Meetings. The Managers may hold their meetings in such place or places within or without the State of Florida as the Board of Managers may from time to time determine.

6.7 Regular Meetings. Regular meetings of the Board of Managers may be held at such times and places as may be designated from time to time by resolution of the Board of Managers. Meetings of the Board of Managers shall take place at least once quarterly. Notices of meetings shall be issued to the Managers at least seven (7) calendar days prior to the date of any meeting. All Members (including Affiliates, employees, or other representatives of such Members) shall be entitled to attend any regular meeting of the Managers. However, Members may participate in discussions at such meetings only at the discretion of the presiding chairperson.

6.8 Special Meetings; Notice. Special meetings of the Board of Managers shall be held whenever called by any of the Managers. The Person calling any special meeting shall cause notice of such special meeting, including the time and place of such special meeting and the purpose of such special meeting, to be given to each Manager at least seven (7) calendar days before such special meeting. All Members (including Affiliates, employees, or other representatives of such Members) shall be entitled to attend any special meeting of the Managers. However, Members may participate in discussions at such special meetings only at the discretion of the presiding chairperson.

6.9 Quorum; Vote. At all meetings of the Managers, fifty-one percent (51.0%) of the number of Managers fixed in the manner provided in this Agreement shall constitute a quorum for the transaction of business. If a quorum is not present at a meeting, a majority of the Managers present may adjourn the meeting from time to time, without notice other than an announcement at the meeting, until a quorum is present. Any act of the Managers of the Company at a meeting at which a quorum is present shall require agreement between the Category I Block and Category II Block votes, as provided in Section 4.1(c) of this Agreement, unless otherwise provided by law, the Articles, or this Agreement.

6.10 Procedure; Minutes. At meetings of the Managers, business shall be transacted in such order as the Managers may determine from time to time. The President, or in his or her absence the Vice President, shall preside at, and the Secretary shall prepare minutes of, each meeting of the Managers. In the absence of the Secretary, his or her duties shall be performed by a Person elected by the vote of the Managers present at the meeting.

6.11 Presumption of Assent. A Manager who is present at any meeting of the Managers at which action on any matter is taken shall be presumed to have assented to the action unless his or her dissent shall be entered in the minutes of the meeting or unless he or she shall file his or her written dissent to such action with the Person acting as secretary of the meeting before the adjournment thereof, or shall forward any dissent by certified or registered mail to the Secretary

of FCHA promptly after the adjournment of the meeting. Such right to dissent shall not apply to a Manager who voted in favor of such action.

6.12 Compensation. A Manager, in his or her capacity as a Manager, may receive a fixed sum and expenses of attendance, if any, for attending meetings of the Managers, or a stated salary for service as a Manager. No Manager shall be precluded from serving FCHA in any other capacity or receiving compensation therefor.

6.13 Action Without Meeting. Any action that may be taken, or that is required by law, the Articles, or this Agreement to be taken at a meeting of the Managers or any committee of the Managers may be taken without a meeting if a consent in writing, setting forth the action so taken, shall have been signed by all of the Managers, and such consent shall have the same force and effect, as of the date stated therein, as a unanimous vote of such Managers and may be stated as such in any document or instrument filed with the Secretary of State of Florida or in any certificate or other document delivered to any Person. The consent may be in one or more counterparts so long as each Manager signs one of the counterparts. The signed consent shall be included in the minutes or filed with the corporate records reflecting the action taken.

6.14 Method of Proxy. A Manager shall be entitled to vote either in person or by proxy, provided that such proxy is in writing, signed by the Manager granting the proxy, is granted to another Manager appointed by the Hospital and is dated not more than eleven (11) months prior to such meeting.

6.15 Contracts with Related Parties. FCHA may enter into any contract, agreement, arrangement or transaction in which any one or more of its Members or any Affiliate of a Member is financially interested so long as such arrangement or transaction has been approved by disinterested Managers in accordance with Section 4.1(c) after the nature of the relationship or interest has been disclosed. No such agreement or transaction shall be void or voidable because of such relationship or interest, or because of the presence or vote of such interested Person at any meeting that authorizes, ratifies or approves such agreement or transaction, if (a) the fact of such relationship or interest is disclosed or known to the disinterested Managers who approve the agreement or transaction in writing, (b) the agreement is fair and reasonable to FCHA at the time it is approved, and (c) the agreement or transaction is approved by the Managers in accordance with the requirements of Section 4.1(c).

6.16 Non-Binding Mediation and Binding Arbitration. In the event that the Managers are deadlocked in deciding any action, any Manager may, but no Manager shall be obligated to, issue written notice to all other Managers requesting that such action be brought before a mediator for resolution. The Managers shall agree upon a single mediator, who must be certified by the Supreme Court of Florida in mediation or alternative dispute resolution. The date of mediation must be held no more than ninety (90) days following issuance by a Manager of a written request for mediation pursuant to this Section 6.16. Each Member shall have the opportunity to present arguments at mediation, including but not limited to submission of mediation statements prior to mediation. Mediator compensation and expenses shall be paid by the Company. In the event that a deadlock is not resolved via non-binding mediation as described above, then any Manager may, but no Manager shall be obligated to, issue written notice to all other Managers requesting that the deadlock and the issue giving rise to such deadlock be settled by binding arbitration in accordance with the current arbitration rules of either the American Arbitration

Association (“AAA”) or the American Health Lawyers Association (“AHLA”), by a sole arbitrator mutually agreeable to and appointed by the parties or, if the parties cannot agree upon a sole arbitrator, by a sole arbitrator appointed by the AAA or AHLA. The arbitrator shall have experience in the healthcare industry and shall have served previously as an adjudicator of healthcare business disputes. Arbitrator compensation and expenses shall be paid by the Company. The arbitration shall be governed by the United States Arbitration Act, 9 U.S.C. §§1-16, to the exclusion of any provisions of state law inconsistent therewith or which produce a different result. Should the United States Arbitration Act be determined to be inapplicable, and then the arbitration shall be governed by the Florida Arbitration Code, Chapter 682, Florida Statutes. The place of arbitration shall be St. Augustine, Florida, at any locations as the arbitrator directs, having due regard of the parties, witnesses and of the arbitrator. The arbitrator shall determine the rights and obligations of the parties according to the substantive laws of the State of Florida, excluding conflict of law principles, and shall give effect to the applicable statutes of limitation. The arbitrator may consolidate arbitrations involving common questions of law or fact. The arbitrator may make any order to protect a party or person from annoyance, embarrassment, oppression, or undue burden or expense that justice requires. The arbitrator may make final, interim, interlocutory and partial award, and may grant any remedy or relief which the arbitrator deems just and equitable and within the scope of the agreement of the parties, including but not limited to specific performance and, in the event of a frivolous or malicious action, the awarding of attorneys’ fees and costs, but the arbitrator is not empowered to award damages in excess of liquidated or actual damages, whichever is applicable, nor is the arbitrator empowered to award punitive damages. Judgment on the award rendered by the arbitrator may be entered by any court having jurisdiction.

Section 7. COMMITTEES.

7.1 Designation. The Managers shall designate one or more committees (a “Committee”) in carrying out the purposes and powers of the Company, and a Committee may be created or designated upon the vote and approval of the Managers pursuant to Section 4.1(c) of this Agreement.

7.2 Number; Qualification; Term. The Managers shall designate two (2) or more Managers as members of any Committee, and may designate two (2) or more Managers as alternate members of any Committee who may, subject to any limitations imposed by the Managers, replace absent or disqualified members at any meeting of that Committee. Additionally, the Managers may appoint any Persons (whether or not Affiliates of Hospital or the Physician Members) to Committees created pursuant to Section 7.1, above, as they may see fit, so as to provide for stewardship, community leadership, professional expertise, or other consult in achieving Company’s purposes; by means of example, and without limitation, Committees created by the Managers may, in addition to Managers, have as members physicians in the Hospital’s service area (whether or not such physicians are also Physician Members), consultants and other experts, persons within Hospital administration, or health care industry leaders or representatives in Hospital’s service area. The number of Committee members may be increased or decreased from time to time by resolution adopted by the Managers, but shall never be less than two (2). Each Committee member shall serve as such until the earliest of (i) the expiration of his or her term (with Managers to decide by resolution the length of members’ terms for Committees, which terms may vary from Committee to Committee depending upon function, but all members of Committees shall be subject to serving terms of equal length), (ii) his or her resignation as a Committee member or as a Manager, or (iii) his or her removal as a Committee member or as a Manager.

7.3 Authority. Each Committee, to the extent expressly provided in the resolution establishing such committee or in this Agreement, shall have and may exercise all of the authority of the Managers that is expressly conferred on such Committee by the Managers.

7.4 Standing Committees. The following shall be standing Committees of the Managers. These Committees shall have the duties, obligations, and authority as designated by the Managers or as set forth in this Agreement. Each of these Committees may establish its own operating rules and procedures to govern the manner by which it operates and otherwise implements the authority and rights delegated to it under this Agreement, including but not limiting to delegating certain responsibilities granted herein to the Committee to subcommittees or specific members of the Committee, as may be appropriate; provided however, that each Committee described in this Section 7.4 must meet and conduct business at least once annually. None of these Committees described in this Section 7.4 may be abolished or otherwise rendered inactive unless the Managers vote to abolish a Committee or render it inactive in accordance with Section 4.1(c), above.

(a) Executive Committee. This Committee shall consist of the officers of the Company, and shall be established to fulfill the duties delegated to it by the Board of Managers. This Committee shall exercise all of the powers of the Board of Managers when the Board of Managers is not in session, carrying out the intent of and reporting to the Board of Managers.

(b) Quality Improvement and Quality Assurance Committee. This Committee shall be responsible for all aspects of quality improvement, quality assurance, and clinical management for FCHA, including but not limited to alignment of efforts of Hospital, and Physician Members in areas of quality management, quality improvement, and peer review, with a view to improve patient care in the Hospital's service area; development of clinical care pathways and treatment protocols amongst stakeholders in the Company, with a view to improve patient care in the Hospital's service area; development and implementation of standard credentialing criteria for physicians; analysis of clinical data; monitoring of clinical activities of participating physicians and assuring compliance with approved clinical protocols; identifying and developing clinical co-management relationships and disease management protocols to achieve efficiencies and improve overall population health; and oversight of other clinical activities of FCHA.

(c) Medical Informatics and Technology Committee. This Committee shall be responsible for all aspects of medical informatics, electronic health systems, business infrastructure, and technology for FCHA, including but not limited to review, recommendations for purchase, and implementation of medical information systems, electronic health records, and other technology; achieving compliance with regards to medical informatics, electronic health systems, and technology on part of Hospital, and Physician Members; coordination of installation, updating, training, and other activities with respect to such systems; ensuring observance of HIPAA privacy and security standards; and oversight of other medical informatics and technology related issues on behalf of FCHA.

(d) Vendor and Supplier Management and Contracts Committee. This Committee shall be responsible for all aspects of vendor and supplier management on behalf of FCHA stakeholders, including but not limited to researching, seeking requests for proposals, and negotiating vendor and supplier contracts on behalf of FCHA stakeholders; setting and achieving cost containment goals through joint contracting with health care vendors and suppliers; exploring formation of group purchasing organizations and similar vehicles to contain costs; review and approval of other contracts of FCHA that do not relate to third party payor reimbursement for services furnished by Hospital or Physician Members; and oversight of other issues relating to contracts and vendor or supplier management.

(e) Network Contracts Committee. This Committee shall be responsible for all aspects of negotiating and managing third party payor contracts for FCHA, including but not limited to serving as a point of contact with third party payors on behalf of FCHA, Hospital, and Physician Members; negotiation of contracts with third party payors utilizing means that are permissible under federal and state laws, including federal and state antitrust laws; relaying data and other information developed and compiled by the Company's Quality Improvement and Quality Assurance Committee to obtain favorable reimbursement from third party payors and to ensure that clinical efficacy is built into third party payor contracts; enhancing the overall competitive attractiveness of the Company's clinically integrated network; and oversight of other issues relating to third party payor reimbursement for FCHA or its Members.

(f) Audit and Finance Committee. This Committee's purposes will include oversight of the integrity of the Company's financial statements; review and approval of independent auditor qualifications, and the engagement of independent auditors; oversight of all independent audits of Company's finances; conducting internal review and assessment of Company's internal auditing and compliance functions, and ensuring that such are in compliance with legal and regulatory requirements regarding the financial affairs of the Company; and establishing internal controls regarding finance, accounting, and financial ethics.

(g) Governance Committee. This Committee shall assist the Board of Managers in perpetuating the effectiveness of the Company through period review of the Company's operating agreement and developing revisions for consideration by the Managers; periodic review of the Board of Managers operational policies and procedures and developing recommendations for action by the Managers; evaluating the performance of the Managers; identifying and sharing with the Managers and the Members the qualities and characteristics required for effective governance; identifying and nominating new Physician Managers, as vacancies for Physician Managers on the Board of Managers become open; otherwise serving as a nominating committee for other vacancies of office or positions open in the Company; implementing and managing of the Company's corporate compliance program; managing of the Company's system for internal governance controls, legal compliance, and ethics; and education of the Board of Managers and Members as to laws, rules, regulations, and canons of ethics that must be observed by the Company.

(h) Marketing and Education Committee. This Committee shall assist the Board of Managers in developing and implementing a marketing plan for the Company; developing and promoting an educational campaign to encourage patient compliance with care protocols; and developing and implementing a continuing education program for network physicians to facilitate compliance with clinical protocols and payor contract requirements.

7.5 Committee Representatives. All Persons serving on a Committee shall be affiliated or employed by either Hospital or Physician Members, or appointed by the Managers by virtue of their expertise in the health care field or related disciplines, and at least one member of each Committee of FCHA shall be duly licensed to practice medicine. The number of Committee members and their appointment shall be determined by the Managers. Any vacancy occurring in the Committees shall be filled by a vote the Managers, and such substitute Committee member shall serve for the remainder of the term of the Committee member that was removed, retired, withdrew, or otherwise resigned.

7.6 Regular Meetings. Regular meetings of any Committee may be held without notice at such time and place as may be designated from time to time by the Committee and communicated to all Committee members; provided however, that each Committee shall meet and conduct business at least once annually.

7.8 Special Meetings. Special meetings of any Committee may be held whenever called by any Committee member. The Committee member calling any special meeting shall cause notice of such special meeting, including the time and place of the meeting, to be given to each Committee member at least two (2) days before such special meeting. Neither the business to be transacted at nor the purpose of any special meeting of any Committee need be specified in the notice or waiver of notice.

7.9 Quorum; Majority Vote. At meetings of any Committee, a majority of the number of Committee members designated by the Managers shall constitute a quorum for the transaction of business. If a quorum is not present at a meeting of any Committee, a majority of the members present may adjourn the meeting from time to time, without notice other than an announcement at the meeting until a quorum is present. The act of a majority of the Committee members present at a Committee meeting at which a quorum is present shall be the act of such Committee, unless the act of a greater number is required by law, the Articles, or this Agreement.

Section 8. OFFICERS AND OTHER AGENTS.

8.1 Number; Titles; Election; Term; Qualification. The officers of FCHA shall be a President, a Vice President, a Treasurer, a Secretary, and a Chief Medical Officer. The term of all officers of FCHA shall be for three (3) years. FCHA may also have such other officers as the Managers may from time to time elect or appoint. The Managers shall elect or appoint the President, Vice President, Treasurer, Secretary, and Chief Medical Officer at the first meeting of the Managers at which a quorum shall be present after the annual meeting of Members or whenever a vacancy exists, and shall ensure that, with the exception of the office of President and Chief Medical Officer (which shall always be held by a Physician Member), the offices of Vice President, Treasurer,

and Secretary alternate between Hospital and the Physician Managers. The Managers from time to time may also elect or appoint one or more other officers or agents as it shall deem advisable. Officers may, but need not necessarily be, affiliates or employees of Hospital or Physician Members.

8.2 Removal. Any officer or agent elected or appointed by the Managers may be removed by a unanimous vote of the Managers whenever in its judgment the best interest of FCHA will be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the Person so removed. Election or appointment of an officer or agent shall not of itself create contract right.

8.3 Vacancies. Any vacancy occurring in any office of FCHA may be filled by the Managers, and the substitute officer appointed by the Managers shall serve for the remainder of the term of the officer for whom he or she is substituting.

8.4 Authority. Officers shall have such authority and perform such duties in the management of FCHA as are provided in this Agreement or as may be determined by resolution of the Managers not inconsistent with this Agreement.

8.5 Compensation. The Managers may, in their sole discretion, authorize the payment of compensation to the officers, in their capacity as officers, in the form of a fixed sum and expenses or a stated salary for being an officer of FCHA. No officer shall be precluded from serving FCHA in any other capacity or receiving compensation therefor. To the extent that an officer is a physician in a position to make referrals or otherwise generate business to the Hospital, such compensation must be structured so as to comply with federal and state health care laws, including but not limited to the Stark Law, 42 U.S.C. 1395nn, and the federal antikickback law, 42 U.S.C. 1320a-7b(b).

8.6 President. The President shall be the chief executive officer of FCHA and, subject to the supervision of the Managers, shall have such management and control of the business and property of the Company as may be delegated by the Managers. Every material contract, agreement and document executed on behalf of FCHA shall be executed by the President and the Secretary. The President shall always be a Physician Member and Manager of the Company.

8.7 Vice President. In the absence, disability, or refusal to act of the President, the Vice President, if any, shall perform all of the duties of the President and when so acting shall have all the powers of and be subject to all the restrictions upon the President. The Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him or her by the President, this Agreement or the Managers.

8.8 Treasurer. The Treasurer shall be the chief financial officer of FCHA and shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of account of FCHA. The Treasurer shall keep or cause to be kept at the principal executive office of FCHA a record of the Members showing the names of the Members and their respective addresses, Capital Contributions, if any, and Percentage Interests from time to time. The Treasurer shall receive and deposit all moneys and other valuables belonging to FCHA in the name and to the credit of FCHA, and shall disburse the same only in such manner as the President or the Managers may from time to time determine, shall render to the President or the Managers, whenever requested, an account of all his or her transactions as Treasurer and of the financial condition of

FCHA, and shall perform such further duties as the President, this Agreement or the Managers may prescribe from time to time.

8.9 Secretary. The Secretary shall maintain minutes of all meetings of the Managers, of any Committee, and of the Members or consents in lieu of such minutes in the Company's minute books, and shall cause notice of such meetings to be given when requested by any Person authorized to call such meetings. The Secretary shall have charge of the certificate books, member interest transfer records and ledgers, and such other membership interest books and papers as the Managers may direct, all of which shall at all reasonable times be open to inspection by any Member at the office of FCHA during business hours. Every material contract, agreement and document executed on behalf of FCHA shall be executed by the President and the Secretary. The Secretary shall perform such other duties as may be prescribed by the Managers or as may be delegated from time to time by the President.

8.10 Chief Medical Officer. The Chief Medical Officer shall serve as the chief medical officer of FCHA, with responsibility for oversight of all clinical activities of the Company, or those activities with an impact upon the furnishing of health care services by Hospital and the Physician Members, including but not limited to, management of credentialing, quality improvement, quality management, and peer review, participation in the shaping of clinical integration efforts amongst the Hospital and the Physician Members, and development of clinical care pathways and treatment protocols amongst stakeholders in the Company, all with a view to improve patient care in the Hospital's service area. The Chief Medical Officer shall be subject to the supervision of and shall report to the Board of Managers. The Chief Medical Officer shall always be a Physician Member of the Company.

Section 9. AMENDMENTS. Any amendment to this Agreement shall be adopted and be effective as an amendment hereto only if approved in accordance with Section 4.1(c) (except amendment or revisions to Schedule A attached hereto by the Managers from time to time to reflect the then current Members, based on appropriate action taken by the Managers pursuant to this Agreement). No amendment shall be made, and any such purported amendment shall be void and ineffective, to the extent the result thereof would be to cause FCHA to be treated as anything other than a partnership for purposes of United States income taxation, that would be in contravention of any of the Hospital's bond covenants, that would result in the revocation of the Hospital's 501(c)(3) tax exempt status, or that would otherwise be a violation of any federal or state law (including but not limited to the Stark Law, the federal antikickback law, federal civil monetary penalties provisions, or any law, rule or regulation pertaining to MSSP participants and ACOs).

Section 10. ALLOCATIONS AND DISTRIBUTIONS.

10.1 Allocation of Profit or Loss. After giving effect to the Special Allocations set forth in Section 10.2, all items of income, gain, deduction and loss comprising Profit or Loss of the Company shall be allocated among the persons who were Members during such Allocation Year, in proportion to their Membership Interests in the Company.

10.2 Special Allocations. The following special allocations shall be made in the following order:

(a) Minimum Gain Chargeback. In the event there is a net decrease in Company Minimum Gain or Member Nonrecourse Debt Minimum Gain during any Allocation Year, each Member shall be specially allocated items of Company income and gain for such Allocation Year (and, if necessary, subsequent Allocation Years) as are required in order to conform to Regulation Section 1.704-2.

(b) Qualified Income Offset. Subject to Section 10.2(a) hereof, but notwithstanding any other provision of this Section 10, items of income and gain shall be specially allocated to the Members in a manner that complies with the “qualified income offset” requirement of Regulations Section 1.704-1(b)(2)(ii)(d)(3).

(c) Deficit Capital Accounts Generally. In the event any Member has a deficit Capital Account at the end of any Allocation Year which is in excess of the sum of (i) the amount such Member is then obligated to restore pursuant to this Agreement, and (ii) the amount such Member is then deemed to be obligated to restore pursuant to the penultimate sentences of Regulation Sections 1.704-2(g)(1) and 1.704-2(i)(5), respectively, each such Member shall be specially allocated items of Company income and gain in the amount of such excess as quickly as possible, provided that an allocation pursuant to this Section 10.2(c) shall be made only if and to the extent that such Member would have a deficit Capital Account in excess of such sum after all other allocations provided for in this Section 10 have been made as if Section 10.2(a), Section 10.2(b), and this Section 10.2(c) were not in the Agreement.

(d) Nonrecourse Deductions. Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Members in proportion to their respective Percentage Interests.

(e) Member Nonrecourse Deductions. Any Member Nonrecourse Deductions for any Allocation Year shall be specially allocated to the Member who bears the economic risk of loss with respect to the Member Nonrecourse Debt to which such Member Nonrecourse Deductions are attributable in accordance with Regulations Section 1.704-2(i)(1).

The allocations pursuant to Sections 10.2(a), 10.2(b), and 10.2(c) hereof shall be comprised of a proportionate share of each of the Company’s items of income or gain. The amount of any Company income, gain, loss or deduction available to be specially allocated pursuant to this Section 10.2 shall be determined by applying rules analogous to those set forth in subparagraphs (a) through (e) of the definitions of Profit and Loss.

10.3 Tax Allocations, Section 704(c) Allocations. Each item of income, gain, deduction, loss and credit for federal income tax purposes shall be allocated among the Members in the same manner as such items are allocated for book purposes under this Section 10. In accordance with Code Sections 704(b) and 704(c) and the Treasury Regulations thereunder, items of depreciation, amortization, gain, loss and deduction with respect to any property credited to the Capital Account of a Member at a value other than its tax basis (whether as a result of a contribution of such property or a revaluation of such property pursuant to clause (b) of the definition of “Gross Asset Value”), shall, solely for tax purposes, be allocated among the Members so as to take account of any variation between the adjusted basis of such property to the Company for federal income tax

purposes and its initial book value, such allocation to be made by the Managers in accordance with the applicable Treasury Regulations in such method as shall be selected by the Managers.

10.4 Transfers of Interests. In the event of a transfer or all or part of a Membership Interest (in accordance with the provisions of this Agreement) at any time other than the end of an Allocation Year, all items of income, gain, loss, deduction and credit allocable to any Membership Interest that may have been transferred shall be allocated between the transferor and the transferee based on the portion of the calendar year during which each was recognized as owning that Membership Interest, taking into account the results of Company operations during any particular portion of that calendar year and without regard to whether cash distributions were made to the transferor or the transferee during that calendar year; provided, however, that this allocation must be made in accordance with a method permissible under Section 706 of the Code and the regulations thereunder.

10.5 Distributions. Except as provided in Section 16.2(d) of this Agreement, at least once per calendar quarter, the Managers may, but shall not be obligated to, cause Net Cash Flow to be distributed to the Members in accordance with this Section 10.5. Notwithstanding anything in this Section 10 to the contrary, the Company shall not make any distribution of Net Cash Flow to the Members if, immediately after giving effect to the distribution, all liabilities of the Company, other than liabilities to Members with respect to their Membership Interests and liabilities for which the recourse of creditors is limited to specified property of the Company, exceed the fair value of Company property, except that the fair value of Company property that is subject to a liability for which recourse of creditors is limited shall be included in the Company assets only to the extent that the fair value of that Company property exceeds that liability. “Net Cash Flow” means the excess of cash on hand (including any liquid funds of the Company) over the amount necessary to meet the current costs, expenses and liabilities of the Company (including, without limitation, a reasonably adequate reserve for working capital and contingencies); in determining Net Cash Flow, all revenues of the Company shall be considered (including but not limited to MSSP and other third party payor shared savings program revenues), and expenses shall include any payments required to be made to parties who have executed the Company’s Participation Agreement(s). The Managers shall distribute Excess Cash in proportion to the Members' Membership Interests.

10.6 Distributions of Other Property. From time to time, the Managers also may cause property of the Company other than cash to be distributed to the Members, which distribution must be made in accordance with Section 10.3 and may be made subject to existing liabilities and obligations of the Company. Immediately prior to such distribution, the Capital Accounts of the Members shall be adjusted as provided in Treasury Regulations Section 1.704-1(b)(2)(iv)(f).

10.7 Amounts Withheld. All amounts withheld or required to be withheld pursuant to the Code or any provision of any state, local or foreign tax law with respect to any payment, distribution or allocation to the Company or the Members and treated by the Code (whether or not withheld pursuant to the Code) or any such tax law as amounts payable by or in respect of any Member shall be treated as amounts distributed to the Member with respect to whom such amount was withheld pursuant to this Section 10 for all purposes under this Agreement. The Company is authorized to withhold from distributions, or with respect to allocations, to the Members and to pay over to any federal, state, local or foreign government any amounts required to be so withheld pursuant to the Code or any provisions of any other federal, state, local or foreign

law and shall allocate such amounts to the Members with respect to which such amount was withheld.

Section 11. BOOKS AND RECORDS.

11.1 Bank Accounts; Investments. Capital Contributions, revenues and any other FCHA funds shall be deposited by the Managers in a bank account established in the name of FCHA or shall be invested by the Managers in furtherance of the purposes of FCHA. No other funds shall be deposited into FCHA bank accounts or commingled with FCHA investments. Funds deposited in the Company's bank accounts may be withdrawn only to be invested in furtherance of the FCHA purposes, to pay FCHA debts or obligations or to be distributed to the Members pursuant to this Agreement.

11.2 Records Required by Act; Right of Inspection.

(a) Records Required. During the term of the Company and for a period of four (4) years thereafter, the Managers, at the expense of the Company, shall maintain in the Company's principal office specified in Section 2.5 hereof all records required to be kept pursuant to the Act, including, without limitation, (i) a current list of the full names or business names of all Members, mailing addresses, and Membership Interests and Voting Interests held by each of the Members (including, if any, classes or groups of interests if established under the Articles or this Agreement and the name of the Members who are members of each such class or group) and a current list of the full names or business names (set forth in alphabetical order) and mailing addresses of the Managers; (ii) copies of federal, state and local information or income tax returns or reports for each of the Company's six (6) most recent tax years; (iii) copies of this Agreement and the Articles, including all certificates of amendments together with executed copies of any powers of attorneys pursuant to which any certificate was executed; (iv) if such information is not otherwise set forth in the Articles or this Agreement, a written statement of (A) the amount of the cash contribution and a description and statement of the agreed value of any other contribution made by each Member, and the amount of the cash contribution and a description and statement of the agreed value of any other contribution that the Member has agreed to make in the future as an additional contribution; (B) the times at which any additional contributions are to be made or events requiring contributions to be made; (C) events requiring the Company to be dissolved and its affairs wound up; and (D) the date on which each Member became a Member of the Company; and (v) correct and complete books and records of account of the Company.

(b) Right of Inspection. On written request stating the purpose, a Member or an assignee of a Member's Membership Interest (an "Eligible Person") may examine and copy in person or by the eligible Person's representative, during ordinary business hours, for any proper purpose, and at the eligible Person's expense, records required to be maintained under the Act and such other information regarding the business, affairs and financial condition of the Company as is just and reasonable for the eligible Person to examine and copy. Upon written request by any eligible Person made to the Managers at the address of the Company's principal office specified in Section 2.5 hereof or any successor principal office, the Company shall provide to the eligible Person without charge true copies of (i) this Agreement and the Articles and all amendments or restatements hereof and/or thereof and

(ii) any of the tax returns of the Company described above.

11.3 Books and Records of Account. The Managers, at the expense of FCHA, shall maintain for FCHA adequate books and records of account that shall be maintained on the cash method of accounting and on a basis consistent with appropriate provisions of the Code, containing, among other entries, a Capital Account for each Member. Any Member or any agents or representatives of such Member, at the Member's own expense and without notice to any other Member, may examine, copy and audit the books and records of FCHA and make copies of and abstracts from the financial and operating records and books of account of FCHA, and discuss the affairs, finances and accounts of FCHA with the independent accountants of FCHA, all at such reasonable times and as often as such Member or any agents or representatives of such Member may reasonably request. The rights granted to a Member pursuant to this Section 11.3 are expressly subject to compliance by such Member with the confidentiality procedures and guidelines of FCHA, as such procedures and guidelines may be established from time to time.

11.4 Delivery of Financial Statements to Members. As to each fiscal year of FCHA, the Managers shall send to each Member a copy of (i) a balance sheet of FCHA as of the end of the fiscal year, (ii) an income statement of FCHA for such year, and (iii) a statement showing the revenues (including Excess Cash) and any other property distributed by FCHA to Members in respect of such year. Such financial statements shall be delivered no later than ninety (90) days following the end of the fiscal year to which the statements apply. Such statements need not be audited. The Managers shall provide reports, including a balance sheet, statement of profit and loss and changes in Members' accounts, and a statement of cash flows, at least monthly to the Members at such time and in such manner as the Managers may determine reasonable.

11.5 Fiscal Year. The Company's fiscal year shall end on December 31st of each calendar year.

Section 12. TAX MATTERS.

12.1 Tax Matters Member. The Managers shall designate one Manager (who is also a Member) to be the "tax matters partner" of the Company pursuant to Section 6231(a)(7) of the Code (the "Tax Matters Member"). Such Manager shall inform each other Member of all significant matters that may come to its attention in its capacity as "Tax Matters Member" by giving notice thereof on or before the fifth business day after becoming aware thereof and, within that time, shall forward to each other Member copies of all significant written communications it may receive in that capacity. The Tax Matters Member (or any other Manager) may not take any action contemplated by Sections 6222 through 6232 of the Code without the consent of Members owning a majority of the issued and outstanding Voting Interests, but this sentence does not authorize the Tax Matters Member (or any other Manager) to take any action left to the determination of an individual Member under Sections 6222 through 6232 of the Code. If no Manager is a Member, the Managers shall designate one Member who agrees to serve in such capacity to be the "Tax Matters Member" of the Company pursuant to Section 6231(a)(7) of the Code, and such Member shall have the duties specified in this Section 12.1. The initial Tax Matters Member of the Company shall be

12.2 Tax Returns and Information. The Members intend for the Company to be treated as a partnership for tax purposes. The Managers shall prepare or cause to be prepared all federal, state and local income and other tax returns that the Company is required to file. Within the shorter of (i) such period as may be required by applicable law or regulation or (ii) seventy-five (75) days after the end of each calendar year, the Managers shall send or deliver to each Person who was a Member at any time during such year such tax information as shall be reasonably necessary for the preparation by such Person of his or her federal income tax return and state income and other tax returns.

12.3 Tax Elections. The Company shall make the following elections on the appropriate tax returns:

- (a) to adopt the calendar year as the Company's fiscal year;
- (b) to adopt the cash method of accounting;
- (c) if a distribution of Company property as described in Section 734 of the Code occurs or if a transfer of Membership Interests as described in Section 743 of the Code occurs, on written request of any Member, to elect, pursuant to Section 754 of the Code, to adjust the basis of Company properties;
- (d) to elect to amortize the organizational expenses of the Company as permitted by Section 709(b) of the Code; and
- (e) any other election the Managers may deem appropriate and in the best interests of the Members.

Neither the Company nor any Manager or Member may make an election for the Company to be excluded from the application of the provisions of Subchapter K of Chapter 1 of Subtitle A of the Code or any similar provisions of applicable state law.

Section 13. MEMBER MEETINGS.

13.1 Annual Meetings. An annual meeting of the Members of FCHA shall be held during each calendar year on such date and at such time as shall be designated from time to time by the Managers and stated in the notice of the meeting, as long as it is not a legal holiday in the place where the meeting is to be held. At such meeting, the Members shall elect or appoint those Managers representing them, as may be necessary pursuant to Section 6.2 of this Agreement, and transact such other business as may properly be brought before the meeting. The Members acknowledge and agree that as a manager managed Florida limited liability company, the annual meeting of the Members of FCHA shall be largely informational only, and that Members will generally not vote on any actions or items other than the election or appointment of the Managers representing them.

13.2 Special Meetings. A special meeting of the Members may be called at any time by the President, by the Managers, or by the holders of at least seventy-five percent (75.0%) of the issued and outstanding Membership Interests. Only business within the purpose or purposes described in the notice of a special meeting may be conducted at such special meeting.

13.3 Place of Meetings. Meetings of Members shall be held at such place, within or without the State of Florida, designated by the Managers or as specified in the notice or waiver thereof. Special meetings of Members may be held at any place within or without the State of Florida designated by the Person or Persons calling such special meeting. Meetings of Members shall be held at the principal office of FCHA unless another place is designated for meetings in the manner provided herein.

13.4 Notice. Except as otherwise provided by law, written or printed notice stating the place, day, and hour of each meeting of the Members and, in case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting by or at the direction of the President, the Secretary, or the Person calling the meeting, to each Member of record entitled to vote at such meeting.

13.5 Quorum; Withdrawal of Quorum. A quorum shall be present at a meeting of Members if the holders of a majority of the Membership Interests are represented at the meeting, in person or by proxy, except as otherwise provided by law or the Articles. If a quorum shall not be present at any meeting of the Members, the Members represented in person or by proxy at such meeting may adjourn the meeting from time to time, without notice other than announcement of the meeting, until such time as a quorum shall be present. Once a quorum is present at a meeting of the Members, the Members represented in person or by proxy at the meeting may conduct such business as may be properly brought before the meeting until it is adjourned, and the subsequent withdrawal from the meeting of any Member or the refusal of any Member represented in person or by proxy to vote shall not affect the presence of a quorum at the meeting.

13.6 Duties of Officers at Meetings. The President, or in his or her absence the Vice President, shall preside at, and the Secretary shall prepare minutes of, each meeting of the Members. In the absence of the Secretary, his or her duties shall be performed by a Person elected by the vote of the holders of a majority of the outstanding Voting Interests entitled to vote, present in person.

13.7 Action Without a Meeting. Except as otherwise set forth in Section 16 of this Agreement, any action that may be taken, or that is required by law or the Articles of FCHA or this Agreement to be taken, at any meeting of Members, may be taken without a meeting, without prior notice, and without a vote, if a consent or consents in writing, setting forth the action so taken, shall have been signed by all of the Members. The signed consent or consents of Members shall be placed in the minute books of FCHA. The record date for the purpose of determining Members entitled to consent to any action pursuant to this Section shall be determined in accordance with the Act.

Section 14. LIABILITY, EXCULPATION AND INDEMNIFICATION.

14.1 Liability.

(a) Except as otherwise provided by the Act, the debts, obligations and liabilities of FCHA, whether arising in contract, tort or otherwise, shall be solely the debts, obligations and liabilities of FCHA, and no Member shall be obligated personally for any

such debt, obligation or liability of FCHA solely by reason of being a Member.

(b) Except as otherwise expressly required by law, a Member, including each Manager, in the Manager's capacity as a Member, shall have no liability in excess of (i) the amount of such Member's Capital Contributions, (ii) such Member's share of any assets and undistributed profits of FCHA, (iii) such Member's obligation to make other payments expressly provided for in this Agreement, and (iv) the amount of any distributions wrongfully distributed to such Member.

14.2 Exculpation. No Member shall be liable to FCHA or any other Member for any loss, damage or claim incurred by reason of any act or omission performed or omitted by such Member in good faith on behalf of FCHA and in a manner reasonably believed to be within the scope of authority conferred on such Member by this Agreement, except that a Member shall be liable for any such loss, damage or claim incurred by reason of such Member's gross negligence or willful misconduct.

14.3 Duties and Liabilities of Members.

(a) Reliance on this Agreement. To the extent that, at law or in equity, a Member has duties (including fiduciary duties) and liabilities relating thereto to FCHA or to any other Member, a Member acting under this Agreement shall not be liable to FCHA or to any other Member for the acting Member's good faith reliance on the provisions of this Agreement. The provisions of this Agreement, to the extent that they restrict the duties and liabilities of a Member otherwise existing at law or in equity, replace such other duties and liabilities of such Member.

(b) Conflict of Interest. Unless otherwise expressly provided herein, whenever a conflict of interest exists or arises between a Member and FCHA, the Member shall resolve such conflict of interest, considering the relative interest of each party (including the Member's own interest) to such conflict, agreement, transaction or situation and the benefits and burdens relating to such interests, any customary or accepted industry practices, and any applicable generally accepted accounting practices or principles. In the absence of bad faith by the Member, the resolution so made, taken or provided by the Member shall not constitute a breach of this Agreement or any other agreement contemplated herein or of any duty or obligation of the Member at law or in equity or otherwise.

14.4 Indemnification. To the fullest extent permitted by applicable law, a Member shall be entitled to indemnification from FCHA for any loss, damage or claim incurred by such Member by reason of any act or omission performed or omitted by such Member in good faith on behalf of FCHA and in a manner reasonably believed to be within the scope of authority conferred on such Member by this Agreement except that no Member shall be entitled to be indemnified in respect of any loss, damage or claim incurred by such Member by reason of such Member's own gross negligence or willful misconduct with respect to such acts or omissions; provided, however, that any indemnity under this Section 14.4 shall be provided out of and to the extent of FCHA assets only, and no Member shall have any personal liability on account thereof.

14.5 Expenses. To the fullest extent permitted by applicable law, expenses

(including reasonable legal fees) incurred by a Member in defending any claim, demand, action, suit or proceeding shall, from time to time, be advanced by FCHA prior to the final disposition of such claim, demand, action, suit or proceeding upon receipt by FCHA of an undertaking by or on behalf of the Member to repay such amount if it shall be determined that the Member is not entitled to be indemnified as authorized in Section 14.4.

14.6 Insurance. FCHA may purchase and maintain insurance, to the extent and in such amounts as the Managers shall, in their sole discretion, deem reasonable, on behalf of Members and such other Persons as the Managers shall determine, against any liability that may be asserted against or expenses that may be incurred by any such Person in connection with the activities of FCHA or such indemnities, regardless of whether FCHA would have the power to indemnify such Person against such liability under the provisions of this Agreement.

Section 15. SALE, TRANSFER, OR ENCUMBRANCE.

15.1 Compliance with Securities Laws; Legend. No Membership Interest has been registered under the Securities Act of 1933, as amended (the "Securities Act"), or under any applicable state securities laws. A Member may not transfer (a transfer, for purposes of this Agreement, shall be deemed to include, but not be limited to, any sale, transfer, assignment, pledge, creation of a security interest or other disposition) all or any part of such Member's Membership Interest, except upon compliance with the applicable federal and state securities laws. The Managers shall have no obligation to register any Member's Membership Interest under the Securities Act or under any applicable state securities laws, or to make any exemption therefrom available to any Member. Upon the execution of this Agreement, the Company shall cause the following legend to be stamped or typed upon all certificates now or hereafter issued (if any) evidencing any Membership Interest:

THIS CERTIFICATE IS SUBJECT TO THE OPERATING AGREEMENT OF THE COMPANY DATED AS OF _____, 2013, THE ORIGINAL OF WHICH IS ON FILE IN THE MINUTE BOOK OF THE COMPANY. ANY SALE, ASSIGNMENT, CONVEYANCE, TRANSFER, PLEDGE, MORTGAGE, OR ENCUMBRANCE OF THE MEMBERSHIP INTEREST REPRESENTED BY THIS CERTIFICATE NOT IN CONFORMITY WITH SAID OPERATING AGREEMENT WILL BE INVALID.

15.2 Transfer of Membership Interests Owned by any Member.

(a) Purchase Event. Upon the withdrawal of a Member from FCHA, the death of any Physician Member, a change of control of the Hospital (a "Change of Control"), the involuntary transfer, transfer by operation of law, or any other transfer or notice of intent to transfer any Membership Interests (excluding the admittance of a new Member pursuant to this Agreement) (each of the above-mentioned events hereafter referred to as a "Purchase Event"), the Company shall purchase the Membership Interests of such Member or such other transferred Membership Interests or Membership Interests to be transferred, unless the Company is prevented from purchasing such Membership Interests by a law or regulation of any governmental body. Likewise,

the Member or Member's representative, as applicable, shall sell such Member's Membership Interests under such circumstances, and, upon the occurrence of any Purchase Event, the Member shall be deemed to have offered such Member's Membership Interests for sale.

(b) Purchase by Company. Upon the occurrence of any Purchase Event, the Member ("Offeror Member") or such Member's representative, as the case may be, shall give prompt written notice (the "Member's Notice") of such event to the President of the Company. The Member's Notice shall set forth:

- (1) the number of Membership Interests or interest therein transferred, to be transferred, intended to be transferred, or otherwise disposed of, as applicable; and
- (2) the Purchase Event in reasonable detail.

Upon receipt of such notice by the President of the Company, the Offeror Member or the Offeror Member's representative shall sell, and the Company shall purchase (to the extent it may by law do so), all of the offered Membership Interests, and there shall be a recalculation of the Membership Interests then owned by the remaining Members as necessary, and the sale and purchase shall be closed within thirty (30) days after the date of receipt of the Member's notice. If the Company learns of the occurrence of a Purchase Event without receiving the Member's Notice, the Company may on its own initiate the purchase described herein.

(c) Purchase Price/Terms and Conditions. The purchase price and the terms and conditions of the sale of the Membership Interests transferred in accordance with this Section 15.2 shall be in accordance with the following: (1) from the beginning of Company's existence until June 30, 2018, to the extent a Physician Member transfers Membership Interests in accordance with this Section 15.2, there shall be no dollars paid to the Physician Member to redeem his or her Membership Interests, and the Physician Member's subscription fee shall be deemed to be forfeited; (2) from and after July 1, 2018, the Board of Managers shall set on an annual basis a value to be paid to any Physician Member who transfers his or her Membership Interests in accordance with this Section 15.2 (the "Redemption Value"), and such Redemption Value shall be applicable for a twelve (12) month period (and to the extent the Board of Managers fails to set a Redemption Value for the subsequent year, the default Redemption Value for the subsequent year shall be equal to the Redemption Value for the previous year plus a five percent (5.0%) increase); and (3) to the extent the Member effecting a transfer of Membership Interests under this Section 15.2 is the Hospital, due to a Change in Control, there shall be a fair market valuation of the Hospital's Membership Interests in FCHA, performed by a certified public accountant or accounting firm, or a consulting company familiar with the valuation of such interests, to be selected by the Board of Managers, and the Hospital shall receive the fair market value as may be determined by such accountant or consultant in exchange for its Membership Interests, with other terms and conditions regarding the sale and purchase of the Hospital Interests to be determined by the Board of Managers. Except as may be otherwise provided for herein in this Section 15.2, payment for Membership Interests shall be due and payable to the Offeror Member at the closing. Any Persons receiving Membership Interests transferred by involuntary transfer, transfer by operation of law, or other transfer shall sell all such Membership Interests, and shall execute and deliver the certificates evidencing such Membership Interests to the purchaser(s) of such Membership Interests. Any sale or transfer of Membership Units may be consummated only if, in the opinion of counsel for the Company, the proposed

transfer of such Membership Units may be effected without registration thereof under the Securities Act or any similar statute then in force and applicable state securities law. The closing of such purchase and sale shall take place at the offices of the Company at a date set by the Company and such date shall be within the applicable time periods described in this Section 15.2.

(d) Change of Control. For the purposes of this Section 15.2, the term ‘Change of Control’ as it relates to the Hospital and the triggering of a Purchase Event pursuant to which the Hospital shall sell its Membership Interests, includes the following circumstances: (i) the sale of all or substantially all of the Hospital’s assets to a Person (other than any Affiliate of the Hospital); (ii) an event in which the Hospital sells or otherwise transfers its ownership to a different Person (other than any Affiliate of the Hospital) as evidenced by a change in federal employer identification number or taxpayer identification number; or (iii) an event in which fifty-one percent (51.0%) or more of the ownership, shares, membership, or controlling interest of Hospital is in any manner transferred or otherwise assigned to a Person (other than any Affiliate of the Hospital). A change solely in the administration or management of the Hospital, or the Board of Directors of the Hospital, shall not be deemed a Change of Control for the purposes of this Section 15.2.

(e) No Appraisal Rights. Except as otherwise provided herein, no Member shall be entitled to appraisal and related rights as granted in Florida Statutes §§608.4352-608.43595.

15.3 Transferee Qualifications. Under no circumstances shall any sale or transfer of any Membership Interests be valid unless the transferee (other than the Company) is approved by the Company’s Board of Managers, and until the proposed transferee shall have executed and become a party to this Agreement, together with any other agreements required by the Company’s Board of Managers, and thereby shall have become subject to all the provisions hereof and thereof, unless the requirement is waived by unanimous written consent of the parties. Notwithstanding any other provision of this Agreement, no such sale or other transfer of any kind shall result in the non-applicability of the provisions hereof at any time to any of the Membership Interests subject hereto.

15.4 Interests Subject to Agreement. This Agreement shall apply to all of the Membership Interests currently owned by the Members and to all Membership Interests hereafter acquired by the Members.

15.5 Restraining Order. If any Member at any time transfers or attempts to Transfer all or any portion of its Membership Interests in violation of this Section 15, then the Company shall, in addition to all rights and remedies at law and in equity, be entitled to a decree or order restraining and enjoining such transfer, and the offending Member shall not plead in defense thereto that there would be an adequate remedy at law; it being hereby expressly acknowledged and agreed that damages at law will be an inadequate remedy for a breach or threatened breach of the violation of the provisions concerning transfer set forth in this Agreement.

15.6 Waiver of Rights to Object. All Members acknowledge that the methods provided for in this Section 15 for determining the price of Membership Interests are fair as to dates used, notices, terms, and in all other respects, and are administratively and in substance superior to other methods. Each Member waives any right that it may have to use any other method to determine the value of any Membership Interests in the Company in connection with the application of this Section 15.

Section 16. DISSOLUTION, LIQUIDATION AND TERMINATION.

16.1 Dissolution. The Company shall be dissolved and its affairs shall be wound up upon the occurrence of any of the following events:

- (a) The written determination of the Managers as provided in Section 6.3 and consent of the Members is obtained in conformance with Florida Statutes §§608.4231(5) and 608.441, as may be amended from time to time;
- (b) The entry of a decree of judicial dissolution of the Company; or
- (c) The sale, exchange, or other disposition of all or substantially all of the assets of the Company; provided, that if the Company receives a promissory note or notes evidencing any part of the purchase price of such property in connection with such sale, exchange, or other disposition, the Company shall not be dissolved until such promissory note(s) are satisfied, sold, or otherwise disposed of.

The Company shall not be dissolved by the death, resignation, withdrawal, bankruptcy, or dissolution of fewer than all of the Members. No Member or group of Members acting individually shall have the right to dissolve, terminate, or liquidate, or to petition a court for the dissolution, termination, or liquidation of, the Company, or to at any time petition or take any action to subject the Company's assets or any part thereof to the authority of any court of bankruptcy, insolvency, receivership, or similar proceeding, except as provided in this Agreement.

16.2 Procedure in Dissolution and Liquidation.

(a) Winding Up. Upon dissolution of the Company pursuant to Section 16.1 hereof, the Company shall immediately commence to wind up its affairs, and the Members shall proceed with reasonable promptness to liquidate the business of the Company.

(b) Management Rights During Winding Up. During the period of the winding up of the affairs of the Company, the rights and obligations of the Members set forth herein with respect to the management of the Company shall continue. For purposes of winding up, the Managers will continue to act as such and shall make all decisions relating to the conduct of any business or operations during the winding up period and to the sale or other disposition of Company assets.

(c) Allocation of Profits and Losses.

(i) Profits and losses of the Company following the date of dissolution shall be determined in accordance with the provisions of this Agreement and shall be credited or charged to the Capital Accounts of each Member in the same manner as profits and losses of the Company would have been credited or charged if there were no termination, dissolution and liquidation.

(ii) For tax purposes, any taxable gain or any loss upon the sale, transfer, or other disposition of Company assets following the date of dissolution shall be allocated to the Members in accordance with the allocation of profits and losses set forth in subparagraph (i) of this Subsection 16.2(c).

(d) Distributions in Liquidation. The cash assets of the Company shall be applied or distributed in liquidation in the following order of priority:

(i) In payment of debts and obligations of the Company owed to third parties;

(ii) To the establishment of any reserve that the Managers may determine to be reasonably necessary and adequate for any contingent liabilities and obligations of the Company or the Members arising out of or in connection with the business and affairs of the Company;

(iii) In payment of debts and obligations of the Company to any Member; and

(iv) To the Members in accordance with their Capital Account balances until the Capital Account balance of each Member has been reduced to zero.

(v) To the Members in proportion to their Membership Interests in the Company.

All such distributions shall be made by the later to occur of the end of the taxable year in which the liquidation occurs or within ninety (90) days after the date of liquidation (as such term is defined in the Regulations to Code Section 704).

16.3 Deferred Liquidation. In the event the Managers determine that in order to achieve a favorable sale price for the Company's assets, it is appropriate to defer the sale thereof, or distributions in "liquidation" of the Company within the meaning of Treasury Regulation Section 1.704-1(b)(2)(ii)(g), and as a result, such distribution will not occur within the time required by Treasury Regulation Section 1.704-1(b)(2)(ii)(b)(3), the Managers may defer any such sale for a reasonable time and/or make a distribution of Company assets in kind; provided, however, if the sale of any such assets is deferred, such assets shall be assigned to a trustee selected by the Managers for the benefit of the Members, or their assignees. Such trustee shall hold such assets for all Members in proportion to their respective interests in the distribution of liquidation proceeds pursuant to this Agreement.

16.4 Termination. The Company shall terminate when all of the assets of the Company have been distributed in the manner provided for in this Section 16 and the Articles shall have been canceled in the manner required by the Act.

16.5 Claims of the Members. Members and former Members shall look solely to the Company's assets for the return of their Capital Contributions, and if the assets of the Company

remaining after payment of or due provision for all debts, liabilities and obligations of the Company are insufficient to return such Capital Contributions, the Members and former Members shall have no recourse against the Company or any other Member.

Section 17. WITHDRAWALS FROM THE COMPANY.

17.1 Withdrawal of a Member. A Member may withdraw from the Company at any time (the "Day of Termination") after he or she has given at least one hundred eighty (180) days' prior written notice thereof to the Company. The notice of withdrawal must specify the Day of Termination. The withdrawing Member who has given the required notice shall be entitled to the withdrawing Member's compensation determined under this Agreement through the Day of Termination. As of the Day of Termination, the withdrawing Member's Membership Interest and Voting Interest in the Company shall be repurchased by the Company, and the withdrawing Member shall have no further rights, obligations, or interests as a Member in the Company. Except as provided in Section 15.2 and in this Section 17, the withdrawing Member shall not be entitled to any payments from the Company (or from any Member) for the redemption of his or her Membership Interest.

Section 18. MISCELLANEOUS.

18.1 Notices. All notices provided for in this Agreement shall be in writing, duly signed by the party giving such notice, and shall be personally delivered, delivered by commercially recognized delivery service, or telecopied with confirmation of receipt, at the mailing address or number set forth below:

(a) If given to the Company:

At the Company's mailing address as set forth in Schedule A

(b) If given to a Member:

At such Member's mailing address or number set forth in Schedule A

Such addresses or numbers may be changed by any party giving notice to the other parties. All such notices shall be deemed to have been given when received.

18.2 Failure to Pursue Remedies. The failure of any Member to seek redress for violation of, or to insist upon the strict performance of, any provision of this Agreement shall not prevent a subsequent act, which would have originally constituted a violation, from having the effect of an original violation.

18.3 Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative, and the use of any one right or remedy by any Member shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the Members may have by law, statute, ordinance or otherwise.

18.4 Binding Effect. This Agreement shall be binding upon and inure to the benefit of all of the Members and, to the extent permitted by this Agreement, their successors, legal

representatives and assigns. No Person or entity other than the parties hereto shall be entitled to any rights under this Agreement, whether as a third party beneficiary or otherwise, except as expressly provided herein.

18.5 Construction. Throughout this Agreement, nouns, pronouns and verbs shall be construed as masculine, feminine, neuter, singular or plural, whichever is applicable. All references herein to “Sections” and paragraphs shall refer to corresponding provisions of this Agreement. All exhibits and schedules are incorporated herein by reference. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement. The word “including” shall mean including without limitation.

19.6 Severability. The invalidity or unenforceability of any particular provision of this Agreement shall not affect the other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

19.7 Counterparts. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had signed the same document. All counterparts shall be construed together and shall constitute one instrument.

19.8 Integration. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

19.9 Governing Law. This Agreement and the rights of the parties hereunder shall be interpreted in accordance with the laws of the State of Florida, and all rights and remedies shall be governed by such laws without regard to principles of conflict of laws.

19.10 Termination. This Agreement may be terminated upon the prior written approval by Members owning one hundred percent (100%) of the issued and outstanding Voting Interests.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first above stated.

[SIGNATURES ON NEXT PAGE]

FLAGLER HOSPITAL, INC.

By: _____
Its: _____
Date: _____

**[INSERT SIGNATURE BLOCKS FOR EACH
PARTICIPATING PHYSICIAN, IN HIS OR HER
PERSONAL AND INDIVIDUAL CAPACITY]**

00820588.7

DEFINITION SCHEDULE

"Act" means the Florida Limited Liability Company Act, as it may be amended from time to time, and any successor to such Act.

"Affiliate" means, with respect to a specified Person other than a natural person, any Person that directly or indirectly controls, is controlled by, or is under common control with, the specified Person. As used in this definition, the term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person other than a natural person, whether through ownership of voting securities, by contract, or otherwise.

"Agreement" means this Operating Agreement, and all exhibits and schedules attached hereto and made a part hereof, as originally executed and as amended from time to time.

"Allocation Year" means (i) the period commencing on the Effective Date and ending on December 31, 2013, (ii) any subsequent twelve (12) month period commencing on January 1 and ending on December 31, or (iii) any portion of the period described in clauses (i) or (ii) for which the Company is required to allocate Profits, Losses, and other items of Company income, gain, loss, or deduction pursuant to Section 10.1 hereof.

"Articles" means the Articles of Organization of the Company, and all amendments thereto and restatements thereof, filed on behalf of the Company with the office of the Secretary of State of the State of Florida pursuant to the Act.

"Capital Account" means, with respect to any Member, the account maintained for such Member in accordance with the provisions of Section 4.6 hereof.

"Change of Control" shall have the meaning assigned to it in Section 15.2(d).

"Capital Contribution" means, with respect to any Member, the aggregate amount of money and the initial Gross Asset Value of any property contributed by, or on behalf of, such Member to the capital of the Company with respect to such Member's Membership Interest.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, or any corresponding federal tax statute enacted after the date of this Agreement. A reference to a specific section(s) of the Code refers not only to such specific section but also to any corresponding provision of any federal tax statute enacted after the date of this Agreement, as such specific section or corresponding provision is in effect on the date of application of the provisions of this Agreement containing such reference.

"Company" means First Coast Health Alliance, LLC, the limited liability company formed pursuant to the Articles and this Agreement by the parties hereto, as said professional limited liability company may from time to time be constituted.

"Company Minimum Gain" has the same meaning as the term "partnership minimum gain" in Regulations Sections 1.704-2(b)(2) and 1.704-2(d).

"Contributing Members" means Members who have made Original Capital Contributions to the Company.

"Depreciation" means, for each Allocation Year, an amount equal to the depreciation, amortization, or other cost recovery deduction allowable with respect to an asset for such Allocation Year, except that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Allocation Year, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization, or other cost recovery deduction for such Allocation Year bears to such beginning adjusted tax basis, provided, however, that if the adjusted basis for federal income tax purposes of an asset at the beginning of such Allocation Year is zero, Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Managers.

"Gross Asset Value" means with respect to any asset, the asset's adjusted basis for federal income tax purposes, except as follows:

(i) The initial Gross Asset Value of any asset contributed by a Member to the Company shall be the gross fair market value of such asset, as determined by the Board of Managers;

(ii) The Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values (taking Code Section 7701(g) into account), as determined by the Managers, as of the following times: (A) the acquisition of an additional interest in the Company by any new or existing Member in exchange for more than a de minimis Capital Contribution; (B) the distribution by the Company to a Member of more than a de minimis amount of Company property as consideration for an interest in the Company; (C) the liquidation of the Company within the meaning of Regulations Section 1.704-1(b)(2)(ii)(g); and (D) in connection with the grant of an interest in the Company (other than a de minimis interest) as consideration for the provision of services to or for the benefit of the Company by an existing Member acting in a member capacity, or by a new Member acting in a partner capacity in anticipation of being a Member; provided that an adjustment described in clauses (A), (B), and (D) of this paragraph shall be made only if the Managers reasonably determines that such adjustment is necessary to reflect the relative economic interests of the Members in the Company;

(iii) The Gross Asset Value of any item of Company assets distributed to any Member shall be adjusted to equal the gross fair market value (taking Code Section 7701(g) into account) of such asset on the date of distribution as determined by the Managers; and

(iv) The Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code Section 734(b) or Section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to (A) Regulations Section 1.704-1(b)(2)(iv)(m) and (B) subparagraph (vi) of the definition of "Profits" and "Losses" or Section ___ hereof, provided, however, that Gross Asset Values shall not be adjusted pursuant to this

subparagraph (iv) to the extent that an adjustment pursuant to subparagraph (ii) is required in connection with a transaction that would otherwise result in an adjustment pursuant to this subparagraph (iv).

If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (i), (ii), or (iv), such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset, for purposes of computing Profits and Losses.

“Managers” means those individuals who are appointed or elected by Hospital and Physician Members, pursuant to Section 6 of this Agreement, each of whom shall hold office until his or her respective successor is chosen and qualified or until his or her earlier resignation or removal, subject to all terms, conditions and provisions of this Agreement.

“Member” means those Persons listed in Schedule A attached hereto, as such Schedule may be updated from time to time, collectively, when acting in their capacities as Members of the Company. For the avoidance of doubt, such term shall also include, individually or collectively, as the case may be, any additional Members of the Company admitted in accordance with this Agreement.

“Membership Interest” means the interest of a Member in the Company, including any interest in profits and losses of the Company, distributions of net cash flow in accordance with this Agreement, and any other rights and obligations created under this Agreement and the Act.

“Member Nonrecourse Debt” has the same meaning as the term “partner nonrecourse debt” in Regulations Section 1.704-2(b)(4).

“Member Nonrecourse Debt Minimum Gain” means an amount, with respect to each Member Nonrecourse Debt, equal to the Company Minimum Gain that would result if such Member Nonrecourse Debt were treated as a Nonrecourse Liability, determined in accordance with Regulations Section 1.704-2(i)(3).

“Member Nonrecourse Deductions” has the same meaning as the term “partner nonrecourse deductions” in Regulations Sections 1.704-2(i)(1) and 1.704-2(i)(2).

“Net Cash Flow” shall have the meaning assigned to it in Section 10.5.

"Non-Contributing Members" means Members who have made no Original Capital Contribution to the Company.

“Nonrecourse Deductions” has the meaning set forth in Regulations Sections 1.704-2(b)(1) and 1.704-2(c).

“Nonrecourse Liability” has the meaning set forth in Regulations Section 1.704-2(b)(3).

“Original Capital Contribution” means, with respect to any Member, the aggregate amount of money and the initial Gross Asset Value of any property contributed by such Member, or on behalf of such Member, to the capital of the Company as of the date of such Member’s execution of

this Agreement (or as of the date of execution of such Member's agreement to be bound by this Agreement) and indicated in Schedule A to this Agreement, as amended from time to time.

"Person" means any individual, corporation, association, partnership (general or limited), joint venture, trust, estate, limited liability company, or other legal entity or organization.

"Profits" and "Losses" mean, for each Allocation Year, an amount equal to the Company's taxable income or loss for such Allocation Year, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss, or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss), with the following adjustments (without duplication):

(i) Any income of the Company that is exempt from federal income tax and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses" shall be added to such taxable income or loss;

(ii) Any expenditures of the Company described in Code Section 705(a)(2)(B) or treated as Code Section 705(a)(2)(B) expenditures pursuant to Regulations Section 1.704-1(b)(2)(iv)(i), and not otherwise taken into account in computing Profits or Losses pursuant to this definition of "Profits" and "Losses," shall be subtracted from such taxable income or loss;

(iii) In the event the Gross Asset Value of any Company asset is adjusted pursuant to subparagraphs (ii) or (iii) of the definition of "Gross Asset Value," the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the Gross Asset Value of the asset) or an item of loss (if the adjustment decreases the Gross Asset Value of the asset) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses;

(iv) Gain or loss resulting from any disposition of Property with respect to which gain or loss is recognized for federal income tax purposes shall be computed by reference to the Gross Asset Value of the Property disposed of, notwithstanding that the adjusted tax basis of such Property differs from its Gross Asset Value;

(v) In lieu of the depreciation, amortization, and other cost recovery deductions taken into account in computing such taxable income or loss, there shall be taken into account Depreciation for such Allocation Year, computed in accordance with the definition of Depreciation;

(vi) To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code Section 734(b) is required, pursuant to Regulations Section 1.704-1(b)(2)(iv)(m)(4), to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) from the disposition of such asset and shall be taken into account for purposes of computing Profits or Losses; and

(vii) Notwithstanding any other provision of this definition, any items that are specially allocated pursuant to Section __ or Section __ hereof shall not be taken into account in computing Profits or Losses.

The amounts of the items of Company income, gain, loss, or deduction available to be specially allocated pursuant to Sections __ and __ hereof shall be determined by applying rules analogous to those set forth in subparagraphs (i) through (vi) above.

“Treasury Regulations” means the income tax regulations, including temporary regulations, promulgated by the Department of the Treasury under the Code, as such regulations may be amended from time to time (including corresponding provisions of succeeding regulations).

**SCHEDULE A
MEMBERS**

MEMBER NAME	MAILING ADDRESS	ORIGINAL CAPITAL CONTRIBUTION & DATE OF MEMBERSHIP	MEMBERSHIP INTEREST	VOTING INTEREST (TO BE EFFECTED THROUGH AND EXERCISED BY MANAGERS APPOINTED BY HOSPITAL AND PHYSICIAN MEMBERS)
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CATEGORY I INTERESTS:
FLAGLER HOSPITAL, INC.

50.0%

50.0%

CATEGORY II INTERESTS:
PHYSICIAN MEMBERS
[COLLECTIVE HOLDING OF FIFTY PERCENT (50.0%)
OF MEMBERSHIP INTERESTS IN THE COMPANY]

Company's Official Mailing Address for Notice Purposes:

FIRST COAST HEALTH ALLIANCE, LLC

Fax Number: _____

Telephone Number: _____

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