

NON-BINDING LETTER OF INTENT

THIS NON-BINDING LETTER of INTENT (“LOI”), is entered into by **Dartmouth-Hitchcock Health**, a New Hampshire voluntary corporation located in Lebanon, New Hampshire (“D-HH”), on its own behalf and on behalf of its member **Mt Ascutney Hospital and Health Center** (“MAHHC”), and **Valley Regional Healthcare, Inc.** a New Hampshire non-profit corporation located in Claremont, New Hampshire (“VRHC”), on its own behalf and on behalf of **Valley Regional Hospital, Inc.** (“VRH”), and memorializes their intention to negotiate in good faith to reach agreement on the terms of an integration transaction substantially consistent with the principles and terms herein and such additional or modified terms as will be more fully set forth in a final “Integration Agreement.” Each of D-HH, VRHC and VRH are sometimes referred to herein individually as a “Party” and collectively as “the Parties.”

1. **Purpose and Vision.** D-HH, VRHC and VRH believe that their respective organizational and charitable missions will be advanced by integrating VRH into D-HH’s academic health care delivery system (the “D-HH System”) and utilizing their combined resources responsibly to expand access to care, improve quality and outcomes, control costs, deliver greater value and meet the population health needs of the communities they serve. To achieve their shared goals and objectives, the Parties contemplate that many of the integration and collaboration initiatives will be undertaken by VRH and D-HH member MAHHC), a community hospital located in Windsor, Vermont.

D-HH and VRH enjoy a long and broad history of collaboration, ranging from clinical service agreements – pursuant to which D-HH provides cardiology, oncology, pathology, and radiology services, among other clinical services, to better serve the needs of the greater Claremont community – to VRH’s membership in the New England Alliance for Health (NEAH) – a shared services organization in the D-HH System whose mission is to promote collaboration, coordination of care, educational opportunities and population-based resource planning for small rural hospitals in New Hampshire and Vermont – and most recently through a Management Services Agreement under which D-HH provides to VRH a qualified Chief Executive Officer and Chief Medical Officer. MAHHC and VRH also have a history of collaborating through shared clinical support services, including rehabilitation and laboratory management services. Building on this shared experience, D-HH, VRHC, VRH and MAHHC now seek a tighter integration of their clinical, administrative and financial resources to achieve the necessary scale and operational efficiencies that will sustain cost-effective, high-quality clinical services in their rural communities.

2. **Guiding Principles.** The integration of VRH with MAHHC, and within the D-HH System, will be designed and implemented to ensure a patient-centered culture that will meet the physical and mental health care needs of the communities they serve. The Parties and their affiliates and subsidiaries will align their clinical services, governance structures, financial affairs, and administrative functions to ensure that patients receive the highest quality, acuity-

appropriate care at the most convenient, cost-effective site of service while ultimately respecting the choices of patients and providers. The Parties also believe that full integration will enable them to better utilize alternative payment models that will further their commitment to value-based care (improving quality and access while controlling cost).

3. **Compliance with Charitable and Tax-Exempt Requirements.** The D-HH System will continue to operate in a manner consistent with the charitable missions of the Parties and of their subsidiaries and affiliates. Neither VRHC, VRH nor MAHHC will be required to take any action that would jeopardize its tax-exempt or public charity status under federal income tax law, or its charitable status under state law. The Parties affirm their intention to comply fully with all applicable laws and regulations, including tax requirements, with respect to the ultimate organizational structure for the proposed integration and all other matters discussed in this LOI

4. **System Governance.**

4.1 **System Integration, Form of Relationship.** The Parties acknowledge that D-HH and VRH must be well-integrated to accomplish their mutual goals for the effective and efficient delivery of quality health care. In order to achieve the necessary clinical, financial and administrative integration, VRH will become a member of the D-HH System and D-HH will become the parent and sole corporate member of VRH, with reserved powers over VRH as set forth below. VRHC will amend the Articles of Agreement and Bylaws of VRH to substitute D-HH for Valley Regional Healthcare, Inc. as the sole corporate member of VRH.

4.2 **System Governance, Reserved and Retained Powers.** The VRH Board of Trustees will retain authority for matters traditionally within the purview of the governing body of a health care charitable trust, including identifying the health needs of its community and overseeing its organization's delivery of care. To balance the need of the D-HH System to ensure alignment of charitable purposes and strategic direction within an effective and dynamic structure for the integrated delivery of care, the Parties agree that the D-HH Board of Trustees will hold certain initiation and approval powers reserved to it as the sole corporate member of VRH. These reserved powers will be enumerated in an Integration Agreement and will include, by way of example but not limitation, appointment and ratification of members of the VRH Board of Trustees, approval of VRH's material governance, programmatic, and financial decisions, approval of operating and capital budgets, strategic plans and key relationships, approval of amendments to corporate organizational documents, provided, however, that the reserved powers shall be subject to further discussion and negotiation.

5. **Alignment of VRH and MAHHC Governance.** The Parties believe that an integrated governance structure by and between VRH and MAHHC will best achieve their purposes and mutual vision. To this end, the Parties anticipate that VRH and MAHHC will amend their respective corporate bylaws upon closing the transaction (as will be defined in the Integration Agreement) to create largely mirror Boards of Trustees, whose actions will be subject to the reserved powers of D-HH. The Parties believe such a governance structure balances the needs of a fully integrated health care system with the health care needs of residents in local communities, for whom local Boards of Trustees are separately responsible. The Parties envision the mirror Boards to be composed as follows:

VRH Board:

[up to] 5 VRH nominated trustees
[up to] 5 MAHHC nominated trustees
[up to] 5 D-HH appointed trustees
1 voting ex officio trustee (CEO)
2 [non-voting or voting, as the Parties may agree] ex officio trustees (VRH and MAHHC Medical Staff Presidents)
VRH & MAHHC CMO – attends as an invited guest (or, as the Parties may agree in the Integration Agreement, may be designated as a voting or non-voting ex officio trustee)

MAHHC Board:

[up to] 5 MAHHC nominated trustees
[up to] 5 VRH nominated trustees
[up to] 5 D-HH appointed trustees
1 voting ex officio trustee (CEO)
2 [non-voting or voting, as the Parties may agree] ex officio trustees (VRH and MAHHC Medical Staff Presidents)
VRH & MAHHC CMO – attends as an invited guest (or, as the Parties may agree in the Integration Agreement, may be designated as a voting or non-voting ex officio trustee)

The Parties anticipate aligning other elements of the bylaws of each of VRH and MAHHC, including, for example, actions which will require supermajority vote of each Board, definition of quorum, and composition of Board Committees. The Parties will negotiate and append to the Integration Agreement the amended and restated bylaws of each of VRH and MAHHC, and any related corporate and transactional documents reasonably necessary to effectuate the integration of VRH into the D-HH System and which are satisfactory to the Parties.

6. **Management Structure.** The Parties agree that VRH and MAHHC will be jointly managed by a unified senior management team comprised of a single chief executive officer (CEO), a single chief medical officer (CMO), and a single Chief Financial Officer (CFO). It is contemplated that initially the current MAHHC CEO, Dr. Joseph Perias, will be appointed as CEO for both MAHHC and VRH, and that the current VRH Interim CEO and CMO Dr. Jocelyn Caple, will be appointed as CMO for both MAHHC and VRH. It is also contemplated that the current MAHHC CFO, David Sanville, will be appointed as CFO for both MAHHC and VRH. Senior management will regularly spend time and be physically present on both the VRH and MAHHC campuses.

7. **Financial Matters.**

7.1 **Financial Integration.** The Parties intend that VRH will become fully integrated with D-HH revenue cycle, financial planning, financial management, supply chain, cost-accounting, treasury, and similar administrative functions.

7.2 **Routine Capital Investment.** D-HH intends to operate VRH as a high quality, high performing entity clinically integrated with MAHHC, and that routine capital expenditures will be approved consistent with that commitment, then existing routine capital allocation policies, and overall D-HH System resources and capacity.

7.3 Long-Term Debt, Obligated Group. The Parties intend for VRH to join the Dartmouth-Hitchcock Obligated Group (DHOG) as soon as reasonably and financially feasible. As of the closing of the transaction (which will be defined in the Integration Agreement) or such time thereafter consistent with the foregoing, the System will begin the administrative process required for VRH to join the DHOG, subject to the approval of the Master Trustee and in accordance with the terms, conditions and requirements of the DHOG Master Trust Indenture Agreement, and after which VRH will be subject to DHOG's covenants and obligations.

7.4 Philanthropic Funds. With respect to all donor restricted funds as pledged, accumulated or given specifically to VRH, and identified as such on VRH's financial statements, the VRH Board will continue to control the use of such funds (subject to D-HH reserved powers) and the wishes and restrictions of the donors shall take precedence in determining their use. The Parties will formulate a coordinated development protocol to coordinate and enhance their joint efforts to attract philanthropic gifts to support health services in the joint VRH and MAHHC service area and the affiliated academic and research programs of D-HH.

7.5 USDA Loan The Parties recognize that VRHC currently has a loan agreement with United State Department of Agriculture, Rural Housing Services, which may need to be refinanced in order to proceed with VRH integration into the D-HH system as contemplated herein. Nothing contained herein shall be interpreted as an express or implied obligation of D-HH to refinance the loan but the Parties intend to address this issue in further detail in the Integration Agreement.

7.6 Master Facilities Plan. VRH has developed a Master Facilities Plan that includes construction of a medical office building ("MOB") on the VRH campus which would address a long standing need for physician office space to support the recruitment and retention of primary and specialty physicians. In support of the MOB, VRH has accumulated and set aside funds which could be used/pledged to finance the construction of the MOB. Nothing contained herein shall be interpreted as an express or implied commitment by D-HH to agree to the construction and/or financing of the MOB but the Parties agree to work together to assess the best use of the existing funds and potential financing options for the MOB. The Parties acknowledge that the VRH Board will continue to control the use of such funds, subject to D-HH reserved powers related to approval of VRH operating and capital budgets.

8. Joint Affiliation Committee and Development of Clinical Integration Plan. Following the execution of an Integration Agreement and prior to closing the transaction, the Parties will convene a Joint Affiliation Committee ("JAC") comprised of approximately equal numbers of persons appointed by VRH and by D-HH. The JAC will create an integration plan for VRH and MAHHC, key elements of which will include: 1) creating a framework of clinical synergies and services benefitting the VRH/MAHHC regional network; 2) identifying best evidence-based practices focused on value (quality and cost); 3) supporting the creation and ongoing operation of an integrated care network across ambulatory and acute care settings; 4) developing a plan to integrate the Parties' electronic health record and information systems, including a budget and proposed allocation of the implementation, licensing and maintenance costs to be allocated between the Parties; and 5) identifying, where applicable, opportunities for cost savings and revenue or program enhancements. The JAC will seek to avoid and resolve any

pre-closing differences between the Parties and to foster the overall success of the integration plan.

9. **Names and Branding.** The Parties will develop a branding strategy that will continue to respect the historic identity and quality represented by the VRH name, along with the value of the linkage to the D-HH name.

10. **Legal Provisions.**

10.1 **Ongoing Conduct of Business.** From and after the date that this LOI is executed by the Parties, VRH and MAHHC will conduct their business affairs in the normal course of business and disclose any and all matters that may materially adversely affect the operations or financial performance of each.

10.2 **No Shop.** During the term of this LOI, neither VRH nor D-HH will engage in explorations or discussions or exchange of information with any other party regarding any potential transaction that would preclude or materially alter the transaction contemplated herein.

10.3 **Confidentiality.** The Parties acknowledge and agree that they are subject to the terms of a Mutual Confidentiality and Nondisclosure Agreement entered into and executed herewith (the "NDA"). The Parties further agree that the NDA applies to any Confidential Information, as that term is defined in the NDA, disclosed to or by a Party in connection with this LOI or the Integration Agreement, which will include other confidentiality terms as agreed upon by the Parties.

10.4 **Due Diligence.** Each Party will engage in a good faith due diligence review of the business, operations, assets, liabilities, financial condition and prospects of the other Party, as applicable. Each Party's due diligence review may include, without limitation, an examination and review of the other Party's (and its direct or indirect subsidiaries or its affiliates): (i) organizational, financial, legal and tax status and liabilities; (ii) properties and assets; (iii) member, vendor, supplier and contractor arrangements and agreements; and/or (iv) affiliations and partnerships, together with other matters that the reviewing Party or its accountants or its corporate, regulatory, governance or tax counsel (including in-house attorneys), valuation experts or financial or other advisors (collectively, the "Advisors") may deem relevant.

Each Party shall provide the other Party and its Advisors with full access to all of the disclosing Party's facilities, books, records, key employees, suppliers, Advisors and other information in order to facilitate the reviewing Party's due diligence. Any and all information provided by either Party to the other Party or its Advisors pursuant to this LOI shall be treated as Confidential Information and shall be subject to the provisions of the aforementioned NDA, which will remain in effect. Each Party will be responsible for its compliance with any regulatory requirements and/or any confidentiality obligation(s) it may have with any third-party with respect to any agreements, documents or information that may be subject to review by the other Party or its Advisors hereunder. If either Party believes that any such obligation to which it is subject would result in the reviewing Party's inability to review such agreements, documents or information hereunder, then the disclosing Party will promptly advise the reviewing Party and the Parties will discuss and mutually agree upon an appropriate disclosure solution. The confidentiality terms set forth in this Section will survive the termination of this LOI. Each Party

agrees to provide the other Party with copies of any written notices to or from any governmental agency or authority, or other individual or third party, in connection with this LOI or the proposed transaction.

10.5 Term. The Parties will use commercially reasonable efforts to complete due diligence and negotiate and agree upon the terms of the Integration Agreement and closing of the transaction pending regulatory and any other required third-party approvals not later than December 31, 2022, *provided* that authorization to close the transaction is subject to approval by the governing board of each Party in its sole discretion. The term of this LOI will extend until the earlier of its termination by written notice of one Party to the other, and the subsequent expiration of 30 days, or until the Integration Agreement is negotiated and executed. Both Parties understand that various events may cause the termination of this LOI, including without limitation, a significant finding made during the due diligence process or other material or adverse changes in the performance of either Party.

10.5 Public Statements. The Parties will consult with one another and must agree in writing in advance concerning the form and substance of any press release or other public disclosure of the matters covered by this LOI, and shall make a diligent effort to prohibit directors, trustees, officers, employees or advisors from granting press interviews or engaging in similar actions that would result in public disclosure of the transaction described herein, *provided*, however, that these obligations shall not be deemed to prohibit any Party from making any disclosure which such Party deems necessary in order to fulfill its legal obligations. This provision shall survive the termination of this LOI.

10.6 Applicable Law. This LOI will be governed by the laws of the State of New Hampshire (but not including the choice of law principles thereof). This provision will survive the termination of this LOI.

10.7 Costs. Each of the Parties will be responsible for its own costs and expenses, including the costs and expenses of its Advisors incurred in connection with the transactions referred to herein. This provision will survive the termination of this LOI.

10.8 Non-Binding. This LOI is not binding on the Parties, except that the following provisions shall be binding on the Parties during the Term of this LOI, or for such longer time as expressly provided herein: Sections 10.2, 10.3, 10.4, 10.5, 10.6 and 10.7. The terms and conditions of the proposed transaction shall be as set forth in an Integration Agreement, and such terms and conditions will not be binding unless and until such Integration Agreement is negotiated, finalized, approved by the Parties' respective Board of Trustees, any government agencies and other third parties, as applicable, and executed by the Parties. Any required written notices herein will be delivered by hand or by a nationally recognized overnight carrier to the other Party's signatory (and at the address) set forth below.

Signature Page to Follow

SO AGREED:

Dartmouth-Hitchcock Health

By: 

Name: Joanne M. Conroy, M.D.

Title: President & Chief Executive Officer

Date: 12/10/21

Address for Notices:

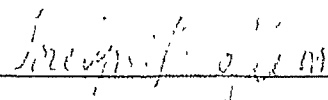
One Medical Center Drive

Lebanon, NH 03756

Attn: Stephen LeBlanc, Chief Strategy
Officer

With a copy to: D-HH Chief Legal Officer
at the same address as above.

Valley Regional Healthcare, Inc.

By: 

Name: Jocelyn Caple, M.D.

Title: Chief Executive Officer

Date: 12/12/21

Address for Notices:

243 Elm Street

Claremont, NH 03743

Attn: Patricia Putnam, Board Chair

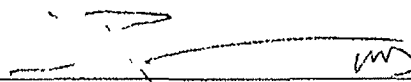
With a copy to:

Laurie T. Cohen

Nixon Peabody, LLP

Albany, New York 12207

**Acknowledged by Mt Ascutney Hospital
and Health Center:**

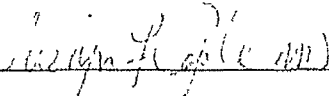
By: 

Name: Joseph Perras, M.D.

Title: President & Chief Executive Officer

Date: 12/9/21

**Acknowledged By Valley Regional
Hospital, Inc.:**

By: 

Name: Jocelyn Caple, M.D.

Title: Chief Executive Officer

Date: 12/12/21