

**Health Commission
City and County of San Francisco
Resolution No. 16-5**

RESOLUTION RECOMMENDING THAT THE BOARD OF SUPERVISORS ACCEPT THE SHARES OF COMMON STOCK OF VIZIENT INC. (VIZIENT), DISTRIBUTED BY UNIVERSITY HEALTHSYSTEM CONSORTIUM (UHC) IN RELATION TO UHC'S MERGER WITH VHA INC., FORMING VIZIENT; AND AUTHORIZING THE DIRECTOR OF HEALTH (DIRECTOR) TO ENTER INTO AN AGREEMENT WITH VIZIENT TO ACCEPT THE DISTRIBUTION OF THE VIZIENT SHARES, INCLUDING THE ELEVENTH AMENDED STOCKHOLDERS' AGREEMENT AND THE JOINDER TO THE AMENDED AND RESTATED STOCKHOLDERS' AGREEMENT.

WHEREAS, The Board of Supervisors authorized the Department of Public Health (Department or DPH) to become a member of the University HealthSystem Consortium (UHC), a member-owned alliance of the nation's leading academic medical centers, and its University HealthSystem Consortium Services Corporation, and to utilize all services provided by these entities, including Novation, a Group Purchasing Organization (GPO), by ordinance on February 7, 1997 (San Francisco Administrative Code Section 21A.2, redesignated and amended by ordinance in 2015); and

WHEREAS, The Department, through and by Zuckerberg San Francisco General Hospital and Trauma Center (ZSFGH) became a full Academic Medical Center Member under a "System Membership" with its long-standing partner the University of California San Francisco (UCSF), and the DPH Clinics and Laguna Honda Hospital and Rehabilitation Center (LHH) each became registered as affiliated sites under ZSFGH's UHC membership in 1997; and

WHEREAS, In 2002, LHH became an Associate Member of UHC, meaning that LHH's membership remained connected to ZSFGH's UHC membership, but UHC recognized LHH as a stand-alone hospital; and

WHEREAS, effective April 1, 2015, UHC merged with VHA Inc. (VHA), the national health care network of not-for-profit hospitals, to form the largest member-owned health care company in the country, Vizient (initially called "NewCo"); and

WHEREAS, As part of the merger, and under the Stock Purchase Agreement by and between UHC and VHA, UHC transferred substantially all of its assets and liabilities to VHA in exchange for VHA issuing shares of VHA common voting stock to UHC, which UHC decided to distribute to its members based on the member's participation and patronage during UHC's last 7 fiscal years (2009 through a shortened 2015) as Vizient shares; and

WHEREAS, Based on UHC's stock distribution formula, ZSFGH is eligible to receive an estimated 7,101 Vizient shares and LHH is eligible to receive an estimated 1,339 Vizient shares; and

WHEREAS, In order to be eligible to receive the Vizient shares, each member must approve the terms and conditions in the Eleventh Amended Stockholders' Agreement, including Exhibits A-F, and the Joinder to Amended and Restated Stockholders' Agreement, and assent to and agree to be bound by and to comply with the terms and provisions of the Amended and Restated Certificate of Incorporation of Vizient and of the Amended and Restated Bylaws of Vizient, included as Attachments 1-6: now, therefore, be it

RESOLVED, That the Health Commission recommends that the Board of Supervisors approve acceptance of UHC's distribution of Vizient shares to the City and County of San Francisco, by and through the Department for ZSFGH and LHH, subject to the Eleventh Amended Stockholders' Agreement, including Exhibits A-F, and the Joinder to Amended and Restated Stockholders' Agreement, included as Attachments 1-4; and, be it

FURTHER RESOLVED, That the Health Commission recommends that the Board of Supervisors authorize the Director to enter into an agreement with Vizient Inc, approved as to form by the City Attorney, to accept the distribution of the Vizient shares, including the Eleventh Amended Stockholders' Agreement, including Exhibits A-F, and the Joinder to Amended and Restated Stockholders' Agreement, in substantially similar forms as the agreement and joinder included as Attachments 1-4; and, be it

FURTHER RESOLVED, That the Health Commission recommends that the Office of the Treasurer and Tax Collector of the City and County of San Francisco hold the Vizient shares in trust for the Department of Public Health.

I hereby certify that the San Francisco Health Commission at its meeting of April 5, 2016 adopted the foregoing resolution.

Mark Morewitz, MSW
Health Commission Executive Secretary