

February 15, 2017

Attention: All Interested Parties

Subject: **Offer of Land for Development or Joint Venture**

Dear Interested Party:

The Sonoma Valley Health Care District (District) is offering to make available up to 2.83 acres of vacant land near downtown Sonoma and the Sonoma Valley Hospital. This letter provides your introduction to the process related to the selection of the buyer/partner for the property.

The general terms and conditions of the 2.83 acres and information about the property are set forth in the following pages. Any deal terms you wish the District to consider must be noted in your letter of intent/term sheet in response to this notice and clearly defined.

Sincerely,

Board of Directors
Sonoma Valley Health Care District

Land Available for Development or Joint Venture

The Sonoma Valley Health Care District is offering for development or joint venture approximately 2.83 acres of vacant land near downtown Sonoma and the Sonoma Valley Hospital. Salient features of the parcel are:

1. Currently zoned for residential use SR including medium density, with a current annual allocation of twenty (20) residential units under City of Sonoma growth ordinance. An additional 20 units could be applied for in September 2017;
2. Located between West McArthur Street to the south, Fourth Street West to the east, Hayes Street to the west, and Randolph Street/Arroyo Way to the north near downtown Sonoma (see attached map);
3. The parcel is part of a two legal parcels of land owned by the District, the northern portion of which it has improved with a parking lot and related facilities for Sonoma Valley Hospital – the parcel available could be created as a separate legal parcel by the District as a public agency or via a lot-line adjustment; and
4. The parcel is not subject to any CC&Rs or other restrictions or any facilities or improvement districts.

The District invites written offers for the purchase, joint venture or other proposed use of all or a part of the available parcel. Offers by developers and government entities for joint ventures or joint powers authorities, or by community-based groups for projects, feasibility studies or conceptual design will all be considered. As a healthcare district under California law, the District must receive fair market value for the parcel, and will put a premium on offers that provide for a reasonable feasibility period, deposit structure, and the earliest possible completion.

Please direct all written offers/proposed term sheets to:

Sonoma Valley Health Care District
Attention: Ken Jensen, CFO
347 Andrieux Street
Sonoma, CA 95476

Offers and other proposals, in the form of a letter of intent or term sheet, must be submitted to the District by no later than 5:00 PM, Pacific Standard Time on April 15, 2017.

Additional Terms/Information

The issuance of this notice and the District's receipt of information in response to this document shall not cause the District to incur any liability or obligation to you, financial or otherwise. The District assumes no obligation to reimburse or in any way compensate you for expenses incurred in connection with your response to this notice.

The District reserves the right to use information submitted in response to this notice in any manner it may deem appropriate in evaluating the fitness of the offers for the property. Materials submitted by an interested party that are considered confidential must be clearly marked as such. In the event that confidentiality cannot be afforded, the interested party will be notified and will be permitted to withdraw its letter of intent/term sheet. You should be aware that, as a public agency, the District is subject to the California Public Records Act.

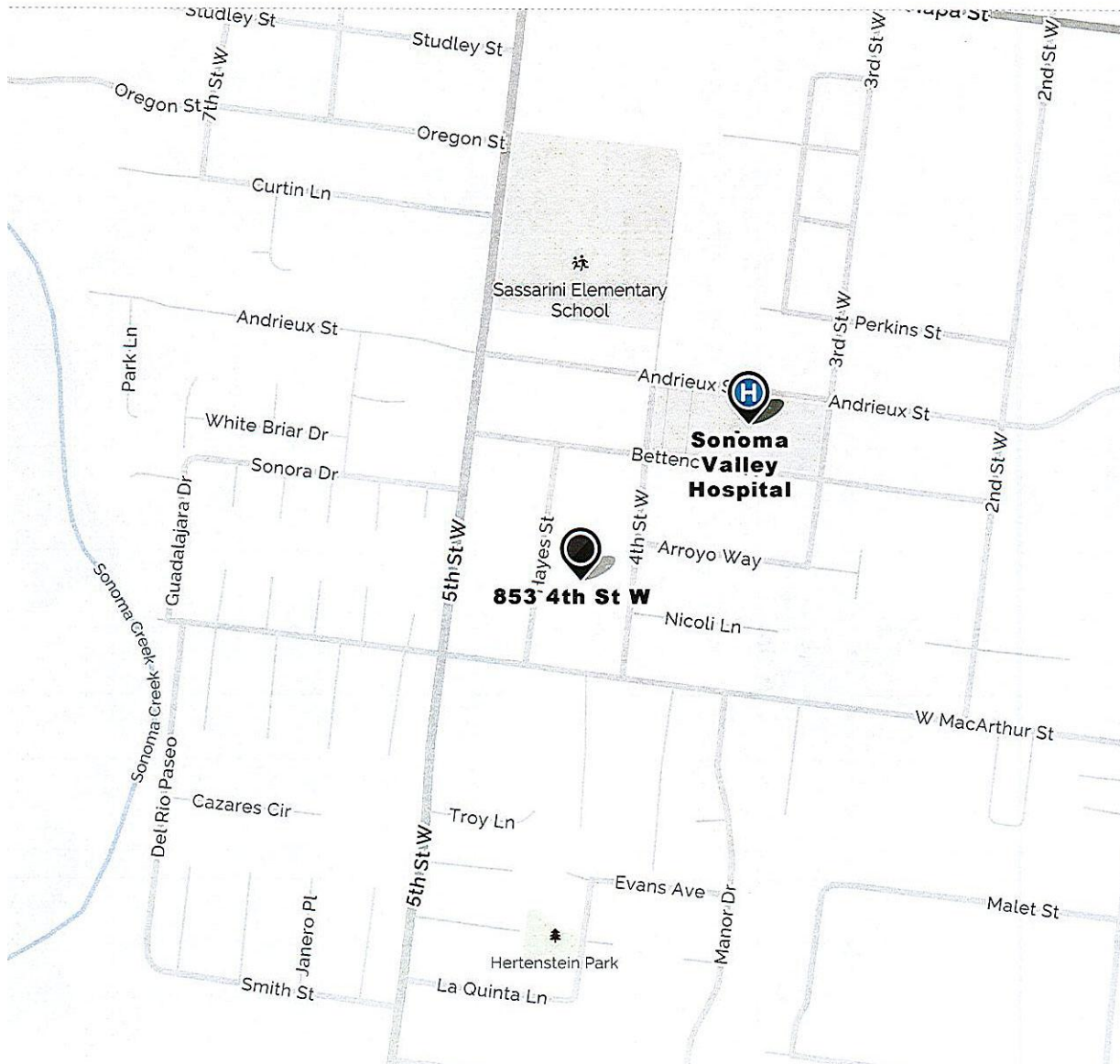
The information contained in this notice and any additional information provided to you by the District during negotiations is proprietary to the District. The District is not conveying any ownership to any party by disclosing such information. All interested parties, in consideration of being given this opportunity, agree to treat all the information contained in this notice and as may be disclosed by the District during negotiations as strictly confidential. The information is to be used by each interested party only for the purpose of preparing a purchase, joint venture or other use proposal in response to this notice. The information in this notice or as may be disclosed by the District during negotiations may not be used or shared with any other parties for any other purpose, without first obtaining the District's prior written consent. If you need to disclose any information to a third party in order to prepare your proposal, contact Ken Jensen at 707-935-5003 or kjensen@svh.com. You will return this notice, and all copies you have made of it to the District if you should decline to submit a proposal.

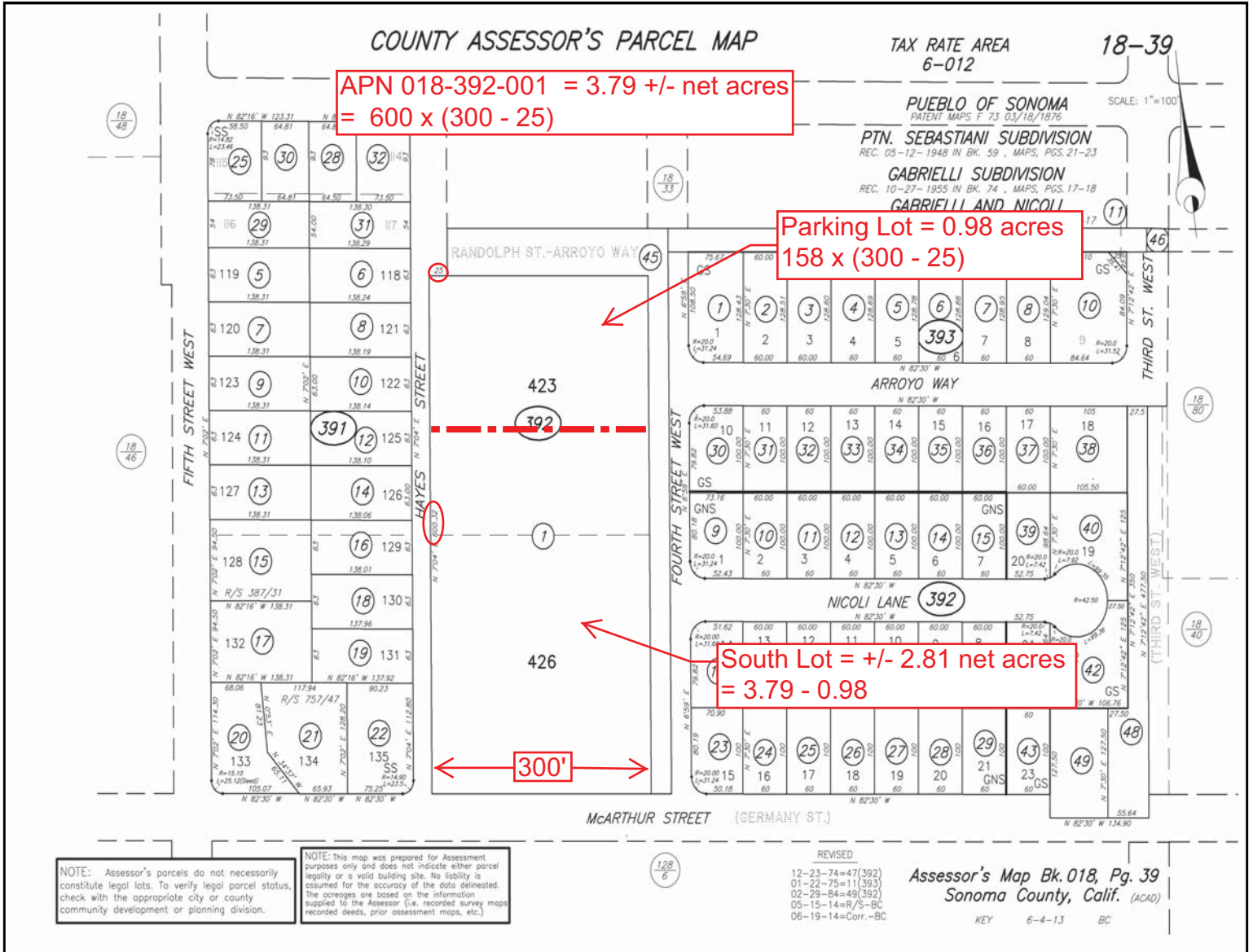
Arrangements may be made for visiting the parcel project area by contacting Ken Jensen.

All supporting documentation submitted in response to this notice will become the property of the District unless otherwise requested by the interested party at the time of submission.

The District may choose to negotiate with one or more interested parties. Any acceptance of a letter of intent or term sheet is contingent upon the execution of a definitive written agreement and the District shall not be contractually bound to any interested party prior to the execution of such written agreement.

NEIGHBORHOOD LOCATION MAP





Limitation of Liability for Informational Report

IMPORTANT – READ CAREFULLY: THIS REPORT IS NOT AN INSURED PRODUCT OR SERVICE OR A REPRESENTATION OF THE CONDITION OF TITLE TO REAL PROPERTY. IT IS NOT AN ABSTRACT, LEGAL OPINION, OPINION OF TITLE, TITLE INSURANCE COMMITMENT OR PRELIMINARY REPORT, OR ANY FORM OF TITLE INSURANCE OR GUARANTY. THIS REPORT IS ISSUED EXCLUSIVELY FOR THE BENEFIT OF THE APPLICANT THEREFOR, AND MAY NOT BE USED OR RELIED UPON BY ANY OTHER PERSON. THIS REPORT MAY NOT BE REPRODUCED IN ANY MANNER WITHOUT FIRST AMERICAN'S PRIOR WRITTEN CONSENT. FIRST AMERICAN DOES NOT REPRESENT OR WARRANT THAT THE INFORMATION HEREIN IS COMPLETE OR FREE FROM ERROR, AND THE INFORMATION HEREIN IS PROVIDED WITHOUT ANY WARRANTIES OF ANY KIND, AS-IS, AND WITH ALL FAULTS. AS A MATERIAL PART OF THE CONSIDERATION GIVEN IN EXCHANGE FOR THE ISSUANCE OF THIS REPORT, RECIPIENT AGREES THAT FIRST AMERICAN'S SOLE LIABILITY FOR ANY LOSS OR DAMAGE CAUSED BY AN ERROR OR OMISSION DUE TO INACCURATE INFORMATION OR NEGLIGENCE IN PREPARING THIS REPORT SHALL BE LIMITED TO THE FEE CHARGED FOR THE REPORT. RECIPIENT ACCEPTS THIS REPORT WITH THIS LIMITATION AND AGREES THAT FIRST AMERICAN WOULD NOT HAVE ISSUED THIS REPORT BUT FOR THE LIMITATION OF LIABILITY DESCRIBED ABOVE. FIRST AMERICAN MAKES NO REPRESENTATION OR WARRANTY AS TO THE LEGALITY OR PROPRIETY OF RECIPIENT'S USE OF THE INFORMATION HEREIN.