

1 [Agreement - Accept Vizient, Inc. Common Stock - Authorization to Accept Distribution of
2 Shares]

3 **Resolution approving the acceptance of a distribution of Vizient, Inc. common stock,**
4 **by and through the Department of Public Health, and authorizing the Director of Health**
5 **to enter into an agreement with Vizient to accept the distribution of shares, including**
6 **the 11th Amended Stockholders' Agreement and the Joinder to the Amended and**
7 **Restated Stockholders' Agreement.**

8
9 WHEREAS, The Board of Supervisors authorized the Department of Public Health
10 (Department or DPH) to become a member of the University HealthSystem Consortium
11 (UHC), a member-owned alliance of the nation's leading academic medical centers, and its
12 University HealthSystem Consortium Services Corporation, and to utilize all services
13 provided by these entities, including Novation, a Group Purchasing Organization (GPO), by
14 ordinance on February 7, 1997, (San Francisco Administrative Code, Section 21A.2,
15 redesignated and amended by ordinance in 2015); and

16 WHEREAS, The Department, through and by Zuckerberg San Francisco General
17 Hospital and Trauma Center (ZSFGH) became a full Academic Medical Center Member under
18 a "System Membership" with its long-standing partner the University of California San
19 Francisco (UCSF), and the DPH Clinics and Laguna Honda Hospital and Rehabilitation
20 Center (LHH) each became registered as affiliated sites under ZSFGH's UHC membership in
21 1997; and

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

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

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

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

12 WHEREAS, In order to be eligible to receive the Vizient shares, each member must
13 approve the terms and conditions in the Eleventh Amended Stockholders' Agreement,
14 including Exhibits A-F, and the Joinder to Amended and Restated Stockholders' Agreement,
15 and assent to and agree to be bound by and to comply with the terms and provisions of the
16 Amended and Restated Certificate of Incorporation of Vizient and of the Amended and
17 Restated Bylaws of Vizient, on file with the Clerk of the Board of Supervisors in File No.
18 160148; and

19 WHEREAS, The San Francisco Health Commission Resolution No. 16-5, (on file with
20 the Clerk of the Board of Supervisors in File No. 160148), recommended that the Board of
21 Supervisors approve acceptance of Vizient common stock, distributed by UHC to its members
22 in relation to the merger between UHC and VHA, and to authorize the Director to enter into an
23 agreement with Vizient, Inc., accepting the distribution of the Vizient shares: now, therefore,
24 be it
25

1 RESOLVED, That the Board of Supervisors approves acceptance of UHC's distribution
2 of Vizient shares to the City and County of San Francisco, by and through the Department for
3 ZSFGH and LHH, subject to the Eleventh Amended Stockholders' Agreement, including
4 Exhibits A-F, and the Joinder to Amended and Restated Stockholders' Agreement, on file with
5 the Clerk of the Board of Supervisors in File No. 160148; and, be it

6 FURTHER RESOLVED, That the Board of Supervisors authorizes the Director to enter
7 into an agreement with Vizient, Inc., approved as to form by the City Attorney, to accept the
8 distribution of the Vizient shares, including the Eleventh Amended Stockholders' Agreement,
9 including Exhibits A-F, and the Joinder to Amended and Restated Stockholders' Agreement,
10 in substantially similar forms as the agreement and joinder on file with the Clerk of the Board
11 of Supervisors in File No. 160148; and, be it

12 FURTHER RESOLVED, That the Office of the Treasurer and Tax Collector of the City
13 and County of San Francisco shall hold the Vizient shares in trust for the Department of Public
14 Health.

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RECOMMENDED:

Handwritten signature in cursive script, appearing to read "Barbara A. Garcia" followed by a small "for" written below the signature.

Barbara A. Garcia, MPA
Director of Health



City and County of San Francisco

Tails
Resolution

City Hall
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102-4689

File Number: 160148

Date Passed: April 12, 2016

Resolution approving the acceptance of a distribution of Vizient, Inc. common stock, by and through the Department of Public Health, and authorizing the Director of Health to enter into an agreement with Vizient to accept the distribution of shares, including the 11th Amended Stockholders' Agreement and the Joinder to the Amended and Restated Stockholders' Agreement.

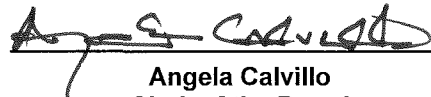
April 06, 2016 Budget and Finance Sub-Committee - RECOMMENDED


April 12, 2016 Board of Supervisors - ADOPTED

Ayes: 11 - Avalos, Breed, Campos, Cohen, Farrell, Kim, Mar, Peskin, Tang, Wiener and Yee

File No. 160148

I hereby certify that the foregoing Resolution was ADOPTED on 4/12/2016 by the Board of Supervisors of the City and County of San Francisco.


Angela Calvillo
Clerk of the Board


Mayor

4/22/16
Date Approved