

EMPLOYMENT AGREEMENT

This Employment Agreement is entered into this ____ day of _____ (the “Effective Date”), between ALAMEDA HEALTH SYSTEM (“AHS”), a public agency, and DELVECCHIO S. FINLEY (“Executive”) (collectively, the “Parties”).

RECITALS

WHEREAS, AHS desires to continue to employ Executive as AHS’ Chief Executive Officer; and

WHEREAS, Executive desires to continue in the position of Chief Executive Officer pursuant to the terms and conditions of employment set forth in this Employment Agreement; and

WHEREAS, the AHS Board of Trustees has approved and authorized the entry into this Employment Agreement with the Executive.

NOW, THEREFORE, in consideration of the mutual promises herein contained, the Parties agree as follows:

1. EMPLOYMENT

1.1 Employment Position. AHS engages Executive to continue to serve as its Chief Executive Officer and Executive agrees to continue serving in this capacity. The parties agree that the Executive’s employment shall continue under the terms of this agreement beginning on August 31, 2018.

1.2 Employment Relationship. Executive’s employment with AHS shall be “at will”, meaning either party may terminate the relationship at any time, with or without cause, and with or without notice to the other party.

1.3 The Parties intend that the provisions of this Agreement shall remain in effect for a period of three (3) years, except as provided for in Section 4, and subject to Executive receiving a positive performance evaluation, shall be extended from year to year on the anniversary date.

1.4 The parties agree that negotiations for an extension of this agreement shall begin no later than nine (9) months prior to the expiration of the agreement and be concluded six (6) months prior to the expiration of the agreement. If agreement cannot be met within this timeline it is presumed that the remaining six (6) months of employment will be a notice period for the Executive in accordance with Section 4. AHS may, in its sole discretion, select a date of termination that provides for less than 180 days' notice, and provide a payment to Executive equal to his regular base salary for the period in lieu of actual notice (actual notice and payment shall be the equivalent of 180 days' notice) as provided for in Section 4.

2. DUTIES OF EXECUTIVE

2.1 Description of Services as Chief Executive Officer.

(a) **Obligations to AHS.** Except as otherwise specified in this Employment Agreement, Executive shall devote all his business time, attention, skill, efforts, and loyalty to the faithful performance of his duties hereunder including activities and services related to the organization, operation and management of AHS. Executive further agrees to perform such services diligently, for the best interest of AHS and in a manner consistent with the standards customarily applicable to persons rendering similar services. The Executive will set a high standard of professional conduct given his role with AHS and his responsibility relative to AHS' presence and stature in the community. The Executive will, at all times, demonstrate this high professional standard of conduct in order to develop and enhance AHS' reputation and image.

(b) **Outside Activities.** The expenditure of reasonable amounts of time, for which Executive shall not be compensated by AHS, for educational, charitable or professional activities shall not be deemed a breach of this Agreement, or a conflict of interest with the position of Chief Executive Officer, if in the sole discretion of AHS those activities do not materially interfere with the services required of Executive of his availability to and presence in the organization. It shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions and (C) manage personal business interests and investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of AHS in accordance with this Agreement, require extended absences from the organization, and provided such activity is disclosed in writing to AHS. Before undertaking such activities, and subject to subparagraph (c) below, Executive shall provide notice of his intentions to the President of the Board of Trustees, and shall not undertake or commit to such activities without prior notice to the President of the Board of Trustees.

(c) Fiduciary Duties. Executive acknowledges and understands that by entering into this Agreement, he undertakes a fiduciary relationship with AHS and, as such, is under a fiduciary obligation to use due care and act in the best interest of AHS at all times.

(d) No Conflicting Obligations. Executive represents and warrants to AHS that during the Term, he will be under no obligations or commitments, whether contractual or otherwise, that are inconsistent with his obligations under this Agreement. Furthermore, at no time during the employment of Executive shall he own or have any beneficial interest in, or have any relationship with, any company, business or interest where to do so will or may conflict with the full and faithful performance of his duties, specifically including, without being limited thereto, any persons or entities which do business with AHS and/or which perform services in competition with AHS. Nothing in this Section shall be construed as preventing Executive from investing his assets in any form or manner which does not require any services on the part of Executive in the operation of the affairs of the companies in which such investments are made.

(e) AHS Policies. Executive will remain subject to and agrees to adhere to all of AHS' policies, including but not limited to, all policies relating to standards of conduct, conflicts of interest and compliance with AHS' rules and obligations. AHS' written rules, policies, practices and procedures shall be binding on Executive unless superseded by or in conflict with this Employment Agreement, in which case this Employment Agreement shall govern.

2.2 Specific Duties/Responsibilities.

(a) Executive shall materially do and perform all services, acts or things necessary or advisable to manage and conduct the affairs of AHS as set forth in the AHS Bylaws, permitted in California Health and Safety Code Sections 101850, *et seq.*, the Alameda County Administrative Code, and AHS Policies. In addition, Executive shall materially perform the normal and customary duties and responsibilities of the Chief Executive Officer, including but not limited to those duties and responsibilities specified by the AHS Board of Trustees.

(b) Executive shall report and be accountable to the Board of Trustees.

(c) Without specific prior approval of the Board of Trustees, the Parties understand and agree that Executive is not authorized (i) to enter into any financing or loan agreements, (ii) to contract for or agree to any encumbrances on AHS property (real, tangible or intangible), or (iii) to exceed any procurement authority as specified in AHS policies.



(d) Executive shall oversee and manage, consistent with Board directives and policies, development, establishment and implementation of operational plans, policies and procedures in accordance with accepted best practices and applicable laws and regulations.

(e) Executive shall use his best efforts to ensure compliance with governmental regulations and AHS policies, procedures and contracts. Executive shall also attend local, state and national meetings to remain current with industry and regulatory trends.

(f) Executive shall oversee and manage preparation of fiscal and budgetary reports of AHS operations. Oversee and manage preparation of operating and capital budgets with data to support all budget requests. Implement necessary cost controls wherever possible to stay within budgetary or other limitations of AHS policy.

(g) Executive shall also perform such other duties and responsibilities as AHS' Board of Trustees may reasonably assign to him from time to time.

(h) Executive acknowledges that he is a "key employee" as that term is defined under federal and state employment laws.

(i) Indemnification. AHS shall save, indemnify, and hold harmless Executive for all losses sustained by Executive in direct consequence of the discharge of his duties on AHS' behalf within the scope of his employment and AHS policies, including but not limited to the payment of all costs and reasonable attorney's fees.

2.3 Performance Evaluation.

(a) Annual Evaluation. Executive's performance shall be evaluated on a periodic schedule to be determined by the Board of Trustees. As a minimum, on an annual basis in alignment with the AHS fiscal year. This will include a comprehensive internal 360 evaluation as well as an assessment of the CEO's relationship with external stakeholders. The Board of Trustees shall evaluate Executive's performance with respect to the job duties outlined herein and the goals and objective established for Executive for that year. The Board shall provide the annual performance evaluation of Executive in writing. This shall be completed and delivered during the September Board meeting. Upon completion of the annual evaluation, the Board will consider such amendments to the terms and conditions of this Agreement as deemed appropriate and mutually acceptable. Any amendment of this Employment Agreement shall be in writing and executed by both parties.

(b) Within thirty (30) days after August 30th of each year, Executive and the Board shall meet and establish Goals for the year.

3. COMPENSATION AND BENEFITS



3.1 Compensation and Benefits. In consideration of the services and covenants described in this Agreement, AHS shall provide the following compensation and benefits to Executive:

(a) Base Salary. AHS Agrees to pay Executive's a base salary of \$679,800.00 per annum; this rate will be in effect from July 1st 2018 in alignment with AHS fiscal year. Thereafter, Executive shall be eligible to receive increases in base salary, if any, as may be determined by AHS' Board of Trustees. Annual performance or merit based increases will be in alignment with the AHS fiscal year and Focal review. Market based pay or benefit adjustments may be made by the Board of Trustees if deemed appropriate outside of this time frame.

(b) Paid Time Off/Sick Leave. Executive shall be eligible to accrue paid time off/sick leave throughout the year in accordance with AHS' standard policies, including any policy provisions with respect to maximum accrual, as they may be amended from time-to-time.

(c) Health Benefits. Executive and his immediate family shall be eligible to participate in any health benefit plans maintained by AHS, including medical, dental, and vision insurance plans, subject in each case to the generally applicable terms and conditions of the plan in question, including eligibility criteria and to the determinations of any person or committee administering such plan, and to the right of AHS to make changes and/or withdraw offering such plans from time-to-time. Until such time as Executive is eligible to obtain coverage under the AHS health plans, AHS will reimburse Executive for any COBRA costs for himself and his immediate family, including medical, dental, and vision insurance plans, incurred to ensure continuous coverage during the eligibility period.

(d) Retirement Benefits. Executive shall be eligible to participate in any retirement benefit plans maintained by AHS, subject in each case to the generally applicable terms and conditions of the plan in question including eligibility criteria, and to the determinations of any person or committee administering such plan, and to the right of AHS to make changes and/or withdraw offering such plans from time-to-time.



(e) Transportation Allowance. Executive shall receive a transportation allowance in the amount of \$1000.00 per month, as full compensation for all expenses and mileage related to the use of Executive's private automobile for business purposes. Such allocation will be subject to employee withholding, pursuant to AHS policies and procedures. Executive shall maintain appropriate insurance to protect AHS against liability on the basis of his use of his personal automobile for official business and shall provide proof of such insurance to AHS as required. Executive shall not be entitled to any additional payment for mileage reimbursement for local travel.

(f) Other Benefits. Executive shall receive a paid life insurance benefit (\$500,000) and long-term disability benefit (maximum of \$12,500 plan benefit per month) available to other unrepresented executive employees.

(g) Executive Training Program. AHS shall reimburse Executive up to \$50,000.00 tuition for participation in an executive training program, or for individual executive coaching subject to AHS' approval for each year of the contract. If unused this amount does not roll over to the following year.

(h) Professional Organizations. AHS agrees to reimburse Executive for his participation in professional organizations, including, the American College of Healthcare Executives, Healthcare Financial Management Association, and the National Association of Health Services Executives. Executive agrees to notify the Board of Trustees of any other organizations for which reimbursement will be requested prior to making a commitment that would be binding on AHS.

3.2 Reimbursement of Business Expenses. AHS shall reimburse Executive for reasonable business expenses incurred by Executive in the performance of his duties under this Agreement subject to applicable AHS policies.

4. TERMINATION

4.1 Termination by Either Party Other Than For Cause. Either party may terminate this Agreement by providing notice, in writing, to the other party. As a business consideration, the parties agree that notice to the other under this section will be provided 180 days before the intended effective date. Upon receipt of notice from the Executive of termination under this Section, AHS may in its sole discretion elect to treat such notice as a voluntary resignation as of the date of the notice and end the employment relationship as of that date. AHS may, in its sole discretion, select a date of termination that provides for less than 180 days' notice, and provide a payment to Executive equal to his regular base salary for the period in lieu of actual notice (actual notice and payment shall be the equivalent of 180 days' notice).



4.2 Termination for Cause by AHS. AHS may terminate this Agreement at any time “for cause” effective immediately upon written notice to Executive. For purposes of Section 4.1 and this Section 4.2, “for cause” is defined as any of the following:

- (a) Willful breach of material duties, obligations or policies of the Chief Executive Officer, including the provisions of this Employment Agreement;
- (b) Excessive absence or material and willful neglect of duties or obligations required of the Chief Executive Officer, including the provisions of this Employment Agreement;
- (c) Material violation of written rules and policies of AHS;
- (d) Material failure to adequately monitor, oversee and implement the compliance program for AHS;
- (e) Commission of any act of dishonesty, fraud or misrepresentation that affects the performance of any duties under this Employment Agreement;
- (f) Conviction or admitted commission of any criminal act amounting to a felony while employed as Chief Executive Officer of AHS;
- (g) Conviction or admitted commission of any crime that has as an element dishonesty, fraud, or misrepresentation, whether or not related to AHS, whether or not in a public or private capacity, including without limitation, theft, fraud, misappropriation or embezzlement of funds; or
- (h) Engagement in acts of disruption or violence or any other activity which would constitute grounds for immediate dismissal of any employee by AHS under existing policies or as may be subsequently enacted.
- (i) Engagement in acts that impair or adversely affect the reputation of AHS or that cause public embarrassment to AHS.

The termination “for cause” will be effective only after AHS has delivered written notice to the Executive describing, in detail, the basis for the cause and Executive has not cured or remedied the cause event(s) within a thirty (30) day period from the date of the notice.

4.3 Termination for Good Reason by Executive. Executive may terminate this Agreement at any time “for good reason” if a good reason event as defined below occurs without Executive’s written consent. For purposes of this Section 4.4, “for good reason” is defined as any of the following:

- (a) Material diminution of Executive’s duties, title, or authority as reflected in a formal act of the Board of Trustees;
- (b) Material diminution of Executive’s compensation or benefits;



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(d) AHS' material breach of its obligations under this Agreement.

(e) AHS no longer operating as a Public Hospital Authority as set forth in the AHS Bylaws, California Health and Safety Code.

Sections 101850, *et seq.*, and in the Alameda County Administrative Code.

The termination "for good reason" will be effective only after Executive has delivered written notice to the AHS Board of Trustees describing, in detail, the basis for the good reason and AHS has not cured or remedied the good reason event within a thirty (30) day period from the date of the notice.

4.3 Termination in the Event of Death or Disability. AHS additionally reserves the right to terminate this Agreement (i) in the event of the death of Executive or (ii) should Executive suffer any physical or mental disability that would prevent the performance of his essential job duties under this Agreement, unless reasonable accommodation can be made to allow him to continue performing the essential functions of his position.

5. SEVERANCE PAY

5.1 Severance Payment Upon Termination by AHS Other Than For Cause. Should AHS determine to terminate this Agreement, other than for cause, or in the event of a transfer of ownership of AHS, AHS shall pay to Executive in a single lump sum an amount equal to and not to exceed a maximum of 12 months of his regular base pay, less applicable payroll deductions, as severance. In addition to the severance pay set forth in this section, AHS shall also pay Executive for all time worked and all accrued but unused PTO time through the effective termination date.

If terminated without cause, Executive shall be entitled to continuation of his benefits under Section 3.1c, above for the period during which he is entitled to receive severance pay under this Section.

5.2 Severance Payment Upon Voluntary Resignation by Executive of Termination by AHS for Cause. No severance pay is owed by AHS to Executive if his employment is terminated for cause (Section 4.2) or if he voluntarily resigns (Section 4.1). In the event of voluntary resignation or termination by AHS for cause, Executive will be compensated for services rendered up to the date of termination or resignation plus any accrued, but unused vacation.

5.3 Severance Payment Upon Termination for Good Reason by Executive. In the event that this Agreement is terminated for good reason, Executive shall be entitled to the payments set forth in Section 5.1.

5.4 Severance Payment Upon Termination in the Event of Death or Disability. In the event of termination due to death or disability, under this Section 4.4, Executive shall



not be entitled to the severance pay, but shall be compensated for unpaid services rendered up to the date of termination or resignation plus any accrued, but unused vacation and shall receive whatever benefits may accrue to Executive as a result of disability or life insurance, retirement benefits, sick leave or other benefits to which he may be entitled.

5.5 Section 409A Limitation. It is the intention of AHS and the Executive that the severance benefits payable to the Executive under this Section either be exempt from, or otherwise comply with, Section 409A (“Section 409A”) of the Code as set forth in the next Section.

6. SECTION 4091A LIMITATION

6.1 Notwithstanding any other term or provision of this Employment Agreement, to the extent that any provision of this Employment Agreement is determined by AHS, with the advice of its independent accounting firm or other tax advisors, to be subject to and not in compliance with Section 409A, including, without limitation, the timing of commencement and completion of severance benefits and/or other benefit payments to the Executive hereunder, or the amount of any such payments, such provisions shall be interpreted in the manner required to exempt the benefit from or to comply with Section 409A. AHS and the Executive acknowledge and agree that such interpretation could, among other matters, (i) delay for a period of 6 months or more, or otherwise modify the commencement of severance and/or benefit payments, (ii) modify the completion date of severance and/or (iii) other benefit payments and/or reduce the amount of the benefit otherwise provided.

6.2 AHS and the Executive further acknowledge and agree that if, in the judgment of AHS, with the advice of its independent accounting firm or other tax advisors, amendment of this Employment Agreement is necessary to exempt the benefits from or to comply with Section 409A, AHS and the Executive will negotiate reasonably and in good faith to amend the terms of this Employment Agreement to the extent necessary so that it exempts the benefits from or to comply with Section 409A (with the most limited possible economic effect on AHS and the Executive). For example, if this Employment Agreement is subject to Section 409A and Section 409A requires that severance and/or other benefit payments must be delayed until at least 6 months after the Executive terminates employment, then AHS and the Executive shall delay payments and/or promptly seek a written amendment to this Employment Agreement that would, if permissible under Section 409A, eliminate any such payments otherwise payable during the first 6 months following the Executive’s termination of employment and substitute therefore a lump sum payment or an initial installment payment, as applicable, at the beginning of the 7th month following the Executive’s termination of employment which, in the case of an initial installment payment, would be equal in the aggregate to the amount of all such payments thus eliminated.

Notwithstanding the foregoing, (a) the Executive and his dependents shall not be denied access to and participation in any health or medical insurance coverage and benefits, for any period of time the Executive and his dependents are otherwise eligible, and (b) the



Executive acknowledges and agrees that AHS shall have the exclusive authority to determine whether the Executive is a “specified employee” within the meaning of Section 409A(a)(2)(B)(i).

7. CONFIDENTIAL INFORMATION

7.1 **Confidential Information.** Executive acknowledges that, although much of AHS’ information is subject to disclosure under the Ralph M. Brown Act, California, Government Code Sections 54950, *et seq.*, certain information is not subject to disclosure and is confidential. “Confidential Information” as defined below relating to AHS to which he will have access as a result of his employment is proprietary to and the property of AHS. “Confidential Information” shall mean all information, whatever its nature and form and whether obtained orally, by observation, from written materials, electronic communications or otherwise, obtained by Executive during or as a result of Executive’s employment by AHS and is information that is not available to the public. By way of illustration, but without limitation, “Confidential Information” includes all personnel, medical or similar records, closed session discussions, attorney and litigation trade secrets information, whether patented or patentable, and business and customer information including but not limited to marketing objectives and strategies, donor information, personnel information, financial information, Board activities, financial projections, planned product or services offerings, advertising and promotional materials, forms, patterns, clients and customers, and their addresses, needs, personnel, characteristics, and the like, data prepared for, stored in, processed by or obtained from an automated information system belonging to or in the possession of AHS and all information that constitutes a trade secret under applicable law. Executive agrees not to disclose or use any such Confidential Information, except as necessary to serve AHS’ legitimate purposes or as required by law, including, but not limited to, Government Code Sections 6250, *et seq.* Executive agrees to return all documentation, correspondence and any other AHS data or property, whether maintained in tangible or intangible form, upon termination of his employment. Executive agrees that his obligations under this Section 7 shall survive termination of his employment during the period that severance is paid under Section 5.1 and under the terms of any successor agreement.

7.2 **No Breach of Contract Due to Other Confidentiality Obligations.** The Executive hereby represents to AHS that: (i) the execution and delivery of this Employment Agreement by the Executive and the performance by the Executive of the Executive’s duties hereunder shall not constitute a breach of, or otherwise contravene, the terms or any



other agreement or policy to which the Executive is a party or by which he is otherwise bound; (ii) that the Executive has no information (including, without limitation, confidential information or trade secrets) of any other person or entity which the Executive is not legally and contractually free to disclose to AHS; and (iii) that the Executive is not bound by any confidentiality, trade secret or similar agreement (other than this Employment Agreement) with any other person or entity.

8. DISPUTE RESOLUTION

8.1 Mediation. Prior to engaging in any legal or equitable litigation or other dispute resolution process, regarding any of the terms and conditions of this Agreement between the parties, or concerning the subject matter of the Agreement between the parties, each party specifically agrees to engage in good faith, in a mediation process at the expense of AHS, complying with the procedures provided for under California Evidence Code Sections 1115 through and including 1125, as then currently in effect. The parties further and specifically agree to use their best efforts to reach a mutually agreeable resolution of the matter. The parties understand and specifically agree that should any party to this Agreement refuse to participate in mediation for any reason, the other party will be entitled to seek a court order to enforce this provision in any court of appropriate jurisdiction requiring the dissenting party to attend, participate, and to make a good faith effort in the mediation process to reach a mutually agreeable resolution of the matter.

8.2 Arbitration. If mediation under Section 8.1 does not resolve the dispute between the parties, this section shall be binding on the parties according to its terms.

This arbitration provision is governed by the Federal Arbitration Act, 9 U.S.C. § 1, *et seq.* and evidences a transaction involving commerce. It shall not apply to any claims within the sole jurisdiction of the Workers' Compensation Appeals Board.

(a) This arbitration provision applies to any dispute arising out of or related to Executive's employment with AHS or termination of employment. Nothing contained in this arbitration provision shall be construed to prevent or excuse Executive from utilizing AHS' existing internal procedures for resolution of complaints, and this arbitration provision is not intended to be a substitute for the utilization of such procedures. Except as it otherwise provides, this arbitration provision is intended to apply to the resolution of disputes that otherwise would be resolved in a court of law, and therefore this arbitration provision requires all such disputes to be resolved only by an arbitrator through final and binding arbitration and not by way of court or jury trial.

Such disputes include without limitation disputes arising out of or relating to interpretation or application of this arbitration provision, but not as to the enforceability, revocability or validity of the arbitration provision or any portion of the arbitration provision. The arbitration provision also applies, without limitation, to disputes, whether brought individually or in a representative capacity, regarding the employment relationship, trade secrets, unfair competition,



compensation, breaks and rest periods, termination, or harassment and claims arising under the Uniform Trade Secrets Act, Civil Rights Act of 1964, Americans Disabilities Act, Age Discrimination in Employment Act, Family Medical Leave Act, Fair Labor Standards Act, Employee Retirement Income Security Act, and state statutes, if any, addressing the same or similar subject matters, and all other state statutory and common law claims (excluding works' compensation, state disability insurance and unemployment insurance claims). Claims may be brought before an administrative agency, but only to the extent applicable law permits access to such an agency notwithstanding the existence of an arbitration provision to arbitrate. Such administrative claims include without limitation claims or charges brought before the Equal Employment Opportunity Commission (www.eeoc.gov), the U.S. Department of Labor (www.dol.gov), the Office of Federal Contract Compliance Programs (www.dol.gov/esa/ofccp). Nothing in this arbitration provision shall be deemed to preclude or excuse a party from bringing an administrative claim before any agency in order to fulfill the party's obligation to exhaust administrative remedies before making a claim in arbitration.

(b) A neutral arbitrator shall be selected by mutual agreement of the Parties from JAMS, the American Arbitration Association, or the California State Mediation and Conciliation Service unless the parties agree in writing to the selection of an arbitrator from another recognized arbitration service. The location of the arbitration proceeding shall be in Alameda County, California, unless each party agrees in writing otherwise. If for any reason the parties cannot agree to an arbitrator, either party may apply to a court of competent jurisdiction for appointment of a neutral arbitrator. The court shall then appoint a retired judge to act as the arbitrator and the appointed arbitrator shall act under this Arbitration provision with the same force and effect as if the parties had selected the arbitrator by mutual arbitration provision.

(c) A demand for arbitration must be in writing and delivered by hand or first class mail to the other party at the address indicated in Section 9.1 within the applicable statute of limitations period. The arbitrator shall resolve all disputes regarding the timeliness or propriety of the demand for arbitration.

(d) In arbitration, the parties will have the right to conduct civil discovery, bring motions, and present witnesses and evidence as provided by the forum state's procedural rules.

(e) Each party will pay the fees for his, her or its own attorneys, subject to any remedies to which that party may later be entitled under applicable law. AHS will pay the Arbitrator's and arbitration fees to the extent that they exceed the costs that Executive would have to pay if a complaint was filed in a court of law.

(f) Within 30 days of the close of the arbitration hearing, any party will have the right to prepare, serve on the other party and file with the Arbitrator a brief. The



Arbitrator may award any party any remedy to which that party is entitled under applicable law, but such remedies shall be limited to those that would be available to a party in a court of law for the claims presented to and decided by the Arbitrator. The Arbitrator will issue a decision or award in writing, stating the essential findings of fact and conclusions of law. Except as may be permitted or required by law, neither a party nor an Arbitrator may disclose the existence, content, or results of any arbitration hereunder without the prior written consent of all parties. A court of competent jurisdiction shall have the authority to enter a judgment upon the award made pursuant to the arbitration. The Arbitrator shall not have the power to commit errors of law or legal reasoning, and the award may be vacated or corrected on appeal to a court of competent jurisdiction for any such error.

8.3 Executive acknowledges and understands that he has a right to consult with counsel of his choice concerning this arbitration provision.

8.4 This Section 8 is the full and complete arbitration provision relating to the formal resolution of employment-related disputes. In the event an portion of this Section 8 is deemed unenforceable, the remainder of this arbitration provision will be enforceable.

9. GENERAL MISCELLANEOUS PROVISIONS

9.1 Notice. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or when mailed by overnight courier, U.S. registered or certified mail, return receipt requested and postage prepaid. In the case of Executive, mailed notices shall be addressed to Executive at the home address which he most recently communicated to AHS in writing. In the case of AHS, mailed notices shall be addressed to the President of the Board of Trustees, Alameda Health System, 1411 E. 31st Street, Oakland CA 94602.

9.2 Modification and Waivers. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by the President of the Board of Trustees. No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

9.3 Construction of Agreement. This Agreement is the result of negotiation by and between the parties. This Employment Agreement shall be construed regard to the party responsible for the preparation of the Employment Agreement and shall be deemed to have been prepared jointly by the parties. This Employment Agreement shall be interpreted in accordance with the plain meaning of its terms and not strictly for or against either party.

9.4 Entire Agreement. This Employment Agreement constitutes the entire agreement between the Parties hereto with respect to the subject matters hereof and thereof and, upon its simultaneous effectiveness, supersedes all prior agreements, understandings



and arrangements, both oral and written, between Executive and AHS with respect to such subject matters covered. No representation, promise, or inducement has been made by either party that is not embodied in this Agreement, and neither Executive nor AHS shall be bound by or liable for any alleged representation, promise or inducement not so set forth.

9.5 Governing Law and Venue. The laws of the State of California, other than those laws denominated choice of law rules, shall govern the validity, construction and effect of this Agreement, with the exception of Section 8.2 et seq., Arbitration, which shall be governed by the Federal Arbitration Act (9 U.S.C. § 1, *et seq.*). Any action which in any way involves the rights, duties and obligations of the parties hereunder and is not resolved by binding arbitration shall be brought in the courts of the State of California and venue for any action or proceeding shall be in Alameda County or in the United States District Court for the Northern District of California, and the parties hereby submit to the personal jurisdiction of said courts.

9.6 Attorney's Fees. In the event of litigation, arbitration or any other action or proceeding between the parties to interpret or enforce this Employment Agreement, or any part thereof or relating to this Employment Agreement, the prevailing party shall be entitled to recover its costs related to such action or proceeding and its reasonable fees of attorneys, accountants and expert witnesses incurred by such party in connection with any such action or proceedings. The prevailing party shall be deemed to be the party which obtains substantially the relief sought by final resolution, compromise or settlement, or as may otherwise be determined by order of a court of competent jurisdiction in the event of litigation, an award or decision of an arbitrator in the event of arbitration.

9.7 Effect of Waiver. The failure of either party to insist on strict compliance with any of the terms, covenants, or conditions of this Employment Agreement by the other party shall not be deemed a waiver of that term, covenant, or condition, nor shall any waiver or relinquishment of any right or power at any one time or times be deemed a waiver or relinquishment of that right or power for all or any other times.

9.8 Withholding Taxes. All payments made under this Agreement shall be subject to reduction to reflect taxes or other charges required to be withheld by law.

9.9 Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

9.10 No Assignment. This Agreement and all rights and obligations of Executive hereunder are personal to Executive and without written consent of AHS may not be transferred or assigned by Executive otherwise than by will or the laws of descent and distribution. This agreement shall inure to the benefit of and be enforceable by Executive's legal representatives. AHS may assign its rights under this Agreement to any entity that assumes AHS' obligations hereunder in connection with any sale or transfer of all or a substantial portion of AHS' assets to such entity. AHS will require any successor to



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perform this Agreement in the same manner and to the same extent that AHS would be required to perform it if no such succession had taken place.

Headings. The headings of sections or paragraphs set forth herein are included solely for convenience of reference and shall not control the meaning or interpretation of any provision of this Agreement.

9.12 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument. Photographic or facsimile copies of any such signed counterparts may be used in lieu of the original for any said purpose.

9.13 Voluntary Agreement. AHS and Executive represent and agree that each has reviewed all aspects of this Agreement, has carefully read and fully understands all provisions of this Agreement, and is voluntarily entering into this Agreement. Each party represents and agrees that such party has had the opportunity to review any and all aspects of this Agreement with the legal, tax or other advisor(s) of such party's choice before executing this Agreement.

IN WITNESS WHEREOF, each of the Parties has executed this Agreement, in the case of AHS by its duly authorized officer, as of the Effective Date.

ALAMEDA HEALTH SYSTEM

DELVECCHIO S. FINLEY

By: _____

By: _____

Joe DeVries
President, Board of Trustees