



Banner Health®

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July 31, 2014

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Cenpatico Behavioral Health of Arizona, LLC  
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Neal Cash  
President/CEO  
Community Partners, Inc.  
4575 East Broadway  
Tucson AZ 85711

*Re: Greater Arizona Regional Behavioral Health Authority RFP(ADHS RFP No. 15-00004276)(the  
"Greater Arizona RFP")*

Sirs and Madam:

As you are aware, Banner Health has executed a document entitled "Principles of Agreement" with the Arizona Board of Regents, acting on behalf of the University of Arizona, and the University of Arizona Health Network ("UAHN"), providing for the acquisition by Banner of UAHN and its subsidiaries, and the entry into an academic affiliation agreement providing for a 30-year primary academic affiliation between Banner and the University of Arizona College of Medicine—Phoenix and the University of Arizona College of Medicine—Tucson. I am attaching a copy of the Principles of Agreement.

Among the UAHN subsidiaries included in the transaction is The University of Arizona Health Plans—University Family Care and University Care Advantage (together "UFC"), a highly regarded AHCCCS contractor with contracts covering Pima County and most of the rest of Arizona, excluding Maricopa County and the northern portion of the state. Although the primary focus of the Banner/UAHN/UA transaction is on the acquisition of the UAHN provider operations and the long-term support for the Colleges of Medicine, the acquisition of UFC was, and is, a very important and material component of the overall transaction contemplated by the Principles of Agreement.

On June 24<sup>th</sup>, as news of the proposed Banner/UAHN/UA transaction became public, Banner learned, for the first time, that UFC was negotiating an arrangement (the "UFC/Cenpatico Arrangement") with Cenpatico Behavioral Health ("Cenpatico") in connection with a bid to be submitted by Cenpatico in response to the Greater Arizona RFP, and that the Cenpatico bid would compete with a bid to be submitted by Community Partnership of Arizona ("CPSA") in concert with another AHCCCS contractor

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(the "CPSA Arrangement"). Neither the Greater Arizona RFP nor UFC/Cenpatico Arrangement had been mentioned during any of the negotiations leading to the execution of the Principles of Agreement.

Banner holds a 25% membership interest in Community Partners, Inc., and two Banner employees, Jeff Buehrle and Michael Cimino, are on the Community Partners, Inc. board of directors. Banner (and its predecessor, Samaritan Health System) have held this membership interest (or an interest in CPSA) since the 1998 (a 25% membership interest was previously held through Arizona Physicians IPA, and was divided and transferred to Samaritan Health and Tucson Medical Center when Arizona Physicians IPA was sold to United Healthcare of Arizona in 1998), although Banner has only recently become involved in the governance of CPSA/Community Partners, Inc. within the past two years. In addition, Banner partnered with CPSA to submit an unsuccessful bid to become the RHBA for Maricopa County in 2013. As of June 24<sup>th</sup>, however, the Banner members of the Community Partners, Inc. board were only generally aware of the issuance of the Greater Arizona RFP, and of CPSA's intention of submitting a joint bid in response to it. The two board members were aware of CPSA's intent to respond to the EFP but not familiar with any of the details pertaining to the expected CPSA proposal or the CPSA Arrangement.

The announcement of the Banner/UAHN/UA transaction, and the belated knowledge that the UFC/Cenpatico Arrangement was being contemplated and would be in competition with the CPSA Arrangement, has placed Banner in an awkward and wholly unintended conflict situation. As we have communicated verbally to Larry Hecker, counsel to Community Partners, and to James Stover of UFC, we do not want Banner's interest in Community Partners, Inc. and the pending acquisition of UFC to in any way disrupt the integrity or outcome of the Greater Arizona RFP bid process or the ensuing contract awards. Accordingly, this will confirm the steps that Banner (including all of its employees and affiliates) have taken, and will continue to take, in order to ensure that our situation does not impact the bidding or create any basis for challenging any contract awards that may be made in response to the Greater Arizona RFP.

- 1) Banner will not have any involvement in or attempt to influence in any way the UFC/Cenpatico Arrangement.
- 2) Banner will have no involvement whatsoever in Cenpatico's proposal responding to the Greater Arizona RFP. Banner will not attempt to influence in any way Cenpatico's proposal responding to the Greater Arizona RFP, nor will Banner ask for or receive any information from Cenpatico, UAHN, or UAHN's affiliates (including UFC) regarding Cenpatico's proposal responding to the Greater Arizona RFP.
- 3) After ADHS/DBHS has awarded the Greater Arizona RBHA contracts, Banner will only be given access to publicly available information about Cenpatico's proposal responding to the Greater Arizona RFP. If the Banner/UAHN/UA transaction is completed, which is not expected to occur until December 31, 2014, Banner will have the same access to the Cenpatico proposal that UAHN and its affiliates have; provided, however, that if the Banner/UAHN/UA transaction closes prior to the award of the Greater Arizona RBHA contracts, or if the award of the contracts is contested, then Banner will continue to refrain from any involvement in, and from obtaining or receiving any information regarding Cenpatico's proposal as described in (2) above until after the award of such contracts and the final resolution of any contest of such awards.

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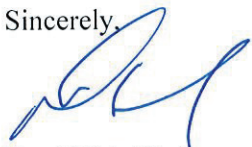
- 4) Banner will not have any involvement in or attempt to influence in any way the CPSA Arrangement.
- 5) Banner will have no involvement whatsoever in CPSA's proposal (or any proposal in which CPSA participates) responding to the Greater Arizona RFP. Banner will not attempt to influence in any way CPSA's proposal (or any proposal in which CPSA participates), nor will Banner ask for or receive from CPSA or its affiliates any information regarding CPSA's proposal (or any proposal in which CPSA participates) responding to the Greater Arizona RFP. In furtherance of this commitment, the two Banner employees who are on the Community Partners, Inc. board of directors will not attend or otherwise participate in any meetings of the Community Partners, Inc. board nor will they review any board materials that may contain information pertaining in any way to the CPSA Arrangement or the CPSA proposal.
- 6) After ADHS/DBHS has awarded the Greater Arizona RBHA contracts, Banner will only access publicly available information about CPSA's proposal responding to the Greater Arizona RFP unless (i) CPSA is awarded a Greater Arizona RBHA contract and such contract award is not contested or, if contested, is finally resolved, and (ii) Banner is not required to divest its membership interest in Community Partners, Inc., as described in (7) below.
- 7) If ADHS/DBHS awards Cenpatico a Greater Arizona RBHA contract as a result of the Greater Arizona RFP that requires the participation of the UFC/Cenpatico Arrangement, and if the Banner/UAHN/UA transaction is completed, Banner will divest itself of its entire membership interest in Community Partners, Inc. and resign from any board seats it holds on the Community Partners, Inc. board of directors, in the event that CPSA (or any affiliate of CPSA) continues to operate as a RBHA. The intent of this commitment is to ensure that Banner's existing membership interest in Community Partners, Inc. does not in any way preclude either CPSA (or any affiliate of CPSA) or Cenpatico from participating in any contract awarded through the Greater Arizona RFP.

It is perhaps Banner's good fortune to be in the position of having existing and possibly future affiliations with such excellent organizations as UFC and Community Partners, Inc. We hope that our good fortune will not in any way impair the ability of either organization from receiving or participating in contracts awarded through the Greater Arizona RFP. We trust that the precautions taken above will maintain the integrity of the Greater Arizona RFP process, and will protect both organizations (and Cenpatico) from any adverse consequences from their existing and future relationships and affiliations with Banner.

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Please do not hesitate to contact me (602/747-4130) if you have any questions or concerns.

Sincerely,



David M. Bixby  
Senior Vice President/General Counsel

cc: Ronald Bunnell  
Dennis Dahlen  
Jeff Buehrle  
Mike Cimino  
Larry Hecker