

Greer, Leslie

From: Martone, Kim
Sent: Thursday, October 06, 2016 1:18 PM
To: Roberts, Karen; Cotto, Carmen
Cc: Greer, Leslie
Subject: FW: Greater Waterbury Health Network, Inc. and Prospect Medical Holdings, Inc. – OHCA Docket No. 15-32017-486
Attachments: Ltr to JBrancifort re GWHN (fwding Cert of Incorporation) 10.6.16.pdf; Prospect Waterbury, Inc.-CT-Cert Copy of Articles of Incorporation.pdf

Kimberly R. Martone

Director of Operations, Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS #13 CMN, Hartford, Connecticut 06134
Phone: 860-418-7029 Fax: 860-418-7053
Email: Kimberly.Martone@ct.gov Website: www.ct.gov/ohca



From: Jennifer O'Donnell [<mailto:jlo@bvmlaw.com>]
Sent: Thursday, October 06, 2016 12:42 PM
To: Brancifort, Janet
Cc: Martone, Kim; Lazarus, Steven; Hansted, Kevin; 'ellen.shin@prospectmedical.com'; Jonathan Spees; dstromstad@wtbyhosp.org; Michele Volpe
Subject: Greater Waterbury Health Network, Inc. and Prospect Medical Holdings, Inc. – OHCA Docket No. 15-32017-486

Please see attached letter and Certificate of Incorporation from Michele Volpe. Thank you.

Jennifer L. O'Donnell
Paralegal
Bershtein, Volpe & McKeon P.C.
105 Court Street, 3rd Floor
New Haven, Connecticut 06511-6957
Telephone: (203) 777-5800 (ext. 104)
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NEW HAVEN, CONNECTICUT 06511
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Michele M. Volpe
Direct Dial (203) 777-6995

October 6, 2016

**VIA EMAIL (janet.brancifort@ct.gov; Kimberly.martone@ct.gov; steven.lazarus@ct.gov;
kevin.hansted@ct.gov)**

Deputy Commissioner Janet M. Brancifort, MPH, RRT
Department of Public Health
410 Capitol Avenue
Hartford, Connecticut 06134

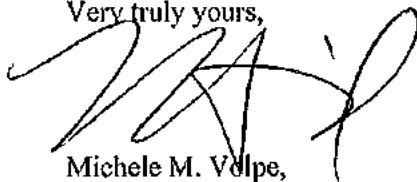
**Re: Greater Waterbury Health Network, Inc. and Prospect Medical Holdings, Inc. – OHCA
Docket No. 15-32017-486**

Dear Ms. Brancifort:

Pursuant to Condition Number Two (2.) in the Final Decision for Docket No. 15-32017-486, enclosed please find the following Certificate of Incorporation for the PMH affiliated entity that will directly own, operate and hold the hospital license of the New Hospital:

- 1) Prospect Waterbury, Inc.

Very truly yours,



Michele M. Volpe,
Bershtein, Volpe & McKeon, P.C.

Deputy Commissioner Janet M. Brancifort, MPH, RRT
October 6, 2016
Page Two

Cc: Kimberly Martone, Director of Operations, Department of Public Health Division of Office of Health Care Access
Steven Lazarus, Associate Health Care Analyst, Department of Public Health Division of Office of Health Care Access
Kevin Hansted, Staff Attorney, Department of Public Health Division of Office of Health Care Access
Ellen Shin, Prospect Medical Holdings, Inc.
Jonathan Spees, Prospect Medical Holdings, Inc.
Darlene Stromstad President and Chief Executive Officer, Greater Waterbury Health Network, Inc.

**CERTIFICATE OF INCORPORATION
OF
PROSPECT WATERBURY, INC.**

(a Connecticut business corporation)

FIRST: The name of the corporation shall be PROSPECT WATERBURY, INC. (the "Corporation").

SECOND: The authorized capital stock of the Corporation shall consist of one thousand (1,000) shares of common stock, at par value \$0.01 per share.

THIRD: The common stock shall have the following rights and privileges:

- (a) Voting Rights : Each holder of record of common stock shall be entitled to one vote for each share of stock held.
- (b) Voting Requirements : Stockholder action on any matter whatsoever shall require the affirmative vote of at least a majority of the shares of the common stock issued and outstanding at the time of such vote, and for those matters for which the vote of a greater proportion of such shares may be specified by law, the affirmative vote of the proportion of such shares so specified shall be required.
- (c) Preemptive Rights : No holder of the common stock shall be entitled as of right to purchase or subscribe for any unissued shares of the Corporation whether now or hereafter authorized or whether of a class hereafter created, or to purchase or subscribe for any bonds, certificates of indebtedness, debentures, or other obligations convertible into shares of the Corporation.
- (d) Dividends : The holders of the common stock shall be entitled to receive dividends as and when declared by the Board of Directors of the Corporation.

FOURTH: The name and address of the Corporation's registered agent and office in the State of Connecticut is C T Corporation System, One Corporate Center, Hartford, Connecticut, 06103-3220.

FIFTH: The name and complete address of the incorporator is as follows:

NAME
Leonard Lipsky, Esq.

MAILING ADDRESS
Epstein Becker & Green, P.C.
250 Park Ave
New York, NY 10177

SIXTH: The management of the business and the conduct of the affairs of the Corporation shall be vested in a board of directors (the "Board of Directors"). The number of directors which shall constitute the whole Board of Directors shall be fixed by, or

Email: None

in the manner provided in the bylaws of the Corporation. No election of directors needs to be by written ballot.

SEVENTH: The nature of the business or purposes to be conducted and promoted by the Corporation shall be to operate a licensed hospital and to engage in any lawful act or activity for which corporations may be organized under Connecticut law. The foregoing provisions of this SEVENTH Article shall be construed both as purposes and powers and each as an independent purpose and power, and shall not be held to limit or restrict in any manner the purposes and powers of the Corporation; provided that the Corporation shall not conduct any business, promote any purposes, or exercise any power or privilege within or without the State of Connecticut which, under the laws thereof, the Corporation may not lawfully conduct, promote, or exercise.

EIGHTH: The Corporation is to have perpetual existence.

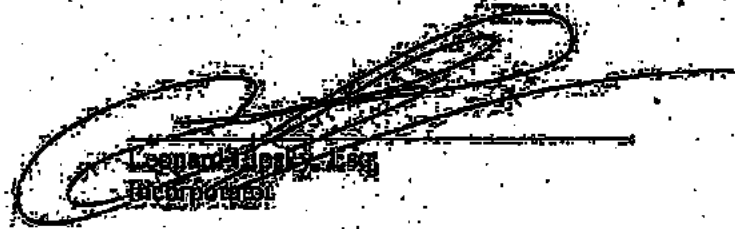
NINTH: The Board of Directors of the Corporation has the power to adopt, amend, or repeal the bylaws of the Corporation.

TENTH: The personal liability of a director of the Corporation for monetary damages for breach of duty as a director shall be limited to an amount that is equal to the compensation received by the director for serving as a director of the Corporation during the year of the violation if such breach did not (A) involve a knowing and culpable violation of law by the director, (B) enable the director or an associate, as defined in Section 33-840 of the Connecticut Business Corporation Act, to receive an improper personal economic gain, (C) show a lack of good faith and a conscious disregard of the duty of the director to the Corporation under circumstances in which the director was aware that this conduct or omission created an unjustifiable risk of injury to the Corporation, (D) constitute a sustained and unexcused pattern of inattention that amounted to an abdication of the director's duty to the Corporation, or (E) create liability under Section 33-757 of the Connecticut Business Corporation Act.

ELEVENTH: (a) The Corporation shall indemnify any individual made a party to a proceeding because such individual is or was a director of the Corporation against liability incurred and expenses advanced in connection with the proceeding in all circumstances except those for which the Connecticut Business Corporation Act prohibits the limitation of such individual's liability.

(b) The Corporation shall indemnify any individual made a party to a proceeding because such individual is or was an officer of the Corporation against liability incurred and expenses advanced in connection with the proceeding to the greatest extent allowed under Connecticut General Statutes Section 33-776.

IN WITNESS WHEREOF, the undersigned being the incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the Connecticut Business Corporation Act, does make this Certificate, hereby declaring and certifying that this is my act and deed, that the facts herein stated are true and accordingly have hereunto set my hand this 7th day of April, 2016.



Leonard J. [unclear]
[unclear]

CT Corporation System

Business Address:

One Corporate Center,
Hartford, CT 06103-3200

Acceptance of Appointment: CT Corporation System

By: Kathryn A. Wilddoes
Kathryn A. Wilddoes, Assistant Secretary
(Signature of Agent)

SECRET

APR 10 2016

RECEIVED

SECRET

STATE OF CONNECTICUT }
OFFICE OF THE SECRETARY OF THE STATE } SS. HARTFORD

I hereby certify that this is a true copy of record
in this Office.

In Testimony whereof, I have hereunto set my hand
and affixed the Seal of said State, at Hartford,

this 17th day of April A.D. 2016



SECRETARY OF THE STATE

Greer, Leslie

From: Garrison De Lee (Legal Department) <Garrison.DeLee@prospectmedical.com>
Sent: Wednesday, October 19, 2016 2:58 PM
To: User, OHCA
Cc: Darlene Stromstad - Waterbury
Subject: Greater Waterbury Health Network, Inc. and Prospect Medical Holdings, Inc.--OHCA
Docket No. 15-32017-486-CON
Attachments: SPMHLEGAL16101911590.pdf; Outpatient services and inpatient bed allocation.pdf

To whom it may concern:

Pursuant to Condition Number One (1) in the final Decision for Docket NO. 15-32017-486, attached please find a schedule setting forth Waterbury Hospital's inpatient bed allocation and the location and hours of operation for all outpatient services by department, as of the Decision Date. This information will be published on the website of the Hospital.

Garrison G. DeLee
Assistant General Counsel
Prospect Medical Holdings, Inc.
310-943-4500

NOTICE: This message and any attachment(s) may contain PRIVILEGED and CONFIDENTIAL information that is proprietary to Prospect Medical and is intended only for the use of the specific individual(s) to which it is addressed. It may contain Protected Health Information that is privileged and Confidential Protected Health Information may be used or disclosed in accordance with law and you may be subject to penalties under law for improper use or further disclosure of the Protected Health Information in this email. If you are not an intended recipient of this email, you are hereby notified that any unauthorized use, dissemination or copying of this email or the information contained in it or attached to it is strictly prohibited. If you have received this email in error, please delete it and immediately notify the person named above by reply email.



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Los Angeles, CA 90034
Tel (310) 943-4500
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October 19, 2016

VIA EMAIL

Office of Healthcare Access
Connecticut Department of Public Health
410 Capital Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134

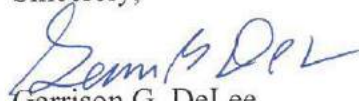
Re: Greater Waterbury Health Network, Inc. and Prospect Medical Holdings, Inc.—
OHCA Docket No. 15-32017-486

To whom it may concern:

Pursuant to Condition Number One (1) in the final Decision for Docket NO. 15-32017-486, attached please find a schedule setting forth Waterbury Hospital's inpatient bed allocation and the location and hours of operation for all outpatient services by department, as of the Decision Date. This information will be published on the website of the Hospital.

If you have any questions, please contact the undersigned.

Sincerely,


Garrison G. DeLee
Assistant General Counsel

cc: Darlene Stromstad

Service	Location	Hours	Number of beds
Alliance Medical group	1625 Straits Turnpike		
Middlebury	Middlebury, CT 06762		
Pediatrics	Suite 302	Mon. - Thur. 9 a.m. to 6:45 p.m.	
		Friday 9 a.m. to 4:45 p.m.	
		Sat. and Sun. 9 a.m. to 12 p.m.	
Primary Care	Suite 110	Mon. - Fri. 9 a.m. to 12 p.m.; 1 p.m. to 4:45 p.m.	
Endocrinology	Suite 200	Mon. - Fri. 9 a.m. to 12 p.m.; 1 p.m. to 5 p.m.	
Geriatrics	Suite 304A	Mon. - Fri. 9 a.m. to 12 p.m.; 1 p.m. to 4:45 p.m.	
Neurology	Suite 304A	Mon. - Fri. 9 a.m. to 12 p.m.; 1 p.m. to 4:45 p.m.	
Pulmonary	Suite 200	Mon. - Fri. 9 a.m. to 12 p.m.; 1 p.m. to 5 p.m.	
Rheumatology	Suite 301	Mon. - Thur. 9 a.m. to 4:30 p.m.	
		Fr. 9:30 a.m. to 4:30 p.m.	
Sleep Center	1625 Straits Turnpike, Suite 305	Mon. - Fri. 8 a.m. to 4:30 p.m.	
	Middlebury, CT 06762	7 p.m. to 7 a.m.	6
Surgery	Suite 200	Mon. - Fri. 9 a.m. to 12 p.m.; 1 p.m. to 5 p.m.	
Weight Management	Suite 200	Mon. - Fri. 9 a.m. to 12 p.m.; 1 p.m. to 5 p.m.	
Naugatuck	305 Church St.	Mon. Thur. 8 a.m. to 5 p.m.	
		Tue. Wed. 8:30 a.m. to 7 p.m.	
		Fri. 10 a.m. to 5 p.m.	
Thomaston	130 South Main Street	Mon. - Friday 9 a.m. to 4:30 p.m.	
Waterbury	140 Grandview Ave.	Mon. - Fri. 8:30 a.m. to 5 p.m.	
Chase Outpatient Center	160 Robbins Street	Mon. - Fri. 8:30 a.m. to 5 p.m.	
Watertown	51 Depot Street, Suite 506	Mon., Wed., Thur., Fri. 10 a.m. to 4:30 p.m.	
Woodbury	40 Main Street North	Mon. - Fri. 9 a.m. to 5 p.m.	
Cardiology Associates of	455 Chase Parkway		
Greater Waterbury	Waterbury, CT 06708	8:30 a.m. to 4:30 p.m.	
Cardiac Diagnostic Center	455 Chase Parkway		
	Waterbury, CT 06708	8 a.m. to 5 p.m.	
Chase Outpatient Center	160 Robbins Street	Mon. - Fri. 8:30 a.m. to 5 p.m.	
	Waterbury, CT 06708		
The Harold Leever Regional	1075 Chase Parkway	Mon. - Fri. 7 a.m. to 5 p.m.	
Cancer Center	Waterbury, CT 06708		

VNA Health at Home, Inc.	27 Siemon Company Drive	Mon. - Fri. 8 a.m. to 4 p.m.	
	Watertown, CT 06795		
Valley Imaging Partners	799 New Haven Road (Route 63)		
	Naugatuck, CT 06770	Mon. Tue. Thur. 8 a.m. to 5 p.m.	
		Saturday by appointment only	
Imaging Partners of Waterbury Hospital	134 Grandview Ave. Suite 103	Mon. - Fri. 8 a.m. to 4:30 p.m.	
	Waterbury, CT 06708	Evenings by appointment only	
Greater Waterbury Imaging Center	68 Robbins St.	Mon. - Fri. 6:30 a.m. to 10:30 p.m.	
	Waterbury, CT 06708	Sat. 6:30 a.m. to 8 p.m.	
Physical Rehabilitation Access Rehab Centers			
Middlebury	1625 Straits Turnpike	Mon. - Fri. 7:30 a.m. to 7 p.m.	
	Middlebury	Sat. 8 a.m. to 12 p.m.	
Naugatuck	305 Church St. Suite 8	Mon., Wed., Fri. 8 a.m. to 7 p.m.	
	Naugatuck, Ct 06770	Tue., Thur., 8 a.m. to 6:30 p.m.	
Oxford	84 Oxford Road	Mon., Wed., Fri., 8 a.m. to 7 p.m.	
	Oxford, CT 06478	Tue., Thur., 8 a.m. to 3:30 p.m., Sat. 8 a.m. to 12 p.m.	
Southbury	134 Main St.	Mon., Wed., Thur. 8 a.m. to 6 p.m.	
	Bennett Square, # 70-G	Tue. 8 a.m. to 3:30 p.m.; Fri. 8 a.m. to 3 p.m.	
	Southbury, CT 06488		
Thomaston	131 Main St.	Mon., Wed. 8 a.m. to 6 p.m.	
	Thomaston, CT 06787	Tue., Thur., Fri. 8 a.m. to 4:30 p.m.	
Waterbury	22 Tompkins St.	Mon. - Fri. 8 a.m. to 5:30 p.m.	
	Waterbury, CT 06708		
	715 Lakewood Road	Tue., Thur. 8 a.m. to 7 p.m.	
	Waterbury, CT 06704	Mon., Wed., Fri. 8 a.m. to 5 p.m.; Sat. 8 a.m. to 12 p.m.	
	2154 East Main St.	Mon., Wed., 8:30 a.m. to 7 p.m.	
	Waterbury, CT 06705	Tue., Thur., Fri. 8:30 a.m. to 4:30 p.m.; Sat. 8 a.m. to 12 p.m.	
	64 Robbins St.	Mon. - Sun. 8 a.m. to 4:30 p.m.	
	Waterbury, Ct 06708		
Wolcott	650 Wolcott Road	Mon. Tue. Wed. 7:30 a.m. to 7 p.m.	
	Wolcott, CT 06716	Thur. 7:30 a.m. to 4 p.m.; Fri. 7:30 a.m. to 6 p.m.	
Waterbury Hospital			

Blood Drawing Facilities			
Waterbury	64 Robbins Street, Ground Floor	Mon. - Fri. 7 a.m. to 4:30 p.m.	
	Waterbury, CT 06721		
	134 Grandview Ave., Suite 104	Mon. - Fri. 8 a.m. to 12:30 p.m.; 1:30 p.m. to 3:30 p.m.	
	Waterbury, CT 06721		
	160 Robbins Street	Mon. - Thur. 8:30 a.m. to 12:30 p.m.; 1 p.m. to 3:30 p.m.	
	Waterbury, CT 06708	Fri. 8:30 a.m. to 3 p.m.	
Middlebury	1625 Straits Trnpg, Suite 304	Mon. - Fri. 7 a.m. to 4:45 p.m.	
	Middlebury, CT 06762		
Naugatuck	305 Church St., Suite 8	Mon. - Fri. 7 a.m. to 12:30 p.m.; 1 p.m. to 4:30 p.m.	
	Naugatuck, Ct 06770		
Southbury	22 Old Waterbury Road, Suite 201	Mon. - Fri. 7 a.m. to 12:30 p.m.; 1 p.m. to 4 p.m.	
	Southbury, CT 06488		
Thomaston	130 South Main St.	Mon. Tue. Wed. 7 a.m. to 12:30 p.m.; 1 p.m. to 3:45 p.m.	
	Thomaston, CT 06787	Thur. 7 a.m. to 12:30 p.m.; 1 p.m. to 4:15 p.m.	
Watertown	51 Depot Street, Suite 212	Mon. - Fri. 7 a.m. to 12:30 p.m.; 1 p.m. to 4 p.m.	
	Watertown, CT 06795		
Waterbury Hospital			
Nursing Units			
CVU	64 Robbins St.	Open 24 hours a day, 7 days a week	8
MICU	Waterbury, CT 06708		10
SICU			10
FBC			26
TELE			41
P5			34
P6			23 (temporarily closed)
P7			30
P8 Total BH			30
P9			34
Special Care Nursery	64 Robbins St.	Open 24 hours a day, 7 days a week	14
Well Baby	Waterbury, CT 06708		10

ASSET PURCHASE AGREEMENT

by and between

GREATER WATERBURY HEALTH NETWORK, INC.

SELLER

and

**PROSPECT CT MEDICAL FOUNDATION, INC.
PROSPECT WATERBURY, INC.
PROSPECT WATERBURY HOME HEALTH, INC.**

BUYER

Dated as of September 27, 2016

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ASSET PURCHASE AGREEMENT

This **ASSET PURCHASE AGREEMENT** (this “**Agreement**”), dated September 27, 2016, is by and between Greater Waterbury Health Network, Inc., a Connecticut non-stock corporation (“**Seller**”), on its behalf and on behalf of its Wholly Owned Subsidiaries, on the one hand, and Prospect CT Medical Foundation, Inc., a Connecticut nonstock corporation, Prospect Waterbury, Inc., a Connecticut corporation, and Prospect Waterbury Home Health, Inc., a Connecticut corporation (collectively, the “**Buyer**”), with Prospect Medical Holdings, Inc. (“**PMH**”), a Delaware corporation and the indirect owner of Buyer, joining for the limited purposes described herein, on the other hand.

RECITALS:

WHEREAS, Seller desires to sell substantially all of its assets, real, personal and mixed, tangible and intangible, and operations to Buyer, including the properties, assets, and businesses of the Seller and its Wholly Owned Subsidiaries, including The Waterbury Hospital (a tax-exempt entity), an acute care teaching hospital having 357 licensed beds (the “**Hospital**”), VNA Health at Home, Inc., Greater Waterbury Management Resources, Inc. (“**GWMRI**”), and Alliance Medical Group, Inc., together with the Hospital’s equity interests in Cardiology Associates of Greater Waterbury, LLC (“**CAGW**”) (the entities and businesses operated by Seller and its Wholly Owned Subsidiaries, including the Hospital and CAGW, are collectively referred to as the “**Hospital Businesses**”), together with Seller’s joint venture interests in Access Rehab Centers, LLC, Greater Waterbury Imaging Center Limited Partnership, Imaging Partners, LLC, Heart Center of Greater Waterbury, Inc. (“**Heart Center**”), The Harold Leever Regional Cancer Center, Inc., Waterbury Gastroenterology Co-Management Company, LLC (“**WGCC**”), and Valley Imaging Partners, LLC (the foregoing entities are collectively referred to herein as the “**Joint Ventures**”); *provided*, that, for the avoidance of doubt, the parties hereby agree and acknowledge that the term “Hospital Businesses” does not include the Joint Ventures or Converted Ventures (as such term is hereinafter defined) or any of their health care facilities, assets or businesses;

WHEREAS, Buyer desires to purchase substantially all of the assets, real, personal and mixed, tangible and intangible, of Seller and the Wholly Owned Subsidiaries, including the Hospital Businesses (including the equity interests in CAGW), the Joint Ventures and Converted Ventures; and

WHEREAS, Seller has concluded that the transactions contemplated by this Agreement are in its best interests and consistent with its charitable mission of the promotion of health care in the communities served by the Hospital Businesses.

NOW, THEREFORE, for and in consideration of the premises, and the agreements, covenants, representations and warranties hereinafter set forth, and other good and valuable consideration, the receipt and adequacy of which are forever acknowledged, the parties, intending to be legally bound, agree as follows:

AGREEMENT:

1. DEFINITIONS AND REFERENCES

1.01. Definitions. For purposes of this Agreement, the following definitions apply:

(1) **20-Day Period** is defined in Section 2.05(f);

(2) **Accessibility Laws** is defined in Section 3.11(b)(iv);

(3) **Accountants' Determination** is defined in Section 2.05(f);

(4) **Accounts Receivable** means all accounts, notes, interest, and other receivables of the Hospital Businesses, including, without limitation, those certain accounts, notes, or other receivables listed on Schedule 1.01(4), and all claims, rights, interests, and proceeds related thereto, including all accounts and other receivables, disproportionate share payments, and all rights to receive funds relating to upper payment limits, arising from the rendering of services to inpatients and outpatients at the Hospital Businesses, billed and unbilled, recorded and unrecorded, accrued and unaccrued, for services provided by Seller or the Wholly Owned Subsidiary, as applicable, while owner of the Assets, whether payable by private pay patients, private insurance, third party payors, Government Payment Programs, or by any other source, and accounts that have been written off, but excluding all Cost Report settlement amounts;

(5) **Accumulated Benefit Obligation** means the accumulated benefit obligation of Seller's or its Wholly Owned Subsidiary's, as applicable, defined benefit pension plan, the New England Health Care Employee Pension Fund and the Connecticut Health Care Associates Pension Plan, determined for purposes of Seller's audited financial statements as of September 30, 2015 using GAAP (i) reflecting the assumptions used for purposes of Note 9 of such financial statements (as updated for the RP-2014 mortality tables prepared by the Society of Actuaries) and (ii) assuming continuation of the Seller's or its Wholly Owned Subsidiary's, as applicable, post-retiree health benefit plan and no change in its provisions after September 30, 2015 (other than the freeze of such plan to new participation);

(6) **AEA** is defined in Section 3.12;

(7) **Affiliate** means as to the Person in question, any Person that directly or indirectly controls, is controlled by, or is under common control with the Person in question, and the term "control" means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through ownership of voting securities, by contract, or otherwise;

(8) **Agreement** is defined in the preamble;

(9) **Arbitrating Accountants** is defined in Section 2.05(f);

(10) **Asbestos Abatement Liability** means the amount reflected in Seller's audited financial statements;

(11) **Asset Sale** is defined in Section 5.03(c);

(12) **Assets** means all assets, real property, personal and mixed property of every kind, character or description, known or unknown, tangible or intangible, owned or leased by Seller wherever located and whether or not reflected in the Financial Statements or referenced or scheduled herein, (i) including those assets owned by a Wholly Owned Subsidiary of Seller and the JV Interests, but (ii) excluding the Excluded Assets;

(13) **Assignment and Assumption Agreement** is defined in Section 9.02(c);

(14) **Assumed Contracts** is defined in Section 2.01(f);

(15) **Assumed Liabilities** is defined in Section 2.03;

(16) **Attorney General** means the Office of the Attorney General of the State of Connecticut;

(17) **Audited Financial Statements** means the audited consolidated balance sheets of Seller and its Wholly Owned Subsidiaries for the three most recently ended fiscal years, and the related consolidated statements of operations, of changes in net assets, and of cash flows for the fiscal years then ended, and the notes thereto and the report thereon of Marcum, LLP, independent certified public accountants;

(18) **Balance Sheet Date** is defined in Section 3.06(a);

(19) **Bill of Sale** is defined in Section 9.01(b);

(20) **Bond/Escrow** is defined in Section 5.03(f);

(21) **Buyer** is defined in the preamble;

(22) **Buyer Deductible** is defined in Section 10.04;

(23) **Buyer's Indemnified Persons** means Buyer and its respective stockholders, members, partners, Affiliates, directors, trustees, officers, employees, agents, representatives, successors and assigns;

(24) **Capital Amount** means Fifty-Five Million Dollars (\$55,000,000) less (w) the amount of Capital Lease Obligations assumed by Buyer at Closing in excess of Three Million Dollars (\$3,000,000), *provided, however*, that such reduction shall not exceed Three Million Five Hundred Thousand Dollars (\$3,500,000), less (x) the Negative Amount, less (y) the Purchase Price Adjustment Shortfall, and less (z) the Unpaid Losses; *provided, however*, that in no event shall the Capital Amount be reduced in accordance with (1) clauses (x) and (y) by an amount that in the aggregate is greater than Five Million Dollars (\$5,000,000), or (2) clause (z) by an amount greater than Four Million Five Hundred Thousand Dollars (\$4,500,000);

(25) **Capital Lease Obligations** is defined in Section 2.03(d);

- (26) **CAGW** is defined in the recitals;
- (27) **Cash Balance Plan** is defined in Section 8.10;
- (28) **CERCLA** is defined in Section 3.12;
- (29) **CHA Claims** is defined in Section 2.01(y);
- (30) **Claim Notice** means written notification of a Third Party Claim by an Indemnitee to an Indemnifying Party under Article 10, including a Third Party Claim set forth in a “Revenue Agent’s Report,” “Statutory Notice of Deficiency,” “Notice of Proposed Assessment,” or any other official written notice from a Taxing authority that Taxes are due or that a Tax audit will be conducted;
- (31) **Closing** is defined in Section 9.01(a);
- (32) **Closing Balance Sheets** means the unaudited individual and/or combined balance sheets of Seller and its Wholly Owned Subsidiaries as of the close of business on the Closing Date, which, for the avoidance of doubt, shall include Unfunded Pension Liabilities as a line item thereon, as finally determined in accordance with Section 2.05 following the resolution of all disputes with respect thereto;
- (33) **Closing Date** means the date upon which the Closing occurs;
- (34) **Closing Document** means each instrument, agreement, certificate or other document executed or delivered, or required to be executed or delivered, by a party at Closing;
- (35) **CMS** means The Centers for Medicare and Medicaid Services;
- (36) **COBRA** means the federal Consolidated Omnibus Budget Reconciliation Act of 1985, as amended;
- (37) **Code** means the Internal Revenue Code of 1986, as amended;
- (38) **Contracts** means all commitments, contracts, leases, licenses, agreements and understandings, written or oral, relating to the Assets or the operation of the Hospital Businesses to which Seller or any Wholly Owned Subsidiary of Seller is a party or by which it or any of the Assets are bound, including agreements with payers, physicians and other providers, agreements with health maintenance organizations, independent practice associations, preferred provider organizations and other managed care plans and alternative delivery systems, joint venture and partnership agreements, management, employment, retirement, retention and severance agreements, vendor agreements, real and personal property leases and schedules, maintenance agreements and schedules, agreements with municipalities and labor organizations, and bonds, mortgages and other loan agreements;
- (39) **Converted Venture** is defined in Section 5.19;

- (40) **Cost Reports** is defined in Section 6.06;
- (41) **CTDEEP** is defined in Section 5.06;
- (42) **DOL** means the United States Department of Labor;
- (43) **DSH** means a Disproportionate Share Hospital that serves a significantly disproportionate number of low-income patients and receives payments from CMS to cover the costs of providing care to uninsured patients;
- (44) **EBITDA** means earnings before interest, income Taxes, depreciation and amortization, the components of which shall be determined in accordance with GAAP consistently applied;
- (45) **ECAF** is defined in Section 5.06;
- (46) **EFT Account** is defined in Section 2.01(o);
- (47) **Employee Benefit Plan** is defined in Section 3.21;
- (48) **Employee Lists** is defined in Section 5.03(b);
- (49) **Encumbrances** means liabilities, levies, claims, charges, assessments, mortgages, security interests, liens, pledges, conditional sales agreements, title retention contracts, easements, restrictions, rights of first refusal, options to purchase and other encumbrances (including limitations on pledging or mortgaging any of the Assets) and Contracts to create in the future any such Encumbrance or suffer any of the foregoing;
- (50) **Environmental Laws** is defined in Section 3.12;
- (51) **ERISA** means the Employee Retirement Income Security Act of 1974, as amended;
- (52) **ERISA Affiliate** is defined in Section 3.21;
- (53) **Essential Service** is defined in Exhibit C;
- (54) **Establishment Real Properties** is defined in Section 5.06;
- (55) **Estimated Remediation Costs** is defined in Section 5.06;
- (56) **Excluded Assets** is defined in Section 2.02;
- (57) **Excluded Contracts** is defined in Section 2.02(q);
- (58) **Excluded Liabilities** is defined in Section 2.04;
- (59) **Final Closing Statement** is defined in Section 2.05(e);

(60) **Final Determination Date** means the earliest to occur of (i) the twenty-first (21st) business day following the receipt by Seller of the Final Closing Statement and Closing Balance Sheets if Seller shall have failed to deliver the Objection Notice to Buyer within the 20-Day Period, (ii) the date on which Seller gives Buyer written notice to the effect that Seller has no objection to Buyer's determination of the amount of the actual Net Working Capital and actual Unfunded Pension Liabilities, (iii) the date on which Buyer and Seller execute and deliver a Settlement Agreement, (iv) the date as of which Buyer and Seller shall have received the Accountants' Determination, and (v) Buyer's failure to deliver the information set forth in Section 2.05(e) within the ninety (90) day period described therein.

(61) **Financial Statements** is defined in Section 3.06;

(62) **FTC** means the United States Federal Trade Commission;

(63) **GAAP** means United States generally accepted accounting principles;

(64) **Government Payment Programs** means federal and state Medicare, Medicaid, CHAMPUS and TRICARE programs, the Connecticut HUSKY Health program, and similar or successor programs with or for the benefit of Governmental Authorities;

(65) **Governmental Authority** means any executive, legislative or judicial agency, authority, board, body, commission, court, department, instrumentality or office of any federal, state, city, county, district, municipality, foreign or other government or quasi-government unit or political subdivision;

(66) **GWMRI** is defined in the recitals;

(67) **Hazardous Substances** means and includes polychlorinated biphenyls, urea formaldehyde, asbestos, low-level nuclear materials, special nuclear materials or nuclear-byproduct materials, and any substances, materials, constituents, chemicals, pollutants, contaminants, wastes (including medical waste), toxic substances, petroleum and petroleum products, or other elements or products that are included under or regulated by any Environmental Law, including, without limitation, CERCLA, RCRA and AEA;

(68) **Heart Center** is defined in the recitals;

(69) **Hill-Burton Act** means the federal Public Health Service Act, 42 U.S.C. §291, *et seq.*, as amended;

(70) **HIPAA** means the federal Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. Section 1320d, *et seq.*, as amended by the Health Information Technology for Economic and Clinical Health Act, and any current and future Legal Requirements promulgated thereunder, as amended;

(71) **Hospital** is defined in the recitals;

(72) **Hospital Businesses** is defined in the recitals;

(73) **HSR Act** means the federal Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended;

(74) **Immaterial Contract** means any Contract to which Seller or any of its Wholly Owned Subsidiaries is a party that requires either the payment by Seller or its Wholly Owned Subsidiaries of \$25,000 or less or the provision of goods or the performance of services by Seller or any of its Wholly Owned Subsidiaries having a value of \$25,000 or less, in either case during the period from the date of this Agreement until (i) if the Contract is terminable at any time by Seller or the respective Wholly Owned Subsidiary without cause upon notice of 90 days or less, the date on which the Contract would terminate if Seller or the respective Wholly Owned Subsidiary was to give notice of termination on the date of this Agreement, or (ii) if the Contract is not terminable at any time by Seller or the respective Wholly Owned Subsidiary without cause upon notice of 90 days or less, the expiration of the term of the Contract, *provided* that an Immaterial Contract does not include any Contract described in Section 3.17;

(75) **Indemnifying Party** means any Person obligated to indemnify another Person under Article 10;

(76) **Indemnitee** means any Person entitled to indemnification under Article 10;

(77) **Indemnity Notice** means written notification of a claim for indemnity under Article 10, other than a Third Party Claim, made by an Indemnitee to an Indemnifying Party pursuant to Section 10.05(b);

(78) **Information Systems** means the software (including object and source codes as applicable), hardware, application programs and similar systems owned, licensed or leased by Seller or its Wholly Owned Subsidiary and used in the ownership or operation of any of the Hospital Businesses, whether or not on a system-wide basis;

(79) **Intellectual Properties** means (i) all inventions (whether or not patentable or reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (ii) all trademarks, service marks, trade dress, logos, trade names, corporate names, domain names, and all websites (together with the content therein), including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (iii) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, and (iv) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals) that are owned, licensed or leased by Seller or its Wholly Owned Subsidiaries and used in the ownership or operation of the Hospital Businesses, together

with all rights to sue or make any claims for any past, present, or future infringement, misappropriation or unauthorized use of any of the foregoing rights, and the right to all income, royalties, damages and other payments that are now or may hereafter become due or payable with respect to any of the foregoing rights, including damages for past, present or future infringement, misappropriation or unauthorized use thereof;

(80) **Interim Closing Balance Sheets** means the unaudited individual and/or combined balance sheets of Seller and its Wholly Owned Subsidiaries as of the most recent month end available before the Closing;

(81) **Investments** means shares of capital stock of any corporation, equity interests in partnerships or limited liability companies, or other equity or debt instruments in any other Person, or membership in a not-for-profit business organization, and proceeds from the sale thereof;

(82) **IRS** means the United States Internal Revenue Service;

(83) **Joint Commission** is defined in Section 3.16;

(84) **Joint Ventures** is defined in the recitals;

(85) **JV Interests** is defined in Section 2.01(q);

(86) **Justice Department** means the United States Department of Justice;

(87) **Leased Personal Property** is defined in Section 2.01(c)(ii);

(88) **Leased Real Property** means the real property, together with all buildings, improvements and fixtures thereon, that is leased by Seller or any Wholly Owned Subsidiaries of Seller;

(89) **Legal Requirements** means, with respect to any Person, all federal, state and local statutes, laws, ordinances, codes, rules, regulations, restrictions, orders, judgments, rulings, writs, injunctions, decrees, policies, determinations or awards of any Governmental Authority having jurisdiction over such Person or any of such Person's assets or businesses;

(90) **Loan Agreement** is defined in Section 5.15;

(91) **Local Board** is defined in Section 6.12;

(92) **Losses** means any and all damages, costs, losses (including any diminution in value), liabilities, expenses or obligations (including Taxes, interest, penalties, court costs, costs of preparation and investigation, and attorneys', accountants' and other professional advisors' fees and expenses);

(93) **Material Adverse Effect** means any event, change, or occurrence that, individually or together with any other event, change, or occurrence, would reasonably be

expected to have a material adverse effect on the Assets (whether or not covered by insurance) or on the business, operations, results of operations, prospects, or condition (financial or otherwise) of the Hospital Businesses; *provided, however*, that the definition of “Material Adverse Effect” shall be used solely for interpreting Section 8.04 and not for interpreting the phrase “material adverse effect” or “material adverse change” as such phrases may be used in any other context elsewhere in this Agreement; and further provided, that the following will be presumed ***not to constitute a Material Adverse Effect***: (a) general economic or industry conditions generally applicable to hospitals or healthcare facilities within the United States of the State of Connecticut so long as such conditions do not disproportionately affect Seller and the Hospital Businesses; (b) changes or proposed changes to any state or federal law, reimbursement rates or policies of Governmental Authorities that are generally applicable to hospitals or to health care facilities within the United States so long as such changes do not disproportionately affect Seller and the Hospital Businesses; (c) requirements, reimbursement rates, policies, or procedures of third party payors or accreditation commissions or organization that are generally applicable to hospitals or health care facilities within the United States; (d) changes in GAAP; (e) actions specifically required of the parties pursuant to this Agreement; and (f) the “Trailing EBITDA” shall be not less than 80% of the normalized Trailing EBITDA of the same period for the prior year; *provided, however*, that if the “Trailing EBITDA” is less than 80% of the normalized Trailing EBITDA of the same period for the prior year, then such occurrence shall constitute a Material Adverse Effect;

(94) **Material Tangible Assets** means any equipment or other material items of tangible property and assets with an original cost in excess of \$250,000;

(95) **MMA** is defined in Section 2.01(w);

(96) **Multiemployer Plan** is defined in Section 3.21;

(97) **Negative Amount** is defined in Section 2.05(d);

(98) **Net Hospital Value** is defined in Section 6.08;

(99) **Net Working Capital** means the amount by which (i) the value of all non-cash current assets of the Seller and its Wholly Owned Subsidiaries acquired by Buyer, including inventory and supplies, drugs, food, Accounts Receivable, other receivables, advance payments, prepaid expenses, and deposits (including security deposits made by Seller pursuant to Assumed Contracts), that Seller and Buyer agree will be usable after Closing, exceeds (ii) the value of all current liabilities assumed by Buyer, including trade accounts payable, accrued expenses (including payroll), advance payments on patient accounts and employee benefit accruals (as such terms are used in the Financial Statements) (for the purpose of clarity, employee benefit accruals include paid time off accruals for vacation and sick time), and Net Working Capital shall be calculated in accordance with the methodology set forth on Annex A attached hereto;

(100) **Non-Profit JVs** means Heart Center of Greater Waterbury, Inc. and The Harold Leever Regional Cancer Center, Inc.;

(101) **Notice Period** is defined in Section 10.05(a)(i);

(102) **Objection Notice** is defined in Section 2.05(f);

(103) **Owned Real Property** means real property that is owned (legally or beneficially) by Seller or any Wholly Owned Subsidiary, together with all buildings, improvements and fixtures thereon owned by Seller or any Wholly Owned Subsidiary of Seller, all construction in progress, and all appurtenances, rights, privileges and easements thereto;

(104) **PBGC** means the Pension Benefit Guaranty Corporation;

(105) **Permit** means each license, provider number, permit, right, franchise, concession, certificate, authorization, consent, waiver, certificate of waiver, certificate of need, certificate of exemption, accreditation and registration, or other approval of a Governmental Authority owned or held by Seller or its Wholly Owned Subsidiaries relating to the ownership or operations of the Hospital Businesses and the Assets, including applications for, and pending, Permits;

(106) **Permitted Encumbrances** means those Encumbrances described on Schedule 3.11(a) as being Permitted Encumbrances;

(107) **Person** means any individual, corporation (whether for-profit or not-for-profit), limited liability company, association, partnership, firm, joint venture, trust, trustee or other entity or organization, including a Governmental Authority;

(108) **Physician Recruitment Expenditures** means the costs related to the development and implementation of physician engagement strategies, including the costs related to sourcing and screening candidates, entering into and executing the terms of an agreement(s) to relocate a physician, including costs incurred in acquiring such physicians practice or assets, and any other similar expenditures relating to physician recruitment;

(109) **PMH** is defined in the preamble;

(110) **Proceeding** means any action, arbitration, audit, hearing, investigation, litigation, suit or other proceeding (whether civil, criminal, administrative, judicial or investigative, whether formal or informal, whether public or private) commenced, brought, conducted, heard or held by, before, under the authority or at the direction of any Governmental Authority;

(111) **Purchase Price** is defined in Section 2.05;

(112) **Purchase Price Adjustment** is defined in Section 2.05(g);

(113) **Purchase Price Adjustment Shortfall** is defined in Section 2.05(h);

(114) **RCRA** is defined in Section 3.12;

(115) **Real Property** means the Owned Real Property and the Leased Real Property;

(116) **Restricted Area** is defined in Section 6.03;

(117) **Revenue Procedure** is defined in Section 5.03(b);

(118) **Schedules** means the schedules referred to in this Agreement and attached hereto at the time that this Agreement is executed by each original party hereto;

(119) **Second 20-Day Period** is defined in Section 2.05(f);

(120) **Seller** is defined in the preamble;

(121) **Seller Deductible** is defined in Section 10.02;

(122) **Seller's Indemnified Persons** means Seller and Seller's members, stockholders, Affiliates, and, for all of them, their respective members, directors, trustees, officers, employees, agents, representatives, successors and assigns;

(123) **Seller's Withdrawal Liability** is defined in Section 5.03(k);

(124) **Settlement Agreement** is defined in Section 2.05(f);

(125) **State Health Agency** is defined in Section 3.15;

(126) **Surveys** is defined in Section 5.18;

(127) **Target Net Working Capital** means \$6,800,000;

(128) **Tax** means any federal, state, local, or foreign income, unrelated business income, gross income, gross receipts, license, payroll, employment, excise, severance, occupation, privilege, premium, net worth, windfall profits, environmental (including taxes under Section 59A of the Code), customs duties, capital stock, franchise, profits, withholding, social security, employment, unemployment, disability, real property, personal property, recording, stamp, sales, use, services, service use, transfer, registration, escheat, property, production, ad valorem, value added, alternative or add-on minimum, estimated or other tax, assessment, charge, custom, duty, impost, levy or fee of any kind whatsoever, or other like assessment or charge, including payments or services in lieu of Taxes, interest or penalties on and additions to all of the foregoing, that are due or alleged to be due to any Governmental Authority, whether disputed or not;

(129) **Tax Return** means any return, declaration, report, claim for refund, information return, filing obligation of any Code Section 501(c)(3) organization, or statement, including schedules and attachments thereto and amendments, relating to Taxes;

(130) **Termination Fee** is defined in Section 9.04(d);

(131) **Third Party Claim** is defined in Section 10.05(a)(i);

(132) **Title Commitment** is defined in Section 5.17;

(133) **Title Company** is defined in Section 5.17;

(134) **Title Policy** is defined in Section 5.17;

(135) **Trailing EBITDA** means the normalized EBITDA of the Seller and its Wholly Owned Subsidiaries on a consolidated basis for the trailing 12-month period through the date of the most recent unaudited statements of income and cash flows of the Seller and its Wholly Owned Subsidiaries provided to Buyer pursuant to Section 5.04(b);

(136) **Transfer Act** means the Connecticut Transfer Act, 22 Conn. Gen. Stat. § 134 *et seq.*, as amended;

(137) **Transfer Act Activities** is defined in Section 5.06;

(138) **Transitional Services Agreement** means the agreement between Buyer and Seller whereby Buyer or its Affiliate will lease to Seller, at cost, employees of Seller or its Wholly Owned Subsidiaries of the Hospital Businesses who are hired by Buyer as of the Closing Date, for the orderly wind down of the benefits and administration of Seller's other post-Closing obligations (*e.g.*, finalizing Cost Reports), in substantially the form of Exhibit A attached hereto;

(139) **Unaudited Financial Statements** means the unaudited consolidated balance sheets of Seller and its Wholly Owned Subsidiaries as of June 30, 2016, and the unaudited consolidated statements of operations and changes in net assets and the unaudited consolidated statements of cash flows for the 9-month period then ended, and the financial statements described in clauses (i) and (ii) of Section 5.04(b);

(140) **Unfunded Pension Liabilities** means the unfunded pension liabilities of Seller's or its Wholly Owned Subsidiary's defined benefit pension plan, the New England Health Care Employee Pension Fund and the Connecticut Health Care Associates Pension Plan, calculated as the Accumulated Benefit Obligation reduced by the fair market value of the assets of Seller's or its Wholly Owned Subsidiary's defined benefit pension plan and of the New England Health Care Employee Pension Fund and the Connecticut Health Care Associates Pension Plan as of Closing, all as measured the actuaries currently engaged by such plans; *provided*, further, that when calculating the Accumulated Benefit Obligation for the Connecticut Health Care Associates Pension Plan, the actuary shall use a discount rate equal to seven and one-half percent (7.5%);

(141) **Unpaid Losses** is defined in Section 10.09;

(142) **WARN Act** is defined in Section 3.20(e);

(143) **WGCC** is defined in the recitals;

(144) **Wholly Owned Subsidiary** means, with respect to any Person, (i) any corporation 100% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Wholly Owned Subsidiaries of such Person, (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person and/or one or more Wholly Owned Subsidiaries of such Person has a 100% equity interest at the time and the management of which is controlled, directly or indirectly, by such Person or through one or more Wholly Owned Subsidiaries of such Person and (iii) any entity that is organized as a not-for-profit business organization and (a) whose accounts are required in accordance with GAAP to be consolidated with the accounts of such Person or (b) whose sole member is such Person; and

(145) **WMA** is defined in Section 2.01(v).

1.02. Certain References. As used in this Agreement:

(a) references to “*this Agreement*” mean this Agreement, as amended from time to time, and all Exhibits and Schedules attached to or referenced in this Agreement;

(b) references to “*Articles*” or “*Sections*” are references to Articles and Sections of this Agreement, unless the context states or implies otherwise;

(c) references to “*include*” or “*including*” mean including without limitation and are intended to be illustrative and not restrictive of the word or phrase to which they refer;

(d) references to “*partners*” include general and limited partners of partnerships and members of limited liability companies;

(e) references to “*partnerships*” include general and limited partnerships;

(f) references to any document are references to that document as amended, consolidated, supplemented, novated or replaced by the parties thereto;

(g) references to any law are references to that law as amended, consolidated, supplemented or replaced, and all rules and regulations promulgated thereunder;

(h) references to time are references to Eastern Time;

(i) references to “*Seller’s Knowledge*,” “*Knowledge of Seller*,” or words of similar intent or effect mean and refer to (x) all matters with respect to which Seller or any of its Wholly Owned Subsidiaries has received written notice, and (y) the knowledge of each of the Persons whose names or titles are set forth on Schedule

1.02(i), after due inquiry by Seller (or Wholly Owned Subsidiary, as applicable) of such Persons;

(j) the gender of all words includes the masculine, feminine and neuter, and the number of all words includes the singular and plural; and

(k) the Table of Contents, the division of this Agreement into Articles and Sections, and the use of captions and headings in connection therewith are solely for convenience and have no legal effect in construing this Agreement.

2. SALE OF ASSETS AND RELATED MATTERS

2.01. Sale of Assets. Subject to the terms and conditions of this Agreement, at Closing, Seller shall sell, and Buyer shall purchase, all right, title and interest of Seller and its Wholly Owned Subsidiaries in and to the Assets, free and clear of all Encumbrances other than the Permitted Encumbrances, including the following Assets:

(a) all Owned Real Property, including the real property described on Schedule 2.01(a);

(b) all Leased Real Property, to the extent assignable or transferrable, including the real property described on Schedule 2.01(b);

(c) all of the tangible personal property owned or leased by Seller and its Wholly Owned Subsidiaries or used in the conduct of the Hospital Businesses, including all equipment (including medical and computer equipment located at the Hospital), vehicles, furniture and furnishings and other tangible personal properties, a current list and the general location of which are set forth on Schedule 2.01(c)(i); *provided* that any such leased personal property shall be described on Schedule 2.01(c)(ii);

(d) all current assets not otherwise specifically described above or below in this Section 2.01 that are included in Net Working Capital;

(e) to the extent transferable, all financial, patient, medical staff, personnel and other records of the Hospital Businesses, including, but not limited to, all documents, records, operating manuals, files, and computer software with respect to the operation of the Hospital Businesses, including, without limitation, all patient records, medical records, employee records, financial records, equipment records, construction plans and specifications, medical and administrative libraries, operating manuals, proprietary manuals, marketing materials, policy and procedure manuals, files, documents, records, books, catalogs, data, and studies or analyses;

(f) all rights and interest, to the extent assignable or transferable, with respect to the Contracts listed or described on Schedule 2.01(f), the leases relating to the Leased Real Property listed or described on Schedule 2.01(b), and the leases relating to the leased personal property listed or described on Schedule 2.01(c), and all

Immaterial Contracts not listed or described on Schedule 2.02(q) (all such Contracts, collectively, the “**Assumed Contracts**”);

(g) all Permits, to the extent legally assignable, including those Permits described on Schedule 2.01(g);

(h) the Intellectual Properties, including those Intellectual Properties described on Schedule 2.01(h), and all goodwill associated therewith, and the Information Systems;

(i) all property of Seller and its Wholly Owned Subsidiaries, real, personal or mixed, tangible or intangible, arising or acquired between the date of this Agreement and the Closing Date;

(j) all usable inventories of supplies, drugs, food, janitorial and office supplies, and other disposables and consumables located at the Hospital Businesses, or used with respect to the operation of the Hospital Businesses (the term “usable” in this clause meaning non-obsolete or slow moving and consumable within the ordinary course of business of the Hospital Businesses, consistent with past practices);

(k) all claims of Seller and its Wholly Owned Subsidiaries against third parties relating to the Assets or the Assumed Liabilities, choate or inchoate, known or unknown, contingent or otherwise, except for those claims described on Schedule 2.02(n)¹ and any claims relating to Excluded Assets or the Excluded Liabilities;

(l) general intangibles of the Hospital Businesses, including goodwill;

(m) all advance payments, prepayments, prepaid expenses, deposits, and the like that were made with respect to the operation of the Hospital Businesses and have continuing value to the Hospital Businesses as of the Closing Date, the current categories and amounts of which are set forth on Schedule 2.01(m);

(n) Seller’s and its Wholly Owned Subsidiaries’ provider agreements with third-party payors, including, but not limited to, Government Payment Programs;

(o) the electronic funds transfer account of the Hospital Businesses (the “**EFT Account**”) (other than any cash in such EFT Account at Closing, which shall be an Excluded Asset) and all information necessary to access the EFT Account;

(p) all other bank accounts that receive deposits from Government Payment Programs; *provided, however*, that all funds in such accounts as of the Closing Date shall be retained by Seller;

(q) all of Seller’s stock, partnership, membership, or other ownership interests, to the extent assignable or transferable and not inconsistent with Legal Requirements, in each of the Joint Ventures and Converted Ventures (the “**JV**”

¹ To be determined.

Interests”), but only to the extent that the governing instruments thereof and Legal Requirements permit such transfer, together with all minutes and other records relating to such entities that are in the possession of Seller as of the Closing Date; *provided, however*, that the JV Interests in Heart Center and WGCC shall not be conveyed to Seller at Closing and Seller shall dissolve Heart Center and WGCC at or prior to Closing; *provided, further*, that, notwithstanding the foregoing or anything to the contrary, Heart Center and WGCC shall constitute Joint Ventures, and the JV Interests in Heart Center and WGCC shall constitute Assets, as applicable, for the purposes of this Agreement;

(r) to the extent assignable by Seller, all warranties (express or implied) and rights and claims assertable by (but not against) Seller and its Wholly Owned Subsidiaries related to the Assets;

(s) all insurance proceeds with respect to the Assets or the Assumed Liabilities (including insurance proceeds received by Seller or its Wholly Owned Subsidiaries or payable to Seller or its Wholly Owned Subsidiaries, and all deductibles, copayments and self-insurance requirements payable by Seller or its Wholly Owned Subsidiaries) arising in connection with damage to the Assets occurring on or prior to the Closing Date, to the extent not expended for the repair or restoration of the Assets;

(t) all other property, other than the Excluded Assets, of every kind, character, or description owned by Seller or its Wholly Owned Subsidiaries, whether or not reflected on the Financial Statements, wherever located and whether or not similar to the items specifically set forth above, and all other businesses and ventures owned by Seller or its Wholly Owned Subsidiaries;

(u) the Investment interests of the Hospital in CAGW, including all transferable rights relating thereto, together with all minutes and other records relating to such entity that are in the possession of Seller or the Hospital as of the Closing Date;

(v) the Investment interests of the Hospital and GWMRI in Waterbury Medical Associates, L.L.P., a Connecticut limited liability partnership (“**WMA**”), including all transferable rights relating thereto, together with all minutes and other records relating to such entity that are in the possession of Seller, the Hospital or GWMRI as of the Closing Date;

(w) the Investment interests of the Hospital in Mattatuck Medical Associates, L.L.P., a Connecticut limited liability partnership (“**MMA**”), including all transferable rights relating thereto, together with all minutes and other records relating to such entity that are in the possession of Seller or the Hospital as of the Closing Date;

(x) [Intentionally omitted];

(y) all rights, claims, and choses in action of Seller described on Schedule 2.01(y) (“**CHA Claims**”), and any payments, awards, or other proceeds resulting therefrom; and

(z) all proceeds of the foregoing.

Seller shall convey good and marketable title to the Assets and all parts thereof to Buyer, free and clear of all claims, assessments, security interests, liens, restrictions, and encumbrances, other than the Permitted Encumbrances and the Assumed Liabilities.

2.02. Excluded Assets. Notwithstanding the generality of the definition of Assets and of the examples of Assets listed in Section 2.01, the following assets (the “**Excluded Assets**”) are not a part of the sale and purchase contemplated by this Agreement and are excluded from the Assets, and Seller shall retain all of its right, title and interest therein and thereto from and after the Closing:

(a) all cash, cash equivalents, and short-term and long-term Investments, including cash in the EFT Account as of the Closing Date, but excluding the JV Interests transferred pursuant to Section 2.01;

(b) board-designated, restricted, and trustee-held or escrowed funds (such as funded depreciation, debt service reserves, self-insurance trusts, working capital trust assets, and assets and investments restricted as to use), trusts related to employee benefits, amounts reserved in connection with any unfunded Employee Benefit Plans listed in Section 3.21 that do not have a trust, trusts related to self-insurance, donor-restricted assets, beneficial interests in charitable trusts, and accrued earnings on all of the foregoing;

(c) all intercompany receivables of Seller with any of its Affiliates or Wholly Owned Subsidiaries;

(d) all other current financial assets not included in Net Working Capital;

(e) any asset that would revert to the employer upon the termination of any of the Employee Benefit Plans, including assets representing a surplus or overfunding of any such plans;

(f) all rights to refunds, credits, deposits, prepayments, or the equivalent owing to Seller from any taxing authority with respect to periods prior to the Closing Date, and the right to pursue appeals of same;

(g) the taxpayer and other identification numbers, seals, minute books, corporate records, and other documents relating to the organization, maintenance, and existence of Seller and its Wholly Owned Subsidiaries;

(h) all claims, rights, interests, and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid with

respect to the Hospital Businesses to any third party with respect to periods prior to the Closing Date;

(i) all bank accounts relating to the Hospital Businesses, other than the EFT Account and any other account that receives payments from Government Payment Programs;

(j) all writings and other items that are protected from discovery by the attorney-client privilege, the attorney work product doctrine, or any other cognizable privilege or protection of Seller or its Wholly Owned Subsidiaries;

(k) any Cost Report settlement receivables of Seller or its Wholly Owned Subsidiaries for periods ended on or prior to the Closing Date;

(l) any assets owned and provided by vendors of goods or services to the Hospital Businesses, possession of which will be retained by the Hospital Businesses;

(m) unclaimed property of any third party in respect of the operation of the Hospital Businesses, including, without limitation, property that is subject to applicable escheat laws;

(n) all rights, claims, and choses in action of Seller against third parties in respect of the operation of the Hospital Businesses with respect to periods prior to the Closing Date described on Schedule 2.02(n), and any payments, awards, or other proceeds resulting therefrom, but excluding the CHA Claims (which, for the avoidance of doubt, constitute Assets in accordance with Section 2.01(y));

(o) all interests in, and assets related to, Children's Center of Greater Waterbury Health Network, Inc. and Healthcare Alliance Insurance Company, Ltd.;

(p) the name "Waterbury Hospital Foundation";

(q) all rights and interests of Seller in and to the commitments, contracts, leases, and agreements other than the Assumed Contracts, including the commitments, contracts, leases and agreements set forth on Schedule 2.02(q) (collectively, the "**Excluded Contracts**");

(r) all insurance proceeds with respect to the Assets (including insurance proceeds received by Seller or its Wholly Owned Subsidiary or payable to Seller or its Wholly Owned Subsidiary) arising in connection with damage to the Assets occurring on or prior to the Closing Date, to the extent all damage to the Assets has been repaired by Seller;

(s) the portions of inventory, prepaid expenses and the like, and other Assets disposed of, expended, or canceled, as the case may be, by the Hospital Businesses prior to the Closing Date in the ordinary course of business; and

(t) any other assets identified in Schedule 2.02(t).

2.03. Assumed Liabilities. In connection with the conveyance of the Assets to Buyer, Buyer shall assume, effective as of the Closing Date, the future payment and performance of the following liabilities (the “**Assumed Liabilities**”) of Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses:

(a) all obligations accruing after the Closing Date with respect to the Assumed Contracts or the Leased Personal Property;

(b) the trade accounts payable and current liabilities of the Hospital Businesses as of the Closing Date, but only to the extent such accounts payable and current liabilities are included in the calculation of Net Working Capital;

(c) obligations and liabilities as of the Closing Date in respect of accrued paid time off benefits of employees of Seller or its Wholly Owned Subsidiaries of the Hospital Businesses who are hired by Buyer as of the Closing Date, and related Taxes, but only to the extent such accrued paid time off benefits, and related taxes, are included in Net Working Capital;

(d) the Capital Lease Obligations described on Schedule 2.03(d);

(e) Tax liabilities or obligations in respect of the Hospital Businesses and the Assets with respect to periods commencing on or after the Closing Date;

(f) the Asbestos Abatement Liability;

(g) any liability owed or due and owing with respect to periods on or after the Closing Date with respect to any Employee Benefit Plan listed on Schedule 2.03(g); and

(h) claims or potential claims for medical malpractice or general liability relating to events that occurred or arose prior to the Closing Date, but which are made or asserted against any of the Hospital Businesses, Joint Ventures or Converted Ventures for the first time after the Closing Date and where such claim (or the circumstances’ surrounding such claim) could not have been properly reported by such Hospital Businesses, Joint Ventures or Converted Ventures to their respective insurance carrier(s) on or prior to the Closing Date; *provided, however*, that Buyer may, at its option, undertake a loss portfolio transfer with respect to some or all of such liabilities.

Buyer shall not be liable for (i) any claims arising from Seller’s or its Wholly Owned Subsidiaries’ assignment and Buyer’s assumption of the Assumed Liabilities; (ii) uncured defaults in the performance of the Assumed Liabilities for periods prior to the Closing Date; (iii) unpaid amounts in respect of the Assumed Liabilities that are due as of the Closing Date (that are not reflected in Net Working Capital or the Capital Lease Obligations); and/or (iv) rights or remedies claimed by third parties under any of the Assumed Liabilities that broaden or vary the rights and remedies such third parties would have had against Seller, its Wholly Owned Subsidiaries and the Hospital Businesses if the sale and purchase of the Assets were not to occur.

2.04. Excluded Liabilities. Except for the Assumed Liabilities, the Buyer shall not assume and under no circumstances shall the Buyer be obligated to pay or assume, and none of the assets of Buyer shall be or become liable for or subject to, any liability, indebtedness, commitment, or obligation of Seller or its Wholly Owned Subsidiaries, whether known or unknown, fixed or contingent, recorded or unrecorded, currently existing or hereafter arising or otherwise (collectively, the “**Excluded Liabilities**”), including, without limitation, the following Excluded Liabilities:

- (a) any debt, obligation, expense, or liability that is not an Assumed Liability;
- (b) claims or potential claims for medical malpractice or general liability relating to events that occurred or arose prior to the Closing Date, but which are made or asserted against any of the Hospital Businesses, Joint Ventures or Converted Ventures for the first time prior to the Closing Date, and any such claim made or asserted before or after the Closing Date, where such claim (or the circumstances surrounding such claim) could have properly been reported by such Hospital Businesses, Joint Ventures or Converted Ventures to their respective insurance carrier(s) on or prior to the Closing Date;
- (c) those claims and obligations (if any) specified in Schedule 2.04 hereto;
- (d) any liabilities or obligations associated with or arising out of any of the Excluded Assets;
- (e) liabilities or obligations associated with indebtedness for borrowed money (other than Capital Lease Obligations);
- (f) liabilities and obligations of Seller or its Wholly Owned Subsidiaries in respect of the Hospital Businesses with respect to periods prior to the Closing Date arising under the terms of Government Payment Programs or other third party payor programs, and any liability arising pursuant to Government Payment Programs or other third party payor programs as a result of the consummation of any of the transactions contemplated under this Agreement, including, for the avoidance of doubt, all Medicare and Medicaid Cost Reports, DSH payments or other settlements for all periods prior to the Closing Date, and including, but not limited to, those matters set forth on Schedule 3.05(a) and Schedule 3.05(b);
- (g) Taxes incurred by the Hospital Businesses with respect to periods prior to the Closing Date (*provided, however*, that this clause (g) shall not apply to any and all Taxes payable with respect to any employee benefits constituting Assumed Liabilities under Section 2.03(c) hereof and any Taxes constituting Assumed Liabilities under Section 2.03(e) hereof);
- (h) liability for any and all claims by or on behalf of employees of Seller or its Wholly Owned Subsidiaries relating to periods prior to the Closing Date, including, without limitation, liability for any pension, profit sharing, deferred compensation, or any other employee health and welfare benefit plans, liability for any Equal Employment Opportunity Commission claim, Americans with Disability Act claim,

Family and Medical Leave Act claim, wage and hour claim, unemployment compensation claim, or workers' compensation claim, and any liabilities or obligations to former employees of Seller or its Wholly Owned Subsidiaries under COBRA (*provided, however*, that this clause (i) shall not apply to any and all employee benefits constituting Assumed Liabilities under Section 2.03(g) hereof);

(i) any obligation or liability accruing, arising out of, or relating to any federal, state, or local investigations of, or claims or actions against, Seller or its Wholly Owned Subsidiaries, the Hospital Businesses, or any of their employees, medical staff, agents, vendors, or representatives with respect to acts or omissions prior to the Closing Date, including, but not limited to, with respect to those matters set forth on Schedule 3.05(a) and Schedule 3.05(b);

(j) any civil or criminal obligation or liability accruing, arising out of, or relating to any acts or omissions of Seller, its Wholly Owned Subsidiaries, or their directors, officers, employees, representatives, and agents claimed to violate any Legal Requirements of any Governmental Authority arising out of acts occurring before the Closing Date, including, but not limited to, with respect to those matters set forth on Schedule 3.05(a) and Schedule 3.05(b);

(k) liabilities or obligations arising as a result of any breach by Seller or its Wholly Owned Subsidiaries or the Hospital Businesses at any time of any Excluded Contract;

(l) liabilities or obligations arising out of any breach by Seller or its Wholly Owned Subsidiaries or the Facilities prior to the Closing Date of any Assumed Contract;

(m) any obligation or liability asserted under the federal Hill-Burton Act or other restricted grant and loan programs with respect to the ownership or operation of the Hospital Businesses or the Assets;

(n) any debt, obligation, expense, or liability of Seller or its Wholly Owned Subsidiaries arising out of or incurred solely as a result of any transaction occurring after the Closing Date or for any violation by Seller or its Wholly Owned Subsidiaries of any law, regulation, or ordinance at any time (including, without limitation, those pertaining to fraud, environmental, health care regulatory, and ERISA matters);

(o) all liabilities and obligations relating to any oral agreements, oral contracts, or oral understandings, including those with any referral sources, including, but not limited to, physicians, unless reduced to writing and expressly assumed as part of the Assumed Contracts;

(p) any liability arising out of the act of assignment of any of the Assumed Contracts to Buyer at the Closing;

(q) the obligations and liabilities arising in connection with the Transfer Act;
and

(r) all workers' compensation liabilities of Seller and its Wholly Owned Subsidiaries.

2.05. Purchase Price; Purchase Price Adjustment.

(a) Subject to the terms and conditions of this Agreement, in reliance upon the representations and covenants of Seller in this Agreement, and as consideration for the sale of the Assets, Buyer shall assume the Assumed Liabilities from Seller and its Wholly Owned Subsidiaries and tender the purchase price, determined as follows (the "**Purchase Price**"), subject to the adjustments described in Section 2.05(g):

(i) \$31,800,000, *plus*

(ii) the amount, if any, by which Net Working Capital on the Closing Balance Sheets exceeds the Target Net Working Capital, or *minus*

(iii) the amount, if any, by which Net Working Capital on the Closing Balance Sheets is less than the Target Net Working Capital, and *minus*

(iv) the amount of the Capitalized Lease Obligations in excess of \$6,500,000, and *minus*

(v) the Unfunded Pension Liabilities, which shall be calculated as of the Closing Date, and *minus*

(vi) the Asbestos Abatement Liability, and *minus*

(vii) the amount of liabilities listed on Schedule 2.05(a)(vii).

(b) Notwithstanding the foregoing Section 2.05(a), no liabilities of Seller or its Wholly Owned Subsidiaries shall be subtracted from the Purchase Price to the extent any such liabilities are already included in Net Working Capital.

(c) The Purchase Price, including estimates at Closing of the Net Working Capital, the Unfunded Pension Liabilities and the Negative Amount, as applicable, will be calculated as follows.

(i) For purposes of determining the Purchase Price, not more than five (5) but in no event less than two (2) business days prior to the Closing, Seller shall deliver to Buyer a statement setting forth its good faith estimate as of the Closing Date of the (a) Net Working Capital, (b) Unfunded Pension Liabilities and (c) Negative Amount, as applicable, including supporting documentation of reasonable specificity and other information requested by the Buyer to verify such amounts.

(ii) The estimate of Net Working Capital at Closing will be calculated by Seller from the physical count of Seller's inventory that will be conducted five (5) business days prior to the Closing (it being agreed that Buyer shall have the

right to observe the physical count), the relevant entries in the Interim Closing Balance Sheets and the parties' mutual good faith estimate as of the Closing Date of the amount of the prorations to be made pursuant to Section 2.06. The portion of Net Working Capital constituting the value of prepaid expenses and deposits will be determined based on mutual agreement of Seller and Buyer.

(iii) The estimate of Unfunded Pension Liabilities at Closing will be calculated by Seller from the Interim Closing Balance Sheets and/or the then most recently updated actuarial analyses.

(d) At Closing, Buyer shall pay such Purchase Price (based on the estimate provided by Seller pursuant to Section 2.05(c)) by wire transfer of immediately available funds to an account designated by the Seller to Buyer prior to the Closing Date, and Seller shall immediately use whatever portion of the Purchase Price is necessary to pay off all indebtedness of Seller (other than Capitalized Lease Obligations assumed by Buyer), including the indebtedness under the Loan Agreement. Notwithstanding anything to the contrary set forth in this Agreement, in the event that the Purchase Price calculated in accordance with Section 2.05(c) or Section 2.05(e), as applicable, equals a negative number, the Purchase Price shall be deemed to equal zero, and Seller shall not be required to pay Buyer in cash with respect to such Negative Amount; *provided, however*, that the Capital Amount shall be reduced, in accordance with Section 1.01(24)(x), by an amount equal to the absolute value of such negative number (the "**Negative Amount**").

(e) Not more than ninety (90) days after the Closing, Buyer shall prepare and deliver, or cause to be prepared and delivered, to Seller, the final closing statement (the "**Final Closing Statement**") setting forth (i) its good faith determination of the actual Net Working Capital as of the Closing Date (based on the Closing Balance Sheets), (ii) a calculation showing the difference between the Net Working Capital estimated by Seller at Closing and the actual Net Working Capital as of the Closing Date, (iii) its good faith determination of the actual Unfunded Pension Liabilities as of the Closing Date (as determined by the actuaries then serving those pension plans), (iv) a calculation showing the difference between the Unfunded Pension Liabilities estimated by Seller at Closing and the actual Unfunded Pension Liabilities (as determined by the actuaries then serving those pension plans) as of the Closing Date, (v) its good faith determination of the actual Negative Amount as of the Closing Date, and (vi) a calculation showing the difference between the Negative Amount estimated by Seller at Closing and the actual Negative Amount as of the Closing Date. Except as otherwise provided herein, the Final Closing Statement and the Closing Balance Sheets shall be prepared using the same principles and methodologies, including the determination of Accounts Receivable, Unfunded Pension Liabilities, contractual allowances and doubtful accounts, as used in preparing the Audited Financial Statements, except as otherwise provided in this Agreement.

(f) Following receipt of the information set forth in Section 2.05(e), Seller will be afforded a period of twenty (20) business days (the "**20-Day Period**") to review the Final Closing Statement and the Closing Balance Sheets. At or before the end of the 20-Day Period, Seller will either (i) accept the amount of the actual Net Working Capital

and Unfunded Pension Liabilities calculated by Buyer in their entirety or (ii) deliver to Buyer a written notice (the “**Objection Notice**”) containing a reasonably detailed written explanation of those items on the Final Closing Statement or the Closing Balance Sheets that Seller disputes, in which case the items specifically identified by Seller shall be deemed to be in dispute. The failure by Seller to deliver the Objection Notice within the 20-Day Period shall constitute Seller’s acceptance of the amount of the actual Net Working Capital and Unfunded Pension Liabilities calculated by Buyer. If Seller delivers the Objection Notice in a timely manner, then, within a further period of twenty (20) business days from the end of the 20-Day Period (the “**Second 20-Day Period**”), the parties will attempt to resolve in good faith any disputed items and reach a written agreement (the “**Settlement Agreement**”) with respect thereto. Failing such resolution, as promptly as practicable (and no event later than ten (10) business days from the end of the Second 20-Day Period), the unresolved disputed items will be referred for final binding resolution to Deloitte (the “**Arbitrating Accountants**”). In resolving any disputed item, the Arbitrating Accountants may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The fees and expenses of the Arbitrating Accountants shall be allocated between Buyer and Seller in proportion to the amounts by which their proposals of the actual Net Working Capital and Unfunded Pension Liabilities differed from the Arbitrating Accountants’ final determination. Such determination (the “**Accountants’ Determination**”) shall be (i) in writing, (ii) furnished to the Buyer and Seller as soon as practicable (and in no event later than thirty (30) business days) after the items in dispute have been referred to the Arbitrating Accountants, (iii) made in accordance with GAAP, consistently applied, and (iv) non-appealable and incontestable by Buyer or Seller and each of their respective Affiliates and successors and assigns and not subject to collateral attack for any reason other than manifest error or fraud.

(g) The Purchase Price will be recalculated (based on clauses (i), (ii) and (iii) below) (the “**Purchase Price Adjustment**”) to reflect (i) any such revisions in the amount of the prorations to be made pursuant to Section 2.06, (ii) the difference between the Net Working Capital (excluding differences in prepaid expenses and deposits calculated in accordance with Section 2.05(c)(ii) and, if a physical inventory was used to calculate the Purchase Price, in inventory and supplies) estimated at Closing and the actual Net Working Capital as of the Closing Date (based on the Closing Balance Sheets), and (iii) the difference between the Unfunded Pension Liabilities estimated at Closing and the actual Unfunded Pension Liabilities (based on the Closing Balance Sheets).

(h) Within five (5) business days following the Final Determination Date, Seller shall pay Buyer (if the Purchase Price is adjusted downward by the Purchase Price Adjustment and to the extent Seller has sufficient cash to make such payment), or Buyer shall pay the Seller (if the Purchase Price is adjusted upward by the Purchase Price Adjustment), as the case may be, the amount by which the Purchase Price is adjusted, by wire transfer of immediately available funds to one or more accounts designated by the recipient. If Seller is required to pay Buyer pursuant to this Section 2.05(h), but is unable to pay Buyer in full within five (5) business days following the Final Determination Date

(solely because Seller does not have sufficient cash), the Capital Amount shall be reduced, in accordance with Section 1.01(24), by an amount equal to such shortfall (the “**Purchase Price Adjustment Shortfall**”), subject to the proviso in Section 2.05(d).

2.06. Prorations. At Closing, and to the extent not included in Net Working Capital, Buyer and Seller shall prorate real estate and personal property lease payments, real estate and personal property Taxes (except that no such proration of property Taxes will be necessary in respect of the transfer of property by any Person that is a non-profit corporation that does not pay any property Taxes with respect to such property) and other assessments, and all other items of income and expense that are normally prorated upon a sale of assets of a going concern, if any. If any payment of Taxes made by Seller before Closing is credited against real estate Taxes for which Buyer will be liable, the amount of such credit will be applied as a credit against any prorations owing by Seller, to the extent available for offset, and any amounts not so applied will be paid to Seller by Buyer upon Buyer’s receipt of such credit.

2.07. Disclaimer of Warranties. Subject to the representations and warranties set forth in this Agreement, including, but not limited to, those set forth in Article 3, and except as expressly set forth in the Closing Documents, the Assets transferred to the Company and any Buyer will be transferred in their physical condition at the Closing, “AS IS, WHERE IS, AND WITH ALL FAULTS AND NONCOMPLIANCE WITH LAWS,” and with respect to the Real Property, land, buildings, and improvements, WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, and with respect to the physical condition of the personal property and the inventory and supplies, WITH NO WARRANTIES, INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3. REPRESENTATIONS OF SELLER

Subject to the exceptions described in the Schedules, Seller makes the following representations to Buyer and PMH on and as of the date of this Agreement and will be deemed to make them again at and as of the Closing Date:

3.01. Organization and Qualification. Seller is a non-stock corporation duly organized and validly existing under the laws of the State of Connecticut. Seller is not licensed, qualified or admitted to do business in any jurisdiction other than in the State of Connecticut and there is no other jurisdiction in which the ownership, use or leasing of Seller’s assets or properties, or the conduct or nature of its business, makes such licensing, qualification or admission necessary.

3.02. Corporate Powers; Absence of Conflicts, Etc. Seller has the requisite power and authority to conduct the Hospital Businesses as now being conducted, to enter into this Agreement and to perform its obligations hereunder. The execution, delivery and performance by Seller of this Agreement and the Closing Documents to which Seller is or becomes a party, and the consummation by Seller of the transactions contemplated by this Agreement:

(a) are within its corporate powers, are not in contravention of law or of the terms of its organizational documents, and have been duly authorized by all appropriate corporate action;

(b) except as provided in Section 5.05 below, do not require any approval or consent of, or filing with, any Governmental Authority bearing on the validity of this Agreement that is required by Legal Requirements of any such Governmental Authority;

(c) except as set forth in Schedule 3.02(c), will neither conflict with, nor result in any breach or contravention of, or the creation of any lien, charge, or encumbrance under, or permit the acceleration of the maturity of, any indenture, agreement, lease, instrument, or understanding to which it is a party or by which it is bound, except for such breaches or contraventions that may result from the failure to obtain the consent of the counterparty thereto in connection with the assignment of any Assumed Contract to the Buyer and for which Seller remains liable;

(d) will not violate any material Legal Requirements of any Governmental Authority to which it or the Assets may be subject; and

(e) will not violate any judgment, decree, writ, or injunction of any court or Governmental Authority to which it or the Assets may be subject.

3.03. Binding Agreement. This Agreement and each of the Closing Documents to which Seller is or becomes a party are (or upon execution will be) valid and legally binding obligations of Seller, enforceable against it in accordance with the respective terms hereof or thereof.

3.04. Investments and Third Party Rights. Seller holds no Investment interest in any Person involved in the ownership or operation of the Hospital Businesses or the Assets, other than those Persons identified on Schedule 3.04. Other than Seller and those Persons set forth on Schedule 3.04, there are no other Persons that own any interest in any of the Hospital Businesses. There are no Contracts with, or rights of, any Person to acquire, directly or indirectly, any material assets, or any interest therein, of Seller, including any of the Assets, other than Contracts entered into in the ordinary course of the Hospital Businesses or Contracts entered into with Buyer with respect to the transactions contemplated by this Agreement.

3.05. Legal and Regulatory Compliance.

(a) Except as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.05(a) or as set forth on Schedule 3.05(a), the operations of the Hospital Businesses are in compliance in all material respects with all applicable Legal Requirements of Governmental Authorities having jurisdiction over the Hospital Businesses and the operations of the Hospital or its related ancillary services. Seller and its Wholly Owned Subsidiaries have timely filed all reports, data, and other information required to be filed with any Governmental Authorities. Neither Seller nor its Wholly Owned Subsidiaries, nor any of its officers, directors, agents, or employees thereof, has committed a violation of federal or state laws regulating health care fraud, including but not limited to the federal Anti-Kickback Law, 42 U.S.C. §1320a-7b, the Stark Laws, 42 U.S.C. §1395nn, as amended, and the False Claims Act, 31 U.S.C. §3729, et seq. Seller and its Wholly Owned Subsidiaries are in compliance in all material

respects with the administrative simplification provisions required under HIPAA, including the electronic data interchange regulations and the health care privacy regulations. Seller and its Wholly Owned Subsidiaries have not received notice of any claim, Proceeding, or investigation alleging or based upon an alleged material violation of any Legal Requirements.

(b) Seller has provided to Buyer a copy of the Hospital's current compliance program materials, including, without limitation, all program descriptions, compliance officer and committee descriptions, ethics and risk area policy materials, training and education materials, auditing and monitoring protocols, reporting mechanisms, and disciplinary policies. Except as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.05(b) or to the extent set forth on Schedule 3.05(b), Seller (or any Wholly Owned Subsidiary thereof) (a) is not a party to a Corporate Integrity Agreement with the Office of Inspector General of the United States Department of Health and Human Services, (b) has no reporting or other continuing obligations pursuant to any settlement or other agreement entered into with any Government Authority (other than participation agreements with Government Payment Programs), (c) to the Knowledge of Seller, has not been the subject of any Government Payment Program investigation conducted by any federal or state enforcement agency within the past three (3) years, (d) has not been a defendant in any unsealed *qui tam*/False Claims Act litigation within the past three (3) years, (e) has not been served with or received, within the past three (3) years, any search warrant, subpoena, civil investigative demand, or contact letter by or from any Government Authority (except in connection with medical services provided to third parties who may be defendants or the subject of investigation into conduct unrelated to the operations of the health care businesses conducted by the Hospital Businesses), and (f) has not received any complaints within the past three (3) years from employees, independent contractors, vendors, physicians, or any other person that would indicate that Seller (or any Wholly Owned Subsidiary thereof) has violated any Legal Requirements. Schedule 3.05(b) includes a description of each audit and investigation conducted by Seller at the Hospital pursuant to its compliance program during the past three (3) years. For purposes of this Agreement, the term "compliance program" refers to provider programs of the type described in the compliance guidance published by the Office of Inspector General of the Department of Health and Human Services.

3.06. Financial Statements; Undisclosed Liabilities. Seller has delivered to Buyer copies of the following financial statements (collectively, the "**Financial Statements**"), which Financial Statements are maintained on an accrual basis, and copies of which are attached hereto as Schedule 3.06:

- (a) Unaudited balance sheet dated as of June 30, 2016 (the "**Balance Sheet Date**");
- (b) Unaudited income statement for the 9-month period ended on the Balance Sheet Date; and
- (c) Audited Financial Statements.

Such unaudited Financial Statements conform to GAAP consistently applied, except as set forth on Schedule 3.06. Such audited Financial Statements have been prepared in accordance with GAAP, applied on a consistent basis throughout the periods indicated. Such balance sheets present fairly the financial condition of Seller as of the dates indicated thereon, and such income statements included in the Financial Statements present fairly the results of operations of Seller for the periods indicated thereon. Except and to the extent accrued or disclosed in the Financial Statements, Seller does not have any liabilities or obligations of any nature whatsoever with respect to the Hospital Businesses, Joint Ventures or Converted Ventures, or the Assets, due or to become due, accrued, absolute, contingent or otherwise, that are required by GAAP to be accrued or disclosed in Financial Statements, except for liabilities and obligations incurred in the ordinary course of business and consistent with past practice since the Balance Sheet Date, and none of which could reasonably be expected to result, individually or in the aggregate, in a material adverse effect.

3.07. Recent Activities. Except as set forth in Schedule 3.07, with respect to Seller or its Wholly Owned Subsidiaries, since the Balance Sheet Date there has not been any:

(a) material damage, destruction, or loss (whether or not covered by insurance) affecting the Hospital Businesses or the Assets;

(b) material adverse change in the condition, financial or otherwise, of the Hospital Businesses or the Assets, including, but not limited to, the business or prospects of the Hospital Businesses or the results of operations of the Hospital Businesses;

(c) threatened employee strike, material work stoppage, or material labor dispute pertaining to the Hospital Businesses;

(d) sale, assignment, transfer, or disposition of any item of property, plant, or equipment included in the Assets and having a net book value in excess of Seventy-Five Thousand Dollars (\$75,000) (other than supplies), except in the ordinary course of business with comparable replacement thereof;

(e) sale, factor or disposition of, or agreement to sell, factor or dispose of, any accounts receivable;

(f) any general increase in the compensation payable to any of its or their employees or independent contractors or any increase in, or institution of, any bonus, severance, insurance, pension, profit-sharing or other employee benefit plan, remuneration, or arrangements made to, for, or with such employees;

(g) dividend, distribution, or extraordinary payment;

(h) change in the composition of the medical staff of the Hospital Businesses, other than normal turnover occurring in the ordinary course of business;

(i) change in the rates charged by the Hospital Businesses for their services, other than those made in the ordinary course of business;

(j) adjustment or write-off of accounts receivable or reduction in reserves for accounts receivable outside the ordinary course of business;

(k) change in the accounting methods or practices, including the methods used to estimate contractual allowances or doubtful accounts, other than those required by any changes in GAAP, or change in depreciation or amortization policies;

(l) encumbrance or lien that has been imposed on any of the Assets;

(m) cancellation or waiver of any material rights in respect of the Assets, except in the ordinary course of business;

(n) other than compensation paid in the ordinary course of employment, sale of any Assets to, or execution of any contract or agreement with, any officer, director or trustee of Seller, or with any Affiliate of any such person or entity;

(o) payment or agreement to pay to any Person any damages, fines, penalties or other amounts in excess of \$25,000 individually or \$100,000 in the aggregate in respect of an actual or alleged violation of any Legal Requirement; or

(p) transaction outside the ordinary course of business.

3.08. Accounts Receivable; Inventory.

(a) All Accounts Receivable constituting a part of the Assets represent and constitute bona fide indebtedness owing to Seller (or any Wholly Owned Subsidiary thereof) for services actually performed or for goods or supplies actually provided in the amounts indicated on the Financial Statements with no known Encumbrances, set-offs, deductions, compromises, or reductions (other than reasonable allowances for bad debts and contractual allowances in an amount consistent with historical policies and procedures of Seller and that are taken into consideration in the preparation of the Financial Statements). Seller has made available to Buyer a complete and accurate aging report of all such Accounts Receivable and a schedule of all Accounts Receivable that have been assigned to collection agencies or are otherwise held or assigned for collection.

(b) The inventory and supplies constituting part of the Assets are substantially of a quality and quantity usable and salable in the ordinary course of business of the Hospital Businesses. Obsolete items have been written off the Financial Statements. Inventory and supplies are carried at cost, on a first-in, first-out basis, and are properly stated in the Financial Statements in accordance with GAAP. The quantities of inventory and supplies, taken as a whole, are reasonable and justified under the normal operations of the Hospital Businesses.

3.09. Equipment. Seller has delivered to Buyer a fixed asset listing and depreciation schedule as of the Balance Sheet Date (Schedule 3.09) that takes into consideration all the equipment associated with, or constituting any part of, the Hospital Businesses and the Assets.

All major items of equipment are useable for their intended purpose in the ordinary course of business and are in working condition, subject to reasonable wear and tear.

3.10. Title. Except as provided in Schedule 3.10, Seller or its Wholly Owned Subsidiary, as applicable, owns and holds good and valid title to all of the Assets, free and clear of any Encumbrances other than the Permitted Encumbrances and Assumed Liabilities.

3.11. Real Property.

(a) Seller or its Wholly Owned Subsidiary, as applicable, owns good and marketable fee simple and/or leasehold title, as the case may be, to the Real Property, together with all buildings, improvements, and component parts thereon and all appurtenances and rights thereto. The Real Property will be conveyed to the Buyer free and clear of any and all Encumbrances other than the Permitted Encumbrances set forth on Schedule 3.11(a).

(b) With respect to the Real Property, except as set forth in Schedule 3.11(b):

(i) Neither Seller nor any Wholly Owned Subsidiary has received during the past five (5) years written notice of a violation of any applicable Legal Requirement;

(ii) The Owned Real Property, and, to Seller's Knowledge, Leased Real Property, and its operation are in compliance in all material respects with all applicable zoning ordinances, and the consummation of the transactions contemplated herein will not result in a violation of any applicable zoning ordinance or the termination of any applicable zoning variance now existing, and the buildings and improvements constituting the Real Property comply in all material respects with all building codes;

(iii) The Owned Real Property and, to Seller's Knowledge, Leased Real Property, is subject to no easements, restrictions, ordinances, or other limitations on title that could make such property unusable for its current use or the title uninsurable or unmarketable or that materially restrict or impair the use, marketability, or insurability of the Real Property other than the Permitted Encumbrances;

(iv) All of the Owned Real Property, and, to Seller's Knowledge, Leased Real Property, currently in use for the operations of the Hospital Businesses is in compliance in all material respects with the applicable provisions of the Rehabilitation Act of 1973, Title III of the Americans with Disabilities Act, and the provisions of any comparable state statute relative to accessibility (these laws are referred to, collectively, as the "**Accessibility Laws**"), and there is no pending, noticed, or, to the Knowledge of Seller, threatened litigation, administrative action, or complaint (whether from a state, federal, or local government or from any other person, group, or entity) relating to compliance of any of the Real Property with the Accessibility Laws;

(v) There are no tenants or other persons or entities occupying any space in the Owned Real Property other than pursuant to tenant leases described in Schedule 3.11(b), and no tenants have paid rent in advance for more than one month and no rebate, concession, improvement credit or other tenant allowance of any nature is owed to any tenant, nor is any landlord improvement work required, except as disclosed in Schedule 3.11(b);

(vi) All material obligations of Seller or any Wholly Owned Subsidiary as landlord required to be performed under each of the tenant leases have been performed;

(vii) Attached to Schedule 3.11(b) is a “rent roll” that sets forth for those leases where Seller or any Wholly Owned Subsidiary in respect of the Hospital Businesses is landlord, which contains: (i) the names of then current tenants; (ii) the rental payments for the then current month under each of the leases; (iii) a list of all then delinquent rental payments; (iv) a list of all concessions granted to tenants; (v) a list of all tenant deposits and a description of any application thereof, and (vi) a list of all uncured material defaults under the leases known to Seller or its Wholly Owned Subsidiaries;

(viii) Seller or any Wholly Owned Subsidiary has not received written notice of condemnation or of any special assessment relating to any part of the Real Property, of any existing or proposed plans to modify or realign any street or highway, or any existing or proposed eminent domain proceeding by any Government Authority that would result in the taking of all or any part of the Real Property or that would adversely affect the current use of any part of the Real Property;

(ix) All permanent certificates of occupancy and all other material licenses, permits, authorizations, consents, certificates, and approvals required by all Government Authorities having jurisdiction and the requisite certificates of the local board of fire underwriters (or other body exercising similar functions) have been issued for the Owned Real Property (and all individual items constituting the Owned Real Property), for their current uses, have been paid for, are in full force and effect, and will not be invalidated, violated, or otherwise adversely affected by the transfer of the Real Property to the Buyer; and

(x) To the Knowledge of Seller, water, sanitary sewer, storm sewer, drainage, electric, telephone, gas, and other public utility systems are available to the Real Property, as currently developed, and are directly connected to the lines and/or other facilities of the respective public authorities or utility companies providing such services or accepting such discharge, either adjacent to the Real Property or through easements or rights of way appurtenant to and forming a party of the Real Property; and, with respect to the Owned Real Property, to the Knowledge of Seller, such easements or rights-of-way have been fully granted, all charges therefor have been fully paid by Seller or its Wholly Owned Subsidiaries, and all charges for the aforesaid utility systems and the connection of the Owned

Real Property to such systems, including without limitation connections fees, “tie-in” charges, and other charges now or hereafter to become due and payable, have been fully paid by Seller or its Wholly Owned Subsidiaries; and the water and sanitary sewer service described above is supplied by public authority.

3.12. Environmental Laws. Except as set forth on Schedule 3.12 hereto, (i) the Owned Real Property is not subject to any material environmental hazards, risks, or liabilities, (ii) neither Seller or its Affiliates, nor its Wholly Owned Subsidiaries, is in material violation of any and all Legal Requirements pertaining to the protection of human health and safety or the environment (collectively, “**Environmental Laws**”), including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act, as amended (“**CERCLA**”), the Resource Conservation and Recovery Act, as amended (“**RCRA**”), and the Atomic Energy Act of 1954, as amended (“**AEA**”), and (iii) neither Seller nor any Affiliate thereof has received notice alleging or asserting either a violation of any Environmental Law or an obligation to investigate, assess, remove, or remediate any property, including but not limited to the Owned Real Property, under or pursuant to any Environmental Law. Except as set forth on Schedule 3.12, to the Knowledge of Seller, no Hazardous Substances have been, and through the Closing Date will be, disposed of on or released or discharged from or onto, or threatened to be released from or onto, the Owned Real Property (including groundwater) by Seller, or to Seller’s Knowledge, any third party, in violation of any applicable Environmental Law. Except as set forth on Schedule 3.12, neither Seller or its Wholly Owned Subsidiaries nor, to Seller’s Knowledge, any prior owners, operators, or occupants of the Owned Real Property, have allowed any Hazardous Substances to be discharged, processed, or otherwise released on the Owned Real Property in a manner that is in violation of any Environmental Law, and Seller and its Wholly Owned Subsidiaries has complied in all material respects with all Environmental Laws applicable to any part of the Real Property. The Hospital Businesses contain asbestos-containing material. Schedule 3.12 lists numerous reports, correspondence, operation and maintenance manuals, and other documents related to the asbestos-containing materials. These documents do not individually or collectively constitute a comprehensive asbestos survey of the Hospital Businesses or the Owned Real Property. Without in any way limiting the generality of the foregoing, to the Knowledge of Seller: (i) all current or former underground storage tanks located on the Owned Real Property and information in Seller’s possession relating to the capacity, uses, dates of installation, and contents of such tanks located on the Owned Real Property are identified in the environmental reports listed on Schedule 3.12; (ii) there are not now, nor have there ever been, any collection dumps, pits, and disposal facilities or surface impoundments located on the Owned Real Property for the containment of Hazardous Substances except as identified in Schedule 3.12; and (iii) all existing underground storage tanks have been maintained in material compliance with all Environmental Laws. Except as set forth on Schedule 3.12, Seller or its Wholly Owned Subsidiaries holds all material environmental permits required in connection with the use by Seller of the Real Property or the operation of the Hospital Businesses and, to the extent permitted by law, Seller shall cause such environmental permits to be transferred to the Buyer (with the Buyer’s necessary cooperation and assistance), all of which, to Seller’s Knowledge, are in good standing and are not subject to meritorious challenge. The representations and warranties made in this Section 3.12 are the exclusive representations and warranties of Seller relating to environmental matters and shall supersede any and all other Sections in this Agreement including, but not limited to, Sections 3.05, 3.11(a) and 3.15.

3.13. Intellectual Property; Information Systems. Schedule 3.13 lists and briefly describes all material Intellectual Properties currently owned or used by Seller or its Wholly Owned Subsidiaries. No proceedings have been instituted or are pending or, to the Knowledge of Seller, threatened that challenge the validity of the ownership or use by Seller or its Wholly Owned Subsidiaries of such Intellectual Properties. Neither Seller nor its Wholly Owned Subsidiaries have agreed to license to a third party any owned Intellectual Properties and have no Knowledge of the use or the infringement of any such owned Intellectual Properties by any other Person. Seller (or any Wholly Owned Subsidiary thereof) owns (or possesses adequate and enforceable licenses or other rights to use) all material Intellectual Properties and all material Information Systems used.

3.14. Insurance. Schedule 3.14 is an accurate schedule of the insurance policies or self-insurance funds maintained by Seller or its Wholly Owned Subsidiaries covering the ownership and operations of the Hospital Businesses and the Assets, including the type of insurance, policy numbers, identity of insurers, amounts, and coverage. Seller has provided to Buyer a copy of all such policies and endorsements thereto. All of such policies are in full force and effect with no premium arrearage. Seller or its Wholly Owned Subsidiary, or any Affiliates thereof, has given in a timely manner to its insurers all notices required to be given under its insurance policies with respect to all of the claims and actions covered by insurance, and no insurer has denied coverage of any such claims or actions. Seller and its Wholly Owned Subsidiaries have not (a) received any written notice or other communication from any such insurance company canceling or materially amending any of such insurance policies, and to the Knowledge of Seller, no such cancellation or amendment is threatened, or (b) failed to give any required notice or present any claim that is still outstanding under any of such policies with respect to the Hospital Businesses or any of the Assets.

3.15. Permits. Each of the Hospital Businesses is duly licensed pursuant to the applicable laws of the State of Connecticut. The pharmacies, laboratories, and all other ancillary departments located at the Hospital Businesses or operated for the benefit of the Hospital Businesses that are required to be specially licensed are duly licensed by the Connecticut Department of Public Health or other appropriate licensing agency (the “**State Health Agency**”). Seller and its Wholly Owned Subsidiaries have all material Permits that are needed or required by law to operate the business related to or affecting the Hospital Businesses or any ancillary services related thereto. Seller has delivered to Buyer an accurate list and summary description (Schedule 2.01(g)) of all such Permits owned or held by Seller or its Wholly Owned Subsidiaries relating to the ownership, development, or operation of the Hospital Businesses or the Assets, all of which are now and as of the Closing shall be in good standing, except as disclosed on Schedule 3.15. Seller and its Wholly Owned Subsidiaries have not received any written notice from any Governmental Authority relating to the threatened, pending or possible revocation, termination, suspension or limitation of any Permits relating to the Hospital Businesses or any ancillary services related thereto.

3.16. Government Payment Programs; Accreditation; Payor Cost Reports.

(a) The Hospital is qualified for participation in the Government Payment Programs, has a current and valid provider contract with such programs, is in compliance with the conditions of participation in such programs, and has received all

approvals or qualifications necessary for reimbursement for the Hospital. The Hospital is duly accredited, with no contingencies, by The Joint Commission (the “**Joint Commission**”) for the three (3) year period set forth on Schedule 3.16(a). A copy of the most recent accreditation letter from the Joint Commission pertaining to the Hospital has been made available to Buyer. Seller has delivered to Buyer copies of all available accreditation survey reports, deficiency lists, statements of deficiency, and plans of correction since July 31, 2016. Seller has taken or is taking all reasonable steps to correct all material deficiencies noted therein. The billing practices employed by the Hospital Businesses with respect to all third party payors, including Government Payment Programs and private insurance companies, have been in compliance in all material respects with all applicable laws, regulations, and policies of the Government Payment Programs and applicable Contracts of such private insurance companies. Neither Seller nor its Wholly Owned Subsidiaries has billed or received any payment or reimbursement from any such payors in excess of amounts allowed by law or contract. Neither Seller nor any of its Affiliates, officers, directors, managers, employees, or controlling shareholders is excluded from participation in the Government Payment Programs, nor has Seller or any of its Wholly Owned Subsidiaries received any notice that any such exclusion is threatened. Except as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.16 or as set forth on Schedule 3.16(a), neither Seller nor its Wholly Owned Subsidiaries has received any notice from any of the Government Payment Programs or any other third party payor programs of any pending or threatened investigations or surveys, and, to the Knowledge of Seller, no such investigations or surveys are pending, threatened, or imminent. Seller has registered with the QNet Exchange (“**QNet**”) as required by CMS under its Hospital Quality Initiative Program (the “**HQI Program**”). Seller has submitted all quality data required under the HQI Program to CMS or its agent, and all quality data required under the ORYX Core Measure Performance Measurement System (“**ORYX**”) to the Joint Commission, for all calendar quarters concluded prior to the date of this Agreement, except for any quarter for which the respective reporting deadlines have not yet expired. All such submissions of quality data have been made in accordance with applicable reporting deadlines and in the form and manner required by CMS and the Joint Commission, respectively. Seller has not received notice of any reduction in reimbursement under the Medicare program resulting from its failure to report quality data to CMS or its agent as required under the HQI Program. Seller has provided Buyer with the HQI Program “validation results” for all calendar quarters concluded prior to the date of this Agreement, except for any quarter for which the respective reporting deadlines have not yet expired.

(b) Seller, or its Wholly Owned Subsidiary, has duly filed all required Cost Reports in respect of the Hospital Businesses for all the fiscal years through and including the fiscal year ended September 30, 2014. All amounts shown as due from Seller (or any Wholly Owned Subsidiaries thereof) in such Cost Reports were remitted with such reports and all amounts shown in the notices of program reimbursement as due have been paid. All of such Cost Reports accurately reflect the information required to be included thereon and such Cost Reports do not claim and neither the Hospital Businesses nor Seller (or any Wholly Owned Subsidiaries thereof) has

received reimbursement in any amount in excess of the amounts provided by law or any applicable agreement. Schedule 3.16(b) indicates which of such Cost Reports have not been audited and finally settled and a brief description of any and all notices of program reimbursement, proposed or pending audit adjustments, disallowances, appeals of disallowances, and any and all other unresolved claims or disputes in respect of such Cost Reports. Seller or its Wholly Owned Subsidiary has established adequate reserves in respect of the Hospital Businesses to cover any potential reimbursement obligations that may exist in respect of any such third party Cost Reports, and such reserves are set forth in the Financial Statements.

3.17. Agreements and Commitments. Schedule 2.01(f) sets forth the Assumed Contracts that will be assumed by the Buyer. Seller has also delivered to Buyer an accurate list (Schedule 3.17) of all material Contracts that materially affect the Hospital Businesses or the Assets, to which Seller or its Wholly Owned Subsidiary is a party or by which Seller, its Wholly Owned Subsidiaries, the Assets, or any portion thereof, is bound, including, without limitation, (a) physician agreements, professional service agreements or co-management agreements, (b) agreements with health maintenance organizations, preferred provider organizations, independent practice associations, accountable care organizations, or other alternative delivery systems, (c) joint venture or partnership agreements, (d) employment, severance or retention Contracts or any other Contracts to or with individual employees or agents, including with directors, trustees, officers, employees, or other agents of Seller or its Wholly Owned Subsidiaries, (e) Contracts materially affecting ownership of, title to, use of, or any interest in Owned Real Property or Leased Real Property, (f) equipment leases and other leases that are capital leases, (g) equipment maintenance agreements, (h) agreements with Governmental Authorities, (i) collective bargaining agreements or other Contracts to or with any labor unions, labor organizations, or other employee representatives or groups of employees, (j) loan agreements, bonds, mortgages, liens, or other security agreements, (k) Contracts relating to Intellectual Properties and Information Systems, or other like Contracts affecting the Hospital Businesses or the Assets, (l) Contracts providing for payments based in any manner on the revenues or profits of Seller or any Wholly Owned Subsidiary thereof, the Hospital Businesses or the Assets, (m) Contracts relating to data processing programs, software, or source codes utilized in connection with the Hospital Businesses or the Assets, (n) Contracts relating to the administration, operation or funding of any Employee Benefit Plan, and (o) Contracts, whether in the ordinary course of business or not, that involve future payments, performance of services, or delivery of goods or material, to or by Seller (or any of its Wholly Owned Subsidiaries), of any amount or value in excess of Fifty Thousand Dollars (\$50,000) on an annual basis.

3.18. The Assumed Contracts. With respect to the Assumed Contracts listed on Schedule 2.01(f), Seller has made available to Buyer true and correct copies of the Assumed Contracts, and has given, and will give, the agents, employees, and representatives of Buyer access to the originals of the Assumed Contracts in its possession. Seller represents and warrants with respect to the Assumed Contracts that:

(a) The Assumed Contracts constitute valid and legally binding obligations of Seller or a Wholly Owned Subsidiary and are enforceable against Seller or such Wholly Owned Subsidiary in accordance with their terms;

(b) Each Assumed Contract constitutes the entire agreement by and between the respective parties thereto with respect to the subject matter thereof;

(c) All obligations required to be performed by Seller or its Wholly Owned Subsidiary under the terms of the Assumed Contracts have been performed, no material breach has occurred under any of the Assumed Contracts, no act or omission by Seller or its Wholly Owned Subsidiary has occurred or failed to occur that, with the giving of notice, the lapse of time, or both would constitute a material default under the Assumed Contracts, and each of such Assumed Contracts is now in full force and effect;

(d) Except as expressly set forth on Schedule 3.18, none of the Assumed Contracts requires consent to the assignment and assumption of such Contracts by Buyer;

(e) Except as expressly set forth on Schedule 3.18, the assignment of the Assumed Contracts to and assumption of such Assumed Contracts by Buyer will not result in any penalty or premium, or variation of the rights, remedies, benefits, or obligations of any party thereunder; and

(f) Except as expressly set forth on Schedule 3.18, no Assumed Contract contains a prohibition on competition by Seller or any Affiliate or otherwise restricts the ability of Seller or any Affiliate to engage in any lawful business after Closing.

3.19. Transactions with Affiliates. Since September 30, 2014, Seller (or any Wholly Owned Subsidiary thereof) has not purchased, acquired or leased any property or services from, or sold, transferred or leased any property or services to, or lent or advanced any money to, or borrowed any money from, or acquired any capital stock, obligations or securities of, or made any management consulting or similar fee agreement with, any officer, director or trustee of Seller or of any Affiliate of Seller, except as set forth on Schedule 3.19 or upon terms that would have been paid or received by Seller in similar transactions with independent parties negotiated at arm's length.

3.20. Employees and Employee Relations.

(a) Except as set forth on Schedule 3.20(a), all employees of the Hospital Businesses are employees of Seller or its Wholly Owned Subsidiaries, and there has not been in the last three (3) years, there is not presently pending, there is not presently threatened (to the Knowledge of Seller), and no event has occurred or circumstance exists (to the Knowledge of Seller) that could provide the basis for, (i) any strike, slowdown, picketing, work stoppage, or employee grievance process, or (ii) any proceeding against or affecting Seller or its Wholly Owned Subsidiaries relating to an alleged violation of any Legal Requirements pertaining to labor relations, including, without limitation, any charge, complaint, or unfair labor practices claim filed by an employee, union, or other person with the National Labor Relations Board or any comparable Governmental Authority, organizational activity, or other labor dispute against or affecting Seller, its Wholly Owned Subsidiaries, the Hospital Businesses, or their premises.

(b) Except as set forth in Schedule 3.20(b), with respect to the employees of Seller or its Wholly Owned Subsidiaries: (i) no collective bargaining agreement exists or is currently being negotiated by Seller or its Wholly Owned Subsidiaries; (ii) no application for certification of a collective bargaining agent is pending; (iii) no demand has been made upon Seller or its Wholly Owned Subsidiaries for recognition by a labor organization; (iv) no union representation question exists; (v) no union organizing activities are, to the Knowledge of Seller, taking place; and (vi) none of the employees of Seller or its Wholly Owned Subsidiaries is represented by any labor union or organization.

(c) Except as set forth in Schedule 3.20(c), Seller and its Wholly Owned Subsidiaries have complied in all material respects with all Legal Requirements relating to employment, employment practices, terms and conditions of employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, payment of employment, social security, and similar taxes, occupational safety and health, and plant closing; neither Seller, nor its Wholly Owned Subsidiaries, are liable for the payment of any material compensation, damages, taxes, fines, penalties, interest, or other amounts, however designated, for failure to comply with any of the foregoing Legal Requirements; there are no pending or, to the Knowledge of Seller, threatened claims before the Equal Employment Opportunity Commission (or any comparable state civil or human rights commission or other entity), complaints before the Occupational Safety and Health Administration (or any comparable state safety or health administration or other entity), wage and hour claims, unemployment compensation claims, workers' compensation claims, or the like.

(d) Schedule 3.20(d) (or as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.20(d)) states the number of employees terminated by Seller or any of its Wholly Owned Subsidiaries within ninety (90) days prior to the Closing Date, laid off by Seller or any of its Wholly Owned Subsidiaries within the six (6) months prior to the Closing Date, or whose hours of work have been reduced by more than fifty percent (50%) by Seller or any of its Wholly Owned Subsidiaries in the six (6) months prior to the Closing Date, and contains a complete and accurate list of the following information for such employees: (i) the date of termination, layoff, or reduction in work hours; (ii) the reason for termination, layoff, or reduction in work hours; and (iii) the location to which the employee was assigned. In relation to the foregoing, except as set forth in Schedule 3.20(d), neither Seller, nor its Wholly Owned Subsidiaries, has violated the Worker Adjustment and Retraining Notification Act (“**WARN Act**”) or any similar state or local Legal Requirements.

(e) To the Knowledge of Seller, no officer, director, agent, employee, consultant, or independent contractor of Seller or any of its Wholly Owned Subsidiaries is bound by any contract that purports to limit the ability of such officer, director, agent, employee, consultant, or independent contractor (i) to engage in or continue or perform any conduct, activity, duties, or practice relating to the Hospital Businesses; or (ii) to assign to Seller or to any other Person any rights to any invention, improvement, or discovery. To the Knowledge of Seller, no former or

current employee of Seller or any of its Wholly Owned Subsidiaries at the Hospital Businesses is a party to, or is otherwise bound by, any contract that in any way adversely affected, affects, or will affect the ability of Buyer following Closing to conduct the Hospital Businesses as heretofore carried on by Seller prior to Closing.

(f) All necessary visa or work authorization petitions have been timely and properly filed on behalf of any employees of Seller, its Wholly Owned Subsidiaries or the Hospital Businesses requiring a visa stamp, I-94 status document, employment authorization document or other immigration document to legally work in the United States, and all paperwork retention requirements with respect to such applications and petitions have been met. To the Knowledge of Seller, no employee of Seller, its Wholly Owned Subsidiaries or the Hospital Businesses who is a foreign national has ever worked without employment authorization from the Department of Homeland Security or any other Governmental Authority that must authorize such employment and Seller have complied with applicable immigration laws with respect to the employment of foreign nationals. To the Knowledge of Seller, Seller and its Wholly Owned Subsidiaries have timely and properly completed I-9 forms for all employees hired since the effective date of the Immigration Reform and Control Act of 1986 and has lawfully retained and re-verified all such I-9 forms. There are no proceedings pending or, to Seller's Knowledge, threatened against Seller or any of its Wholly Owned Subsidiaries relating to Seller's or any Wholly Owned Subsidiary's compliance with federal immigration regulations, including compliance with federal immigration laws. Except as set forth on Schedule 3.20(f), neither Seller, nor any of its Wholly Owned Subsidiaries, has received any letter from the Social Security Administration regarding the failure of an employee's social security number to match his or her name in the Social Security Administration database, and neither Seller, nor any of its Wholly Owned Subsidiaries, has received any letter or other correspondence from the Department of Homeland Security or other Government Authority regarding the employment authorization of any employees of Seller or its Wholly Owned Subsidiaries. If Seller or any of its Wholly Owned Subsidiaries operates in a state or has Contracts with a Governmental Authority that requires or provides a safe harbor if an employer participates in the Department of Homeland Security's e-Verify electronic employment verification system, Seller or any of its Wholly Owned Subsidiaries, as applicable, has been participating in e-Verify for the entire period such participation has been required or available as a safe harbor or as long as Seller or any such Wholly Owned Subsidiary has been operating in such state or contracting with such Governmental Authority.

(g) To the Knowledge of Seller, all employees, former employees and independent contractors of Seller or its Wholly Owned Subsidiaries have been properly classified as such for all purposes under the Code and ERISA and have been properly classified as exempt or nonexempt under the Fair Labor Standards Act and any applicable state law equivalent.

3.21. Employee Benefit Plans.

(a) Schedule 3.21(a) contains a list of all benefit plans maintained by Seller and its Wholly Owned Subsidiaries within the last five (5) years with respect to its employees (whether tax-qualified or nonqualified, currently effective or terminated, written or unwritten) including, without limitation, any of the following:

(i) employee pension benefit plan (as defined in Section 3(2) of ERISA), including, without limitation, any pension, profit-sharing, or stock bonus plan (as described in Section 401(a) of the Code, and related provisions thereof), defined benefit plan or defined contribution plan (as defined in ERISA Sections 3(34) and 3(35)), governmental plan, or church plan;

(ii) annuity contracts purchased by Seller or its Wholly Owned Subsidiaries for employees of the Hospital Businesses in accordance with Code Section 403(b) including, without limitation, any group annuity contracts, individual annuity contracts, and custodial account arrangements under Code Section 403(b)(7), regardless of whether contributions are made to such annuity contracts on a pre-tax or after-tax basis;

(iii) employee welfare benefit plan (as defined in ERISA Section 3(1)) including, without limitation, any health (including, without limitation, medical, dental, or vision) plan, life-insurance plan, death benefit plan, short-term disability plan, long-term disability plan, accident plan, accidental death and dismemberment plan, long-term care plan, or employee assistance plan;

(iv) fringe benefit plan, including, without limitation, any specified fringe benefit plan (as defined in Code Section 6039D), cafeteria plan, or tuition assistance plan;

(v) executive compensation or incentive plan, including, without limitation, any bonus plan, incentive-compensation plan, deferred-compensation plan, non-qualified profit-sharing plan, stock-option plan, stock-appreciation-right plan, stock-bonus plan, stock-purchase plan, employee-stock-ownership plan, or savings plan;

(vi) post-termination benefits plan including, without limitation, any severance plan, change-in-control plan, supplemental-unemployment plan, layoff plan, salary-continuation plan, or non-qualified retirement plan; or

(vii) vacation, holiday, sick-leave, paid-time-off, or other employee compensation plan, procedure, program, payroll practice, policy, agreement, commitment, contract, or understanding;

and any such plan or other arrangement that (i) is maintained or contributed to by Seller or any other corporation or trade or business controlled by, controlling, or under common control with Seller (within the meaning of Code Section 414 or ERISA Sections 4001(a)(14) or 4001(b)) (“**ERISA Affiliate**”), or with respect to which Seller or any ERISA Affiliate has or may have any liability; or (ii) provides benefits, or describes a plan, procedure, program, payroll practice, policy,

agreement, commitment, contract, or understanding applicable to any current or former director, officer, employee, or individual service provider of Seller or any ERISA Affiliate, or the dependents of any thereof, regardless of how (or whether) liabilities for the provision of benefits are accrued or assets are acquired or dedicated with respect to the funding thereof. All such plans or arrangements that are set forth on Schedule 3.21(a) are referred to hereinafter collectively as the “**Employee Benefit Plans.**”

(b) Seller has delivered to Buyer accurate and complete copies of (i) the current documents comprising each Employee Benefit Plan (or, with respect to any Employee Benefit Plan that is unwritten, a detailed written description thereof); (ii) all current trust agreements or other funding instruments related to each Employee Benefit Plan, if any; (iii) all formal rulings, letters, and opinions regarding each Employee Benefit Plan from the IRS, the DOL, PBGC, or any other Governmental Authority that pertains to each Employee Benefit Plan that have been issued within the last three (3) years and any open requests therefor; (iv) the annual reports filed with any Governmental Authority with respect to each Employee Benefit Plan during the current year and each of the three (3) preceding years, if any; (v) all current contracts with third-party administrators, consultants, and other independent contractors that relate to each Employee Benefit Plan; (vi) all current summary plan descriptions, summaries of material modifications and memoranda, and other written communications regarding each Employee Benefit Plan currently in effect, if applicable; and (vii) documents evidencing compliance with the privacy requirements under HIPAA relating to each Employee Benefit Plan, as to which such requirements apply.

(c) Except as provided on Schedule 3.21(c):

(i) Each Employee Benefit Plan (and related trust, insurance contract or fund) complies in form and in operation in all material respects with all applicable Legal Requirements, and has been administered and operated in all material respects in accordance with the terms of the Employee Benefit Plan and applicable Legal Requirements;

(ii) Neither Seller nor any ERISA Affiliate has any material liability under any Employee Benefit Plan for which Buyer has or will have any liability (other than liability for any regular annual contributions required under such Employee Benefit Plans), contingent or otherwise, under Titles I or IV of ERISA or the Code, including, without limitation, any liability with respect to any “multiemployer plan” (as defined in ERISA Sections 3(37)(A) or Section 4001(a)(3) or Code Section 414(f) (“**Multiemployer Plan**”), multiple employer plan (as described in Code Section 413(c)), or “single-employer plan” (as defined in ERISA Section 4001(a)(15)), whether or not terminated; self-insured or self-funded “multiple employer welfare arrangement” as such term is defined in ERISA Section 3(40); prohibited transaction (pursuant to Code Section 4975 or ERISA Section 406) with any Employee Benefit Plan that is not subject to an exemption under Code Section 4975 or ERISA Section 408 or the regulations

thereto; excise tax or penalty imposed under ERISA or the Code with respect to any Employee Benefit Plan; or breach of any responsibilities or obligations imposed upon fiduciaries by Title I of ERISA with respect to any Employee Benefit Plan.

(iii) Each Employee Benefit Plan that is an “employee pension benefit plan” as defined in ERISA Section 3(2) other than a Multiemployer Plan and each related trust agreement, annuity contract, or other funding instrument is and has been since its inception intended to be qualified and tax-exempt under the provisions of Code Sections 401(a) and 501(a), or, if applicable, Code Section 403(b), and, for each such Employee Benefit Plan that is not stated on a master and prototype and/or volume submitter plan on which reliance is and can be based on a favorable opinion or advisory letter without the adopting employer having requested an individual determination letter, has been determined by the IRS pursuant to an individual favorable determination letter to be so qualified and tax-exempt or an application for such determination has been made and is currently pending; has not participated in any voluntary compliance or self-correction programs established by the IRS (or the DOL with respect to any fiduciary issues), or entered into a closing agreement with the IRS with respect to the form or operation of any Employee Benefit Plan within the six (6) years preceding the Closing Date; does not have and during the six (6) years preceding the Closing Date has not had any “unfunded accrued liability,” as such term is defined under ERISA Section 3(30); has not experienced any “reportable events,” as such term is defined under ERISA Section 4043, for which a waiver has not been granted; has not had any “accumulated funding deficiencies,” as such term is defined under ERISA Section 302(a)(2) (prior to amendment by P.L. 109-280) or Code Sections 412(a) or 4971 (whether or not waived), nor for years after amendment by P.L. 109-280 any “funding shortfalls” as defined in Code Section 430(c); does not have any liabilities required to be disclosed on any annual report (Form 5500 series) that have not been disclosed; and has not been terminated.

(iv) With respect to each Employee Benefit Plan that is not an “employee pension benefit plan,” as defined in ERISA Section 3(2), such plan may be terminated at the time of Closing according to its terms without any prior notice; no commitments have been made to provide lifetime or retiree benefits under any such plan; and no persons have any vested rights under any such plan.

(v) Each Employee Benefit Plan that is a “group health plan,” as defined in ERISA Section 607(1) or Code Section 5000(b)(1), and that is maintained by Seller or any ERISA Affiliate has been operated at all times during the six (6) years preceding the Closing Date in material compliance with ERISA, to the extent applicable, the Code, the Social Security Act, and HIPAA.

(vi) All required contributions to all Employee Benefit Plans and all premiums, fees, or other payments required to be made by Seller or any ERISA Affiliate in connection with any Employee Benefit Plan have either been timely made or are reflected in the financial statements on an accrual basis. All returns,

reports, and disclosure statements required to be made under the Code, ERISA, to the extent applicable, or other applicable law with respect to the Employee Benefit Plans other than a Multiemployer Plan have been timely filed or delivered.

(vii) No Employee Benefit Plan is currently or has been within the last three (3) years under audit, inquiry, or investigation by the IRS, DOL, or PBGC, and there are no outstanding issues with reference to such Employee Benefit Plans pending before any governmental agency. Other than routine claims for benefits, there are no actions, mediations, audits, arbitrations, suits, claims, or investigations pending, or to the Knowledge of Seller or any ERISA Affiliate, threatened against or with respect to any of the Employee Benefit Plans sponsored by Seller or any ERISA Affiliate or their assets, and there are no threatened or pending claims by or on behalf of such Employee Benefit Plans or by any employee of Seller or any ERISA Affiliate alleging a breach or breaches of fiduciary duties or violations of other applicable state or federal law that could result in liability on the part of either Seller, any ERISA Affiliate or such Employee Benefit Plans under any law, nor is there any basis for such a claim.

(viii) Seller and its Wholly Owned Subsidiaries do not have any contracts, agreements, plans, or arrangements under which the contemplated transaction will result in any (i) payments (whether of separation pay or otherwise) becoming due from Seller or any ERISA Affiliate to any current or former employee, director, or consultant, or (ii) vesting, acceleration of payment, or increase in the amount of any benefit payable to or in respect of any such current or former employee, director, or consultant of Seller or any ERISA Affiliate that will, in turn, result in any liability to Buyer.

3.22. Proceedings and Legal Claims. Seller has delivered to Buyer an accurate list and summary description (Schedule 3.22) of all pending or, to the Knowledge of Seller, threatened Proceedings and legal claims with respect to the Seller, each Wholly Owned Subsidiary, the Hospital Businesses, and the Assets. Neither Seller nor any Wholly Owned Subsidiary is in default under any order of any Governmental Authority wherever located. Except as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.22 or as set forth on Schedule 3.22, there are no claims, Proceedings, or investigations pending or, to the Knowledge of Seller, threatened against the Seller, any Wholly Owned Subsidiary, the Hospital Businesses or the Assets, at law or in equity, or before or by any Governmental Authority wherever located. With respect to insured claims, no carrier has issued a “reservation of rights” letter or otherwise denied its obligation to insure and defend Seller, or any of its Wholly Owned Subsidiaries, against covered losses arising therefrom.

3.23. Taxes.

(a) Seller and its Wholly Owned Subsidiaries have filed on a timely basis, or validly extended the time for filing, all federal, state, and local Tax Returns. All Tax Returns are true and correct in all material respects and accurately reflect in all material respects the Tax liabilities of Seller and its Wholly Owned Subsidiaries. All

amounts shown due on the Tax Returns have been or will be paid on a timely basis (including any interest or penalties and amounts due state unemployment authorities) to the appropriate tax authorities.

(b) Seller and its Wholly Owned Subsidiaries, as applicable, have withheld all proper amounts from the compensation of its employees in compliance with all withholding and similar provisions of the Code, including employee withholding and social security taxes, and any and all other applicable laws. All such amounts have been duly and validly remitted to the proper taxing authority. Further, Seller and its Wholly Owned Subsidiaries have withheld and paid, or caused to be withheld and paid, all Taxes on monies paid by them to independent contractors, creditors and other Persons for which withholding or payment is required by applicable Legal Requirements.

(c) No deficiencies for any Taxes relating to the Seller or its Wholly Owned Subsidiaries have been asserted or, to the Knowledge of Seller, threatened, and no audit on any Tax Returns is currently under way or, to the Knowledge of Seller, threatened. There are no outstanding agreements by Seller or its Wholly Owned Subsidiaries for the extension of time for the assessment of any Taxes. Seller and its Wholly Owned Subsidiaries have not taken any action in respect of any Taxes that may have a material adverse effect upon the Hospital Businesses or the Assets as of or subsequent to Closing.

(d) To Seller's knowledge, no Government Authority intends to assess any additional Taxes for any period for which Tax Returns have been filed. No claim has ever been made by a Government Authority in a jurisdiction where Seller or any Wholly Owned Subsidiary does not file Tax Returns that such entity is or may be subject to Tax in that jurisdiction. Neither Seller nor any of its Wholly Owned Subsidiaries has received written notice of Tax liens on any of the Assets.

(e) Seller is not a party to any Tax allocation or sharing contract. Seller is not, and has not been, a member of any affiliated group within the meaning of Section 1504 of the Code or any similar group defined under a similar provision of state, local or foreign law filing a consolidated federal income Tax Return.

(f) Each of Seller and its Wholly Owned Subsidiaries that is a corporation exempt from federal and state income Tax has received a favorable letter of determination from the IRS and the State of Connecticut regarding such Tax status and nothing has occurred, whether by action or failure to act, that could reasonably be expected to cause the loss of such exemption.

(g) Neither Seller, nor its Wholly Owned Subsidiaries, has any liability for the Taxes of any other person or entity (other than a subsidiary under IRS regulation 1.1502-6), as a transferee or successor, by contract or otherwise.

3.24. Medical Staff; Physician Relations. Seller has provided to Buyer true, correct, and complete copies of the bylaws and rules and regulations of the medical staff of the Hospital,

as well as a list of all current members of the medical staff. Except as set forth in Schedule 3.24, there are no adverse actions with respect to any medical staff members of the Hospital or any applicant thereto for which a medical staff member or applicant has requested a judicial review hearing that has not been scheduled or has been scheduled but has not been completed, and there are no pending or, to the Knowledge of Seller, threatened disputes with applicants, staff members, or health professional affiliates, and Seller knows of no basis therefor, and all appeal periods in respect of any medical staff member or applicant against whom an adverse action has been taken have expired. No member of the medical staff of the Hospital has been excluded from participation in any Government Payment Program.

3.25. Restricted Assets. Except as set forth on Schedule 3.25 hereto, neither Seller, its Wholly Owned Subsidiaries nor any of their predecessors has received any loans, grants, or loan guarantees pursuant to the Hill-Burton Act program, the Health Professions Educational Assistance Act, the Nurse Training Act, the National Health Planning and Resources Development Act, and the Community Mental Health Centers Act, as amended, or similar laws or acts relating to health care facilities. The transactions contemplated hereby will not result in any obligation on Buyer or any of its Affiliates to repay any of such loans, grants, or loan guarantees, nor subject Buyer, its Affiliates, or the Assets to any lien, restriction, or obligation, including any requirement to provide uncompensated care.

3.26. Brokers and Finders. Except for Cain Brothers, which is representing Seller, neither Seller nor any Affiliate, officer, trustee, director, employee or agent acting on behalf thereof has engaged any finder or broker in connection with the transactions contemplated hereunder.

3.27. Payments. None of the Hospital Businesses has, to Seller's Knowledge, made any request for payment from a Government Payment Program in respect of health care services furnished by or directed or prescribed by any physician or other Person who at such time was excluded from participation in such Government Payment Program. Neither Seller nor any of its Wholly Owned Subsidiaries has, directly or indirectly, paid or delivered, or agreed to pay or deliver, any money or item of property, however characterized, to any Person in violation of any Legal Requirement. Neither Seller nor any of its Wholly Owned Subsidiaries, nor to Seller's Knowledge, any officer, director or trustee of Seller or any Wholly Owned Subsidiary has received, or will receive as a result of the consummation of the transaction contemplated by this Agreement, any rebate, kickback or other improper or illegal payment from any Person with whom Seller or any Wholly Owned Subsidiary conducts or has conducted any of the Hospital Businesses.

3.28. Joint Ventures.

(a) Schedule 3.28 sets forth for each Joint Venture, and as of the Closing Date, also for each Converted Venture: (i) its name and jurisdiction of incorporation or organization; (ii) the number of authorized shares of each class of its capital stock or other equity or non-equity interests; (iii) the number of issued and outstanding shares of each class of its capital stock or other equity or non-equity interests, the names of the holders thereof, and the number of shares or other equity or non-equity interests held by each such holder; (iv) the number of shares of its capital stock or other equity

interests held in treasury; and (v) its directors and officers, general partners, or managers, as the case may be. Seller does not hold any equity interest in any entity other than its Wholly Owned Subsidiaries and the Joint Ventures, and as of the Closing Date, the Converted Ventures.

(b) Subject to Section 5.19, each Joint Venture: (i) if it is a for profit or nonprofit corporation, is duly incorporated and validly existing under the laws of the state of its incorporation and is duly qualified and in good standing as a foreign corporation in the jurisdiction of its principal place of business if not incorporated therein; (ii) if it is a limited liability company, is duly organized, validly existing, and, if applicable, in good standing under the laws of the state of its organization and is duly qualified and, if applicable, in good standing as a foreign limited liability company in the jurisdiction of its principal place of business if not organized therein; and (iii) if it is a partnership, trust, or other entity, is duly formed, validly existing, and, if applicable, in good standing in the jurisdiction of its principal place of business if not formed therein. To the Knowledge of Seller, each Joint Venture, and as of the Closing Date, each Converted Venture, has full corporate, limited liability company, partnership, trust, or other applicable power and authority and all licenses and permits (including authorizations to do business in any applicable state) necessary to carry on the businesses in which it is engaged and in which it presently proposes to engage, and to own and use the properties owned and used by it. To the Knowledge of Seller, each Joint Venture, and as of the Closing Date, each Converted Venture, has not materially violated any Legal Requirement or material Contract or agreement.

(c) Seller has delivered to Buyer accurate and complete copies, as applicable, of the articles of incorporation, charter, bylaws, operating agreement, partnership agreement, or shareholder or membership agreement, as amended to date and in its possession, of each Joint Venture, and as of the Closing date, of each Converted Venture. Except as set forth on Schedule 3.28 hereto, all of the issued and outstanding shares of capital stock or other equity or non-equity interests of each Joint Venture, and as of the Closing Date, of each Converted Venture, that have been issued to Seller (or any Wholly Owned Subsidiary thereof) have been duly authorized and are validly issued, fully paid, and nonassessable. To the Knowledge of Seller, none of the Joint Ventures, and as of the Closing Date, none of the Converted Ventures, is in default under or in violation of any provision of its articles of incorporation, charter, bylaws, operating agreement, partnership agreement, or shareholders or membership agreement.

(d) Except as set forth in Schedule 3.28, to the Knowledge of Seller, (i) there is no outstanding subscription, option, convertible or exchangeable security, preemptive right, warrant, call, or agreement (other than this Agreement) relating to the stock or other equity or non-equity interests of the Joint Ventures, and as of the Closing Date, the Converted Ventures, or other obligation or commitment of any Joint Venture, and as of the Closing Date, of any Converted Ventures, to issue any shares of capital stock or other equity interests; and (ii) there are no voting trusts or other agreements, arrangements, or understandings applicable to the exercise of voting or any other rights with respect to any shares of Joint Venture stock or other equity or

non-equity interests, and as of the Closing Date, to any shares of Converted Venture stock or other equity or non-equity interests. Seller (or any Wholly Owned Subsidiary thereof) has good, marketable, and indefeasible title to all shares of the stock or other equity or non-equity interests of the Joint Ventures, and as of the Closing Date, of the Converted Ventures, set forth in Schedule 3.28 and, except as set forth on Schedule 3.28, has the absolute right to sell, assign, transfer, and deliver the same to the Buyer, free and clear of all claims, security interests, liens, pledges, charges, escrows, options, proxies, rights of first refusal, preemptive rights, mortgages, hypothecations, prior assignments, title retention agreements, indentures, security agreements, or any other limitation, encumbrance, or restriction of any kind.

(e) Except as set forth in Schedule 3.28, to the Knowledge of Seller, the Joint Ventures, and as of the Closing Date, the Converted Ventures, do not control, directly or indirectly, or have any direct or indirect equity participation in any corporation, limited liability company, partnership, trust, or other business association.

3.29. Quality and Condition of Assets. The Assets and the Excluded Assets constitute all assets that are held or used by Seller or its Wholly Owned Subsidiaries for the conduct of the Hospital Businesses in the manner conducted as of the date of this Agreement. Except as set forth in Schedule 3.29, to the Knowledge of Seller, all buildings, structures, facilities, and Material Tangible Assets included in the Assets are free from material defects and are usable in the regular and ordinary course of business, and conform in all material respects to all applicable Legal Requirements relating to their use and operation by Seller or its Wholly Owned Subsidiaries.

3.30. Experimental Procedures. Seller (or any Wholly Owned Subsidiary thereof) has not performed or permitted the performance of any experimental or research procedures or studies involving patients of the Hospital Businesses not authorized and conducted in accordance with the procedures of the Institutional Review Board of the Hospital.

3.31. Full Disclosures. This Agreement, the Schedules hereto, and all Closing Documents furnished and to be furnished to Buyer and their representatives by Seller pursuant hereto, when taken in their entirety, do not and will not include any untrue statement of a material fact. Copies of all documents referred to in any Schedule hereto in the possession of Seller have been delivered or made available to Buyer and its representatives and constitute true, correct, and complete copies thereof and include all amendments, exhibits, schedules, appendices, supplements, or modifications thereto or waivers thereunder.

4. REPRESENTATIONS OF BUYER

Buyer makes the following representations to Seller on and as of the date of this Agreement and will be deemed to make them again at and as of the Closing Date:

4.01. Organization.

(a) Buyer is a corporation duly organized and validly existing and in good standing under the laws of Connecticut. Buyer is, or by Closing will be, qualified to do business in the State of Connecticut. Buyer has full power and authority to own, lease

and operate its properties and to conduct its business as presently conducted and as proposed to be conducted immediately following the Closing. Buyer has neither conducted any business prior to the date of this Agreement nor will conduct any business, other than in contemplation of the consummation of the transactions contemplated by this Agreement, prior to the Closing. Buyer has made available to Seller a true and complete copy of its organizational documents.

(b) PMH is a corporation duly organized and validly existing and in good standing under the laws of Delaware. PMH has full power and authority to own, lease and operate its properties and to conduct its business as presently conducted and as proposed to be conducted immediately following the Closing.

4.02. Power and Authority; Due Authorization.

(a) Buyer has full power and authority to (i) execute and deliver this Agreement and the Closing Documents to which it is or becomes a party, (ii) perform its obligations under this Agreement and such Closing Documents and (iii) consummate the transactions contemplated by this Agreement. The execution and delivery by Buyer of this Agreement and the Closing Documents to which it is or becomes a party, the performance by Buyer of its obligations under this Agreement and such Closing Documents, and the consummation by Buyer of the transactions contemplated by this Agreement have been duly authorized on behalf of Buyer by all necessary corporate action.

(b) PMH has full power and authority to (i) execute and deliver this Agreement and the Closing Documents to which it is or becomes a party, (ii) perform its obligations under this Agreement and such Closing Documents and (iii) consummate the transactions contemplated by this Agreement. The execution and delivery by PMH of this Agreement and the Closing Documents to which it is or becomes a party, the performance by PMH of its obligations under this Agreement and such Closing Documents, and the consummation by PMH of the transactions contemplated by this Agreement have been duly authorized on behalf of PMH by all necessary corporate action.

4.03. Consents; Absence of Conflicts, Etc.

(a) The execution, delivery and performance by Buyer of this Agreement and the Closing Documents to which it is or becomes a party at the Closing, and the consummation of the transactions contemplated by this Agreement:

(i) are within its corporate powers, are not in contravention of its certificate of incorporation, shareholders agreement, and bylaws and have been approved by all required corporate action;

(ii) do not violate any Legal Requirement to which it is subject;

(iii) do not conflict with, result in a breach or violation of or require any consent to be obtained or notice to be given under any material agreement to which it is a party or by which it is bound;

(iv) will not violate any statute, law, rule, or regulation of any governmental authority to which it may be subject; and

(v) will not violate any judgment, decree, writ, or injunction of any court or governmental authority to which it may be subject.

(b) The execution, delivery and performance by PMH of this Agreement and the Closing Documents to which it is or becomes a party at the Closing, and the consummation of the transactions contemplated by this Agreement:

(i) are within its corporate powers, are not in contravention of its certificate of incorporation, shareholders agreement, and bylaws and have been approved by all required corporate action;

(ii) do not violate any Legal Requirement to which it is subject;

(iii) do not conflict with, result in a breach or violation of or require any consent to be obtained or notice to be given under any material agreement to which it is a party or by which it is bound;

(iv) will not violate any statute, law, rule, or regulation of any governmental authority to which it may be subject; and

(v) will not violate any judgment, decree, writ, or injunction of any court or governmental authority to which it may be subject.

4.04. Due Execution; Binding Agreement. This Agreement has been duly and validly executed and delivered by Buyer. Each Closing Document to which Buyer will be a party will be duly and validly executed and delivered by Buyer at the Closing. This Agreement constitutes, and each of the Closing Documents to which Buyer will be a party will constitute (upon execution and delivery thereof by Buyer at the Closing), the valid and legally binding obligations of Buyer, enforceable against it in accordance with the terms hereof and thereof.

4.05. Proceedings. There are no claims, Proceedings, or investigations pending or, to Buyer's knowledge, threatened that: (a) adversely affect or seek to prohibit, restrain, or enjoin the execution and delivery of this Agreement, (b) adversely affect or question the validity or enforceability of this Agreement, (c) question the power or authority of Buyer to carry out the transactions contemplated by, or to perform its obligations under, this Agreement, or (d) would result in any change that would adversely affect in any material respect the ability of Buyer to perform any of its obligations hereunder.

4.06. Availability of Funds. Buyer will have and will apply at the time of Closing sufficient cash or other immediately available funds necessary to enable Buyer to consummate the transactions contemplated hereby in accordance with the terms hereof.

5. PRE-CLOSING COVENANTS OF THE PARTIES

5.01. Operations. Until the Closing Date and except as otherwise expressly provided in this Agreement or agreed to in writing by Buyer, Seller will, and will require its Affiliates and Wholly Owned Subsidiaries to:

(a) carry on its business pertaining to the Hospital Businesses in substantially the same manner as presently conducted and not make any material change in personnel, operations, finance, accounting policies, or real or personal property pertaining to the Hospital Businesses;

(b) maintain the Hospital Businesses and all parts thereof in good operating condition, ordinary wear and tear excepted;

(c) perform all of its material obligations under agreements relating to or affecting the Hospital Businesses or the Assets;

(d) comply in all material respects with all applicable laws and other Legal Requirements;

(e) keep in full force and effect present insurance policies or other comparable insurance pertaining to the Hospital Businesses; and

(f) use its commercially reasonable efforts to maintain and preserve its business organizations intact, retain its present employees of the Hospital Business, and maintain its relationships with physicians, suppliers, customers, and others having business relations with the Hospital Businesses.

5.02. Negative Covenants. Until the Closing Date and except as otherwise expressly provided in this Agreement or agreed to by Buyer in writing, Seller will not, and will not permit any Affiliate or Wholly Owned Subsidiary to:

(a) amend or terminate any of the Assumed Contracts, enter into any Contract or commitment, or incur or agree to incur any liability, except as provided herein or in the ordinary course of business and in no event greater than Seventy-Five Thousand Dollars (\$75,000) per item;

(b) enter into any Contract or commitment with physicians or other referral sources;

(c) increase compensation payable or to become payable or make any bonus payment to or otherwise enter into one or more bonus agreements with any employee of the Hospital Businesses, except increases in compensation or bonus payments or agreements that are otherwise made in the ordinary course of business consistent with past practices and in accordance with existing personnel policies;

(d) create, assume, or permit to exist any new debt, mortgage, pledge, or other lien or encumbrance upon any of the Assets in an amount in excess of Seventy-Five Thousand Dollars (\$75,000) whether now owned or after acquired;

(e) acquire (whether by purchase or lease) or sell, assign, lease, or otherwise transfer or dispose of any property (including Real Property), plant, or equipment having a net book value in excess of Seventy-Five Thousand Dollars (\$75,000), except in the ordinary course of business;

(f) purchase capital assets other than in accordance with the approved capital budget of Seller previously provided to Buyer;

(g) add, modify, or discontinue the provision of any material clinical service by the Hospital Businesses, open a new location for the provision of any material clinical service, or close the location at which any such material clinical service is currently provided;

(h) hire or terminate the employment of any employee of the Hospital Businesses at the level of manager or higher (including, without limitation, any officer of the Hospital Businesses);

(i) sell or factor any Accounts Receivable;

(j) cancel, forgive, release, discharge or waive any Person's obligation to pay or to perform obligations in respect of any Assets, or agree to do any of the foregoing, except in the ordinary course of the business of the Hospital Businesses consistent with past practices;

(k) change any accounting method, policy or practice or reduce any reserves in the Financial Statements, except (i) reductions in reserves pertaining to Government Payment Programs or third party payors made in the ordinary course of business consistent with past practices and (ii) changes required by changes in GAAP or applicable Legal Requirements;

(l) terminate, amend or otherwise modify in any material respect any Employee Benefit Plan, except for amendments required to comply with this Agreement or applicable Legal Requirements;

(m) amend or agree to amend the governing documents of any Joint Venture, except (x) immaterial amendments or amendments required to comply with applicable Legal Requirements or to assign and transfer to Buyer the Seller's ownership interest in, or for Buyer to become a partner or member of, the Joint Venture, or (y) as contemplated by Section 5.19 hereof; or

(n) take any action outside the ordinary course of business of the Hospital Businesses or their related ancillary services.

5.03. Employee Matters.

(a) As of the Closing Date, Seller shall terminate all of its employees at the Hospital Businesses, and Buyer shall offer employment to all active employees in good standing as of the Closing Date who satisfy customary pre-employment screening procedures, in positions similar to those then being provided by Seller. Nothing herein shall be deemed to affect or limit in any way normal management prerogatives of Buyer with respect to employees or to create or grant to any such employees third party beneficiary rights or claims of any kind or nature. In respect of the employees employed by Buyer as of the Closing Date, and except as limited by the terms of applicable collective bargaining agreements, Buyer shall provide such employees with regionally competitive wages and employee benefits comparable to the wages and benefits generally offered to employees of other hospitals owned and operated by Buyers as of the Closing Date and shall honor prior length of service for purposes of determining eligibility and vesting in its benefit plans; *provided, however*, that no such prior service credit need be given in respect of any new plan commenced or participated in by Buyer and generally applicable to other hospitals owned and operated by Buyer in which no prior service credit is given to or recognized for other plan beneficiaries. In extending such benefits, Buyer shall give such employees credit for the satisfaction of pre-existing condition limitations in its welfare benefit plans to the same extent that such employees have satisfied such limitations under the current welfare benefit plans of Seller. Notwithstanding anything to the contrary contained in this Section 5.03, Buyer shall not have any obligation to offer employment to, or continue to employ, any employee (x) at the Hospital Businesses who has been excluded from participation in federal health care programs, or (y) whose name is not set forth on the Employee Lists.

(b) Not later than fifteen (15) days prior to the Closing, Seller shall deliver to Buyer (i) a list (as of the most recent practicable date) of names, positions, current annual salaries or wage rates, target or actual bonuses, other compensation arrangements, and paid time off or extended illness bank credits of all full-time and part-time non-physician employees of Seller and its Wholly Owned Subsidiaries (indicating in the list whether each employee is classified as exempt or nonexempt by Seller or such Wholly Owned Subsidiary), and (ii) a separate list (as of the most recent practicable date) of names, positions, current annual salaries or wage rates, target or actual bonuses, other compensation arrangements, and paid time off or extended illness bank credits of all full-time and part-time physician employees of Seller and its Wholly Owned Subsidiaries (indicating in both lists whether each employee is part-time or full-time, whether such employee is employed under written Contract, the immigration status of any such employee who is eligible for employment based solely on a temporary work permit and, if such employee is not actively at work, the reason therefor) (collectively, the “**Employee Lists**”).

(c) Buyer and Seller intend that the sale of Assets contemplated by this Agreement (the “**Asset Sale**”) shall constitute a bona fide arm’s-length sale of assets to an unrelated buyer under Section 4204 of ERISA, 29 U.S.C. §1384, and that such Asset Sale shall not result in a complete or partial withdrawal from the Multiemployer Plans by Seller. Buyer and Seller intend that the Asset Sale will not cause the imposition of withdrawal liability on Seller, and agree to take any and all actions

required or desirable so that no withdrawal liability is imposed as a result of the Asset Sale. It is the parties understanding that no withdrawal liability will occur with respect to the New England Health Care Employees Pension Fund as a result of the Asset Sale. If withdrawal liability will occur with respect to the New England Health Care Employees Pension Fund, then the remaining provisions of this Section 5.03 shall apply to that Multiemployer Plan. For the avoidance of doubt, the remaining provisions of this Section 5.03 shall apply (i) to the New England Health Care Employees Pension Fund, if withdrawal liability will occur with respect to such Multiemployer Plan, and (ii) in any event, to the Connecticut Health Care Associates Pension Fund.

(d) Buyer shall be obligated to contribute and shall contribute to the Multiemployer Plan, for the plan year in which the Closing Date occurs and the subsequent five (5) plan years, for at least substantially the same number of contribution base units (as defined in Section 4001(a)(11) of ERISA, 29 U.S.C. §1301) for which Seller had an obligation to contribute to the Multiemployer Plan before the Closing Date.

(e) The parties hereto shall cooperate and jointly apply to the Multiemployer Plan before the first day of the first plan year beginning immediately after the Closing to obtain an exemption or variance from the sale contract language of Section 4204(a)(1)(C) of ERISA, to the extent an exemption or variance is available with respect to same.

(f) Unless an exemption or variance from the requirements of Section 4204(a)(1)(B) of ERISA is timely obtained, Buyer shall provide to the Multiemployer Plan, for the first plan year beginning after the Closing Date, and for each of the four (4) plan years thereafter (for a total of five (5) plan years), a corporate surety bond or escrow account (or letter of credit or other security that is acceptable to the Multiemployer Plan) that complies with Section 4204(a)(1)(B) of ERISA (the “**Bond/Escrow**”), in an amount equal to the greater of:

(i) the average annual contribution required to be made to the Multiemployer Plan by Seller under the Multiemployer Plan for the three (3) plan years preceding the plan year in which the Closing Date occurs; or

(ii) the annual contribution required to be made to the Multiemployer Plan by Seller under the Multiemployer Plan for the plan year immediately preceding the plan year in which the Closing Date occurs.

(g) Any Bond/Escrow shall provide that it shall:

(i) be paid to the Multiemployer Plan if Buyer fully or partially withdraws for any reason (or ceases to have an obligation to contribute) from the Multiemployer Plan at any time during the first five (5) plan years commencing with the first plan year beginning after the Closing Date, or fails to make any

required contribution to the Multiemployer Plan when due, at any time during the first five (5) plan years beginning after the Closing Date; and

(ii) be released or returned to Buyer under all other circumstances.

(h) The cost of the Bond/Escrow shall be borne by Buyer. Seller, upon request, will reasonably cooperate with Buyer in obtaining an exemption or variance for Buyer from the Bond/Escrow requirements of Section 4204(a)(1)(B) of ERISA, to the extent a regulatory exemption is available. Buyer, upon request, will reasonably cooperate with Seller in obtaining an exemption or variance for Seller from the sale/contract requirements of Section 4204(a)(1)(C) of ERISA, to the extent a regulatory exemption is available.

(i) To the extent required under Section 4204(a)(1)(C) of ERISA, if Buyer withdraws from the Multiemployer Plan in a complete withdrawal or a partial withdrawal during the period of five (5) plan years commencing with the first plan year beginning after the Closing Date, Seller will be secondarily liable to the Multiemployer Plan for any withdrawal liability amount that Seller would have had to the Multiemployer Plan as of the Closing Date but for the application of Section 4204 of ERISA, if the liability of the Buyer with respect to the Multiemployer Plan is not paid; *provided, however*, that the preceding language will be void and of no effect if the parties obtain an exemption or variance from the requirements of Section 4204(a)(1)(C) of ERISA.

(j) If all or substantially all of Seller's assets are distributed, or if Seller is liquidated before the end of the five (5) plan year period, Seller, except as otherwise agreed to by the Multiemployer Plan, shall provide a bond or amount in escrow equal to the value of the withdrawal liability at the time of Closing.

(k) If any party hereto fails to abide by and/or satisfy any obligation under this Section 5.03, or if complete or partial withdrawal liability is otherwise assessed by the Multiemployer Plan for any reason before the end of the five (5) plan year period, then to the extent that there is any withdrawal liability imposed by the Multiemployer Plan, Seller shall hold harmless and indemnify Buyer for the present value of the withdrawal liability that would have been imposed on Seller but for Section 4204 of ERISA (the "**Seller's Withdrawal Liability**"). Buyer shall similarly hold harmless and indemnify Seller for any withdrawal liability amount in excess of Seller's Withdrawal Liability.

(l) Buyer and Seller agree to cooperate with the Multiemployer Plan to accomplish this Asset Sale without triggering withdrawal liability.

(m) Buyer covenants and agrees to require any subsequent purchaser of the Hospital Business and/or all of the assets of the Hospital Business to apply the procedures of Section 4204(a) of ERISA to the Multiemployer Plan. This Section 5.03(m) shall remain in effect for a period of five (5) years commencing with the first plan year beginning after the Closing Date.

5.04. Access to and Provision of Additional Information.

(a) Seller shall afford to the officers and authorized representatives and agents (which shall include accountants, attorneys, bankers, and other consultants) of Buyer full and complete access to and the right to inspect the plants, properties, books, and records of the Hospital Businesses, and will furnish Buyer with such additional financial and operating data and other information as to the business and properties of Seller pertaining to the Hospital Businesses as Buyer may from time to time reasonably request without regard to where such information may be located. Buyer's right of access and inspection shall be exercised in such a manner as not to interfere unreasonably with the operations of the Hospital Businesses and the delivery of patient care. Buyer agrees that no inspections shall take place and no employees or other personnel of the Hospital Businesses shall be contacted by Buyer without Buyer's first providing reasonable notice to Seller and coordinating such inspection or contact with Seller.

(b) Within two (2) business days after they are created (but in any event no later than fifteen (15) days following the end of each calendar month prior to Closing), Seller shall deliver or cause to be delivered to Buyer true and complete copies of the management prepared unaudited balance sheets and the related unaudited statements of income of, or relating to, Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses for each month then ended, which presentation shall be true, correct, and complete in all material respects, shall have been prepared from and in accordance with the books and records of Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses, and shall fairly present the financial position and results of operations of Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses as of the date and for the period indicated, all in accordance with GAAP consistently applied, except that such financial statements need not include required footnote disclosures. To the extent permitted by law, Seller shall notify Buyer in writing and shall keep Buyer informed of any unexpected emergency or other materially adverse unanticipated change in the business of any of the Hospital Businesses and of any governmental complaints, investigations, or adjudicatory proceedings (or governmental communications indicating that the same may be contemplated) or of any other such matter.

(c) Until the Closing Date, to the extent permitted by law, Seller shall confer regularly with Buyer, as reasonably requested by Buyer, and answer Buyer's reasonable questions regarding matters relating to the conduct of the Hospital Businesses and the status of transactions contemplated by this Agreement. Seller shall notify Buyer of any material changes in the operations, financial condition or prospects of the Hospital Businesses and of any material complaints, grievances, investigations, hearings or adjudicatory proceedings (or communications indicating that the same may be contemplated) concerning the Hospital Businesses and shall keep Buyer reasonably informed of the status of such matters.

(d) With respect to any individually identifiable health information disclosed by Seller to Buyer pursuant to this Section, Buyer and Seller shall comply with HIPAA and with any other Legal Requirements that govern or pertain to the

confidentiality, privacy, security of, and electronic transactions involving, health care information.

(e) For the avoidance of doubt, Buyer shall not, and nothing contained in this Section shall give Buyer, directly or indirectly, the right to, control or direct the Hospital Businesses (or any portion thereof) prior to the Closing.

5.05. Governmental Approvals.

(a) Seller's Obligations.

(i) Seller shall (a) use its commercially reasonable efforts to obtain all governmental approvals (or exemptions therefrom) necessary or required to allow Seller to perform its obligations under this Agreement (including, without limitation, approvals of the applications to the Attorney General and Commissioner of Public Health of the State of Connecticut relating to the sale of the Assets by Seller to Buyer and/or any other projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein); and (b) assist and cooperate with Buyer and its representatives and counsel in obtaining all governmental consents, approvals, and licenses that Buyer deems necessary or appropriate and in the preparation of any document or other material that may be required by any Governmental Authority as a predicate to or as a result of the transactions contemplated herein (including, without limitation, approvals of the applications to the Attorney General and Commissioner of Public Health of the State of Connecticut relating to the sale of the Assets by Seller to Buyer and/or any other projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein).

(ii) Seller shall, if and to the extent required by Legal Requirements, file all reports or other documents required or requested of it by the FTC or the Justice Department under the HSR Act, and all regulations promulgated thereunder, concerning the transactions contemplated hereby, and comply promptly with any requests by the FTC or Justice Department for additional information concerning such transactions, so that the waiting period specified in the HSR Act will expire as soon as reasonably possible after the execution and delivery of this Agreement. Seller agrees to furnish to Buyer such information concerning Seller as Buyer needs to perform its obligations under Section 5.05(b)(ii) of this Agreement.

(b) Buyer's Obligations.

(i) Buyer shall (a) use its commercially reasonable efforts to obtain all governmental approvals (or exemptions therefrom) necessary or required to allow Buyer to perform its obligations under this Agreement (including, without limitation, approvals of the applications to the Attorney General and Commissioner of Public Health of the State of Connecticut relating to the sale of

the Assets by Seller to Buyer and/or any other projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein), and (b) assist and cooperate with Seller and its representatives and counsel in obtaining all governmental consents, approvals, and licenses that Seller deems necessary or appropriate and in the preparation of any document or other material that may be required by any Governmental Authority as a predicate to or as a result of the transactions contemplated herein (including, without limitation, approvals of the applications to the Attorney General and Commissioner of Public Health of the State of Connecticut relating to the sale of the Assets by Seller to Buyer and/or any other projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein). Buyer shall pay all of the costs of any fees due in respect of filings made to the Attorney General and Commissioner of Public Health of the State of Connecticut, including, without limitation, fees required to be paid by Buyer pursuant to CT Gen Stat § 19a-486c(c) and CT Gen Stat § 19a-486d(a) shall remain the obligation of Buyer.

(ii) Buyer shall, if and to the extent required by Legal Requirements, file or cause to be filed all reports or other documents required or requested of it by the FTC or the Justice Department under the HSR Act, and all regulations promulgated thereunder, concerning the transactions contemplated hereby, and comply promptly with any requests by the FTC or Justice Department for additional information concerning such transactions, so that the waiting period specified in the HSR Act will expire as soon as reasonably possible after the execution and delivery of this Agreement. Buyer agrees to furnish to Seller such information concerning Buyer as Seller needs to perform its obligations under Section 5.05(a)(ii) of this Agreement. Buyer shall pay the costs of any fees due in respect of filings required by the HSR Act.

5.06. Connecticut Transfer Act. Certain components of the Real Property (including the Hospital) may constitute, in whole or in part, “Establishments” as the term is defined in the Transfer Act (collectively, the “**Establishment Real Properties**”). Accordingly, Seller and Buyer shall prepare an appropriate Transfer Act Form and accompanying Environmental Condition Assessment (“**ECAF**”) for each Establishment Real Property to satisfy the requirements of the Transfer Act in connection with the transaction contemplated herein. Seller shall execute as transferor and Buyer shall execute as transferee and Certifying Party (as all such terms are defined in the Transfer Act). Within ten (10) days after the Closing Date, Buyer shall (i) file the fully executed Transfer Act Form and ECAF with the Connecticut Department of Energy and Environmental Protection (“**CTDEEP**”); (ii) pay the initial filing fee and any and all subsequent Transfer Act fees (which shall be reimbursed by Seller); and (iii) provide written confirmation to Seller that the Transfer Act filing has been completed (with a copy of such filing). In order to evaluate the potential scope and cost of Transfer Act obligations that may be required, prior to the Closing, Buyer shall have the right to perform limited Phase II assessments with respect to the Real Property. Buyer or its designee shall conduct and complete, at Buyer’s sole expense, any actions required (as determined by Buyer in its reasonable discretion) as a result of the filing of the Transfer Act Form and the ECAF, to comply with the Transfer Act,

and, if appropriate, to obtain written approval from CTDEEP or a “verification” from a “Licensed Environmental Professional” that the Hospital Businesses have been remediated in full compliance with the Connecticut Remediation Standard Regulations (collectively “**Transfer Act Activities**”). Buyer shall complete all Transfer Act Activities as soon as practicable, but in any event within any deadline defined by or pursuant to the Transfer Act (as the same may be extended). Seller shall pay Buyer for all costs and expenses that Buyer incurs in connection with Transfer Act Activities in an amount not to exceed One Hundred Thousand Dollars (\$100,000) (the “**Estimated Remediation Costs**”). Seller and Buyer agree to execute and deliver all documents reasonably requested by the other to comply with the Transfer Act. All undefined terms in this Section 5.06 shall have the meanings set forth in the Transfer Act.

5.07. No-Shop Clause. Seller agrees that, from and after the date of the execution and delivery of this Agreement by Seller until the termination of this Agreement, neither Seller, nor any Affiliate of Seller will, without the prior written consent of Buyer: (i) offer for sale the Assets (or substantially all of the Assets) or any ownership interest in any entity owning any of the Assets, (ii) solicit offers to buy all or substantially all of the Assets or any ownership interest in any entity owning any of the Assets, (iii) hold discussions with any party (other than Buyer) looking toward such an offer or solicitation or looking toward a merger, consolidation, joint venture, or similar transaction involving any entity owning any of the Assets, or (iv) enter into any agreement with any party (other than Buyer) with respect to the sale or other disposition of the Assets (or substantially all of the Assets) or any ownership interests in any entity owning any of the Assets or with respect to any merger, consolidation, joint venture, or similar transaction involving any entity owning any of the Assets. Seller will promptly communicate to Buyer the substance of any inquiry or proposal concerning any such transaction.

5.08. Casualty. If, on or before the Closing Date, any of the Real Property used by the Hospital Businesses is destroyed or damaged by fire, theft, vandalism or other cause or casualty and as a result thereof any material part of such Real Property, in the aggregate, is rendered unsuitable for their primary intended use for at least six (6) months, Buyer may elect, by giving written notice to Seller within ten (10) business days after having actual notice of the occurrence of such destruction or damage and the extent of the loss, to: (i) terminate this Agreement in accordance with Section 9.04(a)(v), (ii) consummate the transaction in spite of such destruction or damage, but reduce the Purchase Price by the fair market value of the Assets destroyed or damaged (determined as of the date immediately before the destruction or damage) or, if greater, the estimated cost to restore, repair or replace such Assets, in which event Seller will retain all right, title and interest in and to insurance proceeds payable on account of such destruction or damage, or (iii) consummate the transaction in spite of such destruction or damage without any reduction in the Purchase Price, in which event Seller shall pay, transfer and assign to Buyer at Closing the insurance proceeds (or the right to receive the insurance proceeds) payable on account of such destruction or damage, plus any deductibles or copayments required under the applicable insurance policy in respect of such claim. In the absence of an agreement among the parties regarding the amount of any Purchase Price reduction for purposes of clause (ii) above (if applicable), an MAI appraiser mutually selected by the parties and paid equally by Seller, on the one hand, and Buyer, on the other hand, will determine any reduction in Purchase Price pursuant to such clause (ii).

5.09. Consents to Assignment.

(a) Seller shall (or shall cause its Wholly Owned Subsidiaries to) promptly apply for and use commercially reasonable efforts to obtain before Closing all consents required to assign the Assumed Contracts to Buyer at Closing, provided that Seller and its Wholly Owned Subsidiaries shall not be required to make any payments or economic concessions to landlords or other counterparties to obtain such consents.

(b) To obtain one or more of the consents and approvals described in this Section, Buyer may be required by applicable Legal Requirement or practical necessity to enter into a contract that supersedes or replaces an existing Contract between Seller (or its Wholly Owned Subsidiary) and a third party. Such new contract may require Buyer to assume, for the benefit of such third party, certain obligations and liabilities of Seller (or its Wholly Owned Subsidiary) that are Excluded Liabilities. Alternatively, Buyer may be required by Legal Requirements to assume, or may be deemed as a matter of law to have assumed, obligations and liabilities of Seller (or its Wholly Owned Subsidiary) that are Excluded Liabilities. If Buyer enters into a replacement contract or assumes such Excluded Liabilities, then – as between Seller and Buyer – such contract or assumption of Excluded Liabilities will not affect the contractual rights and remedies provided in this Agreement in respect of such contract or Excluded Liabilities, including Buyer’s rights to indemnification from Seller (subject to the limitations set forth in Article 10), or otherwise diminish Seller’s obligations to Buyer or enlarge Seller’s liabilities to Buyer (or diminish Seller’s defenses or limitations on liability) under this Agreement and will under no circumstances be claimed by Seller as a defense (whether of waiver, estoppel, consent, operation of law, or otherwise) against Buyer’s assertion of any claim under this Agreement against Seller, and the rights and obligations of the parties to each other under this Agreement will be determined as if such replacement contract did not exist or such assumption of Excluded Liabilities was not required.

5.10. Insurance Ratings. Seller will take all action reasonably requested by Buyer to enable Buyer to succeed to the workers’ compensation and unemployment insurance ratings, and other ratings for insurance or other purposes established by Seller or its Affiliates for the Hospital Businesses. Buyer shall not be obligated to succeed to any such ratings, except as Buyer may elect to do so.

5.11. Efforts to Close.

(a) Seller shall use its commercially reasonable efforts to proceed toward the Closing and to satisfy the conditions to Closing, consistent with the other terms contained herein. Seller shall notify Buyer as soon as practicable of any event or matter that comes to its attention that may reasonably be expected to prevent or materially delay the conditions to the obligations of Seller being met.

(b) Buyer shall use its commercially reasonable efforts to proceed toward the Closing and to satisfy the conditions to Closing, consistent with the other terms contained herein. Buyer shall notify Seller as soon as practicable of any event or matter that comes to the attention of Buyer that may reasonably be expected to prevent or materially delay the conditions to Buyer’s obligations being met.

5.12. Release of Encumbrances. Seller shall use all commercially reasonable efforts to cause all Encumbrances on the Assets, other than the Permitted Encumbrances, to be released and discharged at or before Closing.

5.13. [Intentionally Omitted.]

5.14. Medical Staff Disclosure. Seller shall deliver to Buyer a confidential written disclosure containing a brief description of all adverse actions taken against medical staff members or applicants in the past three (3) years that, to the Knowledge of Seller, could result in claims or actions against Seller, its Wholly Owned Subsidiaries or the Hospital Businesses and that are not disclosed in the minutes of the meetings of the Medical Executive Committee of the medical staff of the Hospital Businesses, which have been provided to Buyer.

5.15. Satisfaction of Bond Obligations. At its sole cost and expense, Seller shall do all things necessary, desirable, and appropriate to cause the complete and valid payment or, if necessary, defeasance of its obligations under that certain Loan Agreement and Security Agreement dated as of December 1, 2010 by and between Seller, the Hospital, RBS Citizens, National Association, and the State of Connecticut Health and Educational Facilities Authority (the “**Loan Agreement**”), which secures the State of Connecticut Health and Educational Facilities Authority Revenue Bonds, Waterbury Hospital Issue, Series D, such that all liens and mortgages secured by the Loan Agreement shall be released at the time of the Closing.

5.16. New and Existing Collective Bargaining Agreement.

(a) Seller is currently party to three collective bargaining agreements:

(i) The “Nurses CBA” is between the Seller and Connecticut Health Care Associates and covers registered nurses and licensed practical nurses with effective dates from October 1, 2013 through September 30, 2017. Neither the Buyer nor the Seller expect that the Nurses CBA shall be renegotiated prior to the Closing. The Seller shall not enter into any modification of the Nurses CBA prior to the Closing without the express written consent of the Buyer. The Buyer shall accept the terms of the Nurses CBA, as adjusted with regard to pension benefits and hire bargaining unit employees as set forth in the Letter of Agreement on Successorship contained in the Nurses CBA. The Buyer shall provide the Union a written notice of such acceptance at least thirty (30) days prior to the Closing in accordance with said Letter of Agreement on Successorship.

(ii) The “Technical Unit CBA” is between the Seller and Connecticut Health Care Associates and covers technical employees with effective dates from December 9, 2015 through September 30, 2018. Neither the Buyer nor the Seller expect that the Technical Unit CBA shall be renegotiated prior to the Closing. The Seller shall not enter into any modification of the Technical Unit CBA prior to the Closing without the express written consent of the Buyer. The Buyer shall accept the terms of the Technical Unit CBA and hire bargaining unit employees as set forth in the Letter of Agreement on Successorship contained in the Technical Unit CBA. The Buyer shall provide the Union a written notice of such

acceptance at least thirty (30) days prior to the Closing in accordance with said Letter of Agreement on Successorship.

(iii) The “Service & Maintenance CBA” is between the Seller and New England Health Care Employees Union, District 1199 with effective dates from March 1, 2016 through February 28, 2017. Neither the Buyer nor the Seller expect that the Service & Maintenance CBA shall be renegotiated prior to the Closing. The Seller shall not enter into any modification of the Service & Maintenance CBA prior to the Closing without the express written consent of the Buyer. The Buyer shall accept the terms of the Service & Maintenance CBA and hire bargaining unit employees as set forth in the Letter of Agreement on Successorship contained in the Service & Maintenance CBA. The Buyer shall provide the Union a written notice of such acceptance at least thirty (30) days prior to the Closing in accordance with said Letter of Agreement on Successorship.

(b) If, prior to the Closing, any bargaining obligations arise to the Seller to a bargaining unit not covered by any of the three existing collective bargaining agreements, Seller shall immediately notify Buyer. The Seller shall keep Buyer apprised of, and consult with Buyer regarding, the status of negotiations for a collective bargaining agreement for any such additional bargaining unit. Seller shall not, without the Buyer’s written consent, enter into any collective bargaining agreement covering any such unit that contains terms that the Buyer reasonably believes will impact Buyer’s ability to operate the Hospital after the Closing. Buyer shall not interfere with Seller’s bargaining obligations under the National Labor Relations Act.

5.17. Title Commitment. Buyer shall obtain a current title commitment (the “**Title Commitment**”) issued by Commonwealth Land Title Insurance Company (the “**Title Company**”), together with legible copies of all exceptions to title referenced therein. The Title Commitment shall set forth the state of title to the Owned Real Property, together with all exceptions or conditions to such title, including, without limitation, all easements, restrictions, rights-of-way, covenants, reservations, and all other encumbrances affecting the Owned Real Property that would appear in an owner’s title policy, if issued. The Title Commitment shall contain the express commitment of the Title Company to issue an Owner’s Title Policy (the “**Title Policy**”) to Buyer in an amount equal to the amount being allocated by the parties to the Owned Real Property insuring good and marketable title to the Owned Real Property subject only to the Permitted Encumbrances with the standard printed exceptions endorsed or deleted as agreed by Buyer.

5.18. Surveys. Seller shall deliver copies of all existing surveys of the Real Property, in its possession, to Buyer. Buyer may obtain, at its sole cost and expense, current as-built surveys of the Real Property (the “**Surveys**”). The Surveys shall meet the requirements of an ALTA/ASCM survey and otherwise be in form and detail satisfactory to Buyer. Unless otherwise agreed by Buyer, the Surveys shall (i) be currently dated; (ii) show the location on the Real Property of all improvements, fences, evidences of abandoned fences, lakes, ponds, creeks, streams, rivers, easements, roads, and rights-of-way; (iii) identify all easements and rights-of-way by reference to the recording information applicable to the documents creating such

easements or rights-of-way; (iv) show any encroachments onto the Real Property from any adjacent property, any encroachments from the Real Property onto adjacent property, and any encroachments into any easement or restricted area within the Real Property; (v) locate all existing improvements (such as buildings, power lines, fences, and the like); (vi) locate all dedicated public streets or other roadways providing access to the Real Property, including all curb cuts and all alleys; (vii) locate all set-back lines and similar restrictions covering the Real Property or any part thereof and any violations of such restrictions; and (viii) show thereon a legal description of the boundaries of the Real Property by metes and bounds or other appropriate legal description. Each Survey shall contain the surveyor's certification to Buyer, Seller, and the Title Company that (i) the Survey was made on the ground; (ii) there are no visible or recorded easements, discrepancies, conflicts, encroachments, or overlapping of improvements except as shown on the Survey; (iii) the Survey correctly shows all visible or recorded easements or rights of way across the Real Property or any other easements or rights of way of which the surveyor has been advised, including, without limitation, those matters affecting title reflected in the Title Commitment; (iv) the Survey correctly shows the location of all buildings, structures, and other improvements situated on the Real Property; (v) the Survey conforms to all applicable minimum guidelines for surveys of comparable property as set forth in applicable laws, regulations, or professional standards; (vi) all streets abutting the Real Property and all means of ingress to and egress from the Real Property have been completed, dedicated, and accepted for public maintenance by the relevant municipal body; (vii) except as shown thereon, the Real Property is not located within the 100 year flood plain or other flood hazard area; (viii) the Survey is a true, correct, and accurate representation of the Real Property; and (ix) such other matters as may be required by the Title Company to allow it to issue the Title Policy.

5.19. Conversion of Non-Profit JVs. If requested by Buyer, each party shall cooperate with, and shall permit and use commercially reasonable efforts to cause its respective representatives and counsel to cooperate with, the other party to take all necessary, proper or advisable actions to consummate the conversion of each of the Non-Profit JVs into for-profit entities. Upon the consummation of each such conversion, the new for-profit entity shall be referred to herein as a “**Converted Venture.**”

6. ADDITIONAL COVENANTS

6.01. Post-Closing Maintenance of and Access to Information.

(a) After Closing, each party may need access to books, records, documents or other information in the control or possession of the other party for purposes of concluding the transactions contemplated by this Agreement, preparing Tax Returns or conducting Tax audits, obtaining insurance, complying with Government Payment Programs and other Legal Requirements, and prosecuting or defending third party claims. Accordingly, each party shall keep and maintain in the ordinary course of business all books, records (including patient medical records), documents and other information in the possession or control of such party for a period of at least five (5) years after the Closing and otherwise in accordance with all applicable Legal Requirements and record retention policies maintained by such party. In addition, to facilitate the foregoing purposes, each party shall also make such books, records,

documents and other information available for inspection and copying upon the reasonable request and at the expense (for out-of-pocket costs) of the other party.

(b) Upon Buyer's receipt of appropriate consents and authorizations, Seller may remove and copy from the Hospital Businesses, at Seller's sole risk and expense, any patient or other records that relate to events or periods before Closing for purposes of pending Proceedings involving matters to which such records refer, as certified in writing before removal by counsel retained by Seller in connection with such Proceedings. Seller shall promptly return any records so removed to Buyer following their use.

(c) Each party shall cooperate with, and shall permit and use commercially reasonable efforts to cause its former and present directors, officers and employees to cooperate with, the other party after Closing in furnishing information, evidence, testimony and other assistance in connection with any Proceeding or claim with respect to (i) the ownership of the Assets or the conduct of the Hospital Businesses or (ii) the Excluded Liabilities.

(d) The exercise by any party of the rights granted in this Section shall not unreasonably interfere with the conduct of business of the other party and nothing in this Section requires any party to maintain or release to any other Persons any medical or other records except in accordance with applicable Legal Requirements and record retention policies.

(e) Buyer agrees to abide by all applicable laws relating to the confidential information it acquires. Buyer agrees to maintain the patient records delivered to Buyer at the Closing at the Hospital Businesses after Closing in accordance with applicable Legal Requirements (including, if applicable, Section 1861(v)(i)(I) of the Social Security Act (42 U.S.C. §1395(v)(I)(i)), the privacy and security requirements of HIPAA, including, but not limited to, the Administrative Simplification subtitle of HIPAA, and applicable state requirements with respect to medical privacy and security and requirements of relevant insurance carriers, all in a manner consistent with the maintenance of patient records generated by the Hospital Businesses after the Closing.

6.02. Use of Controlled Substance Permits. To the extent permitted by applicable Legal Requirements, Buyer shall have the right, for a period not to exceed 120 days following the Closing Date, to operate the Hospital Businesses under the licenses and registrations of Seller and its Wholly Owned Subsidiaries relating to controlled substances and the operations of pharmacies and laboratories, until Buyer is able to obtain such licenses and registrations for the Hospital Businesses. In furtherance thereof, Seller shall execute and deliver to Buyer at or prior to the Closing limited powers of attorney (on behalf of itself and its Wholly Owned Subsidiaries, as applicable) substantially in the form of Exhibit B hereto. Buyer or its Affiliates shall apply for all such licenses and registrations as soon as reasonably practicable before and after the Closing Date and shall diligently pursue such applications. Buyer shall indemnify and hold harmless Seller and its Wholly Owned Subsidiaries, and their officers, trustees and employees for all claims, liabilities and costs arising from or relating to use of such licenses and registration after the Closing Date.

6.03. Noncompetition. Seller hereby covenants that at all times from the Closing Date until the fifth (5th) anniversary of the Closing Date, Seller and its Affiliates shall not, directly or indirectly, except as a member, consultant, or contractor to or of Buyer (or any Affiliate of Buyer), own, lease, manage, operate, control, or participate in any manner with the ownership, leasing, management, operation, or control of any business that offers services in competition with the Hospital Businesses, including but not limited to any acute care hospital, specialty hospital, rehabilitation facility, diagnostic imaging center, inpatient or outpatient psychiatric or substance abuse facility, ambulatory or other type of surgery center, nursing home, skilled nursing facility, home health or hospice agency, or physician clinic or physician medical practice, within a thirty (30) mile radius of the Hospital (the “**Restricted Area**”), without Buyer’s prior written consent (which Buyer may withhold in its sole and absolute discretion); *provided, however,* that (i) Seller and its Affiliates will not be precluded from participating in the following activities that promote health care services for residents of the communities historically served by Seller and its Affiliates through the Hospital: development, ownership, and operation of indigent or charity care clinics and services; preventative care programs and services and educational programs; health screening services; child care services; and other similar services or programs intended to better serve the health care needs of the community’s indigent population in the Restricted Area that are not directly competitive with services provided by Buyer, and (ii) Seller and its Affiliates will not be precluded from participating in activities that are otherwise described in Schedule 6.03 of this Agreement. In the event of a breach of this Section 6.03, Seller recognizes that monetary damages shall be inadequate to compensate Buyer, and Buyer shall be entitled, without the posting of a bond or similar security, to an injunction restraining such breach, with the costs (including attorneys’ fees) of securing such injunction to be borne by Seller. Nothing contained herein shall be construed as prohibiting Buyer from pursuing any other remedy available to it for such breach or threatened breach. All parties hereto hereby acknowledge the necessity of protection against the competition of Seller and its Affiliates and that the nature and scope of such protection has been carefully considered by the parties. Seller further acknowledges and agrees that the covenants and provisions of this Section 6.03 form part of the consideration under this Agreement and are among the inducements for Buyer entering into and consummating the transactions contemplated herein. The period provided and the area covered are expressly represented and agreed to be fair, reasonable, and necessary. The consideration provided for herein is deemed to be sufficient and adequate to compensate for agreeing to the restrictions contained in this Section 6.03. If, however, any court determines that the foregoing restrictions are not reasonable, such restrictions shall be modified, rewritten, or interpreted to include as much of their nature and scope as will render them enforceable.

6.04. Allocation of Purchase Price; Cooperation on Tax Matters.

(a) Within a reasonable time after Closing, Buyer shall provide Seller a proposed allocation of the Purchase Price among the Hospital Businesses and the Assets. Such allocation will be in accordance with Section 1060 of the Code. Buyer’s proposed allocation will become final and binding on the parties 45 days after Buyer provides the proposed allocation to Seller unless Seller objects to the proposed allocation, in which case Seller shall propose an alternative allocation. The parties shall use good faith efforts to resolve their differences within 60 days after Seller gave its objection to Buyer. If a final resolution is not reached within 60 days after Seller

has submitted its objection in writing, each of Buyer and Seller shall make their own independent allocation of the total consideration among the Hospital Businesses and the Assets. If Seller and Buyer reach agreement upon the allocation (or Seller does not object to Buyer's proposed allocation), Seller and Buyer will be bound by the agreed allocation and (for federal and state Tax purposes) account for and report the transactions contemplated by this Agreement in accordance with such allocation, and will not voluntarily take any position (whether in Tax Returns, Tax audits or other Proceedings) inconsistent with such allocation. Seller and Buyer shall exchange Internal Revenue Service Forms 8594 (including supplemental forms, if required) to report the transactions contemplated by this Agreement to the IRS in accordance with such allocation.

(b) Following the Closing, the parties shall cooperate fully with each other and shall make available to the other, as reasonably requested and at the expense of the requesting party, and to any taxing authority (to the extent required by Legal Requirements), all information, records, or documents in their possession relating to the Assets, the Hospital Businesses, and the Assumed Liabilities as is reasonably necessary for the preparation and filing of any Tax Return, claim for refund of Taxes, or other filings relating to Taxes, or in connection with any audit or other proceeding instituted by any taxing authority. In the case of any audit, examination, or other proceeding with respect to Taxes for which Seller is or may be liable pursuant to this Agreement, Buyer shall promptly inform Seller, and Buyer shall execute or cause to be executed powers of attorney or other documents necessary to enable Seller to take all actions reasonably deemed necessary by Seller with respect to such audit, examination, or proceeding to the extent such audit, examination, or proceeding may affect the amount of Taxes for which Seller is liable pursuant to this Agreement. Seller shall have the right to control any such audit, examination, or proceeding, and, if there is a reasonable basis therefor, to initiate any claim for refund, file any amended return, or take any other action that it deems appropriate with respect to such Taxes.

6.05. Further Assurances. After the Closing, upon request of Buyer, Seller shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such further acts, deeds, assignments, transfers, conveyances, powers of attorney, confirmations and assurances as Buyer may reasonably request to more effectively convey, assign and transfer to and vest in Buyer full legal right, title and interest in and actual possession of the Assets and the Hospital Businesses, to confirm Seller's capacities and abilities to perform its post-Closing covenants under this Agreement and the Closing Documents, and to generally carry out the purposes and intent of this Agreement. Seller shall also furnish Buyer with such information and documents in its possession or under its control, or which Seller can execute or cause to be executed, as will enable Buyer to prosecute any and all petitions, applications, claims and demands relating to or constituting a part of the Assets and Hospital Businesses. After the Closing, upon request of Seller, Buyer shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such further acts, deeds, assignments, transfers, conveyances, powers of attorney, confirmations and assurances as Seller may reasonably request to more effectively convey, assign and transfer to Buyer each of the Assumed Liabilities, to confirm Buyer's capacities and abilities to perform its post-Closing covenants under this

Agreement and the Closing Documents, and to generally carry out the purposes and intent of this Agreement.

6.06. Seller's Cost Reports. Seller, at its expense, shall prepare and timely file all terminating and other cost reports required or permitted by law to be filed under the Government Payment Programs or other third party payor programs and the State Health Agency for periods ending on or prior to the Closing Date, or as a result of the consummation of the transactions described herein (the "**Cost Reports**"). Buyer shall provide Seller with access to all records and data necessary for completion of Cost Reports. Buyer shall forward to Seller any and all correspondence relating to Cost Reports within five (5) business days after receipt by Buyer. Buyer shall remit any receipts of funds relating to Cost Reports within ten (10) business days after receipt by Buyer and shall forward to Seller any demand for payments within five (5) business days after receipt by Buyer. Seller shall retain all rights to the Cost Reports including any amounts receivable or payable in respect of such reports or reserves relating to such reports. Such rights shall include the right to appeal any determinations by Government Payment Programs relating to Cost Reports. Seller shall retain the originals of Cost Reports, correspondence, work papers and other documents relating to Cost Reports; *provided, however*, that Seller shall make certain that the Hospital Businesses retain copies of such Cost Reports, correspondence, work papers and other documents in order that they are available to Buyer following the Closing Date.

6.07. Continuation of Hospital and Post-Care Continuum. For a period of at least five (5) years after Closing, Buyer (i) will continue to provide at the Hospital Businesses essential clinical and other services described on Exhibit C, and (ii) will not merge, dissolve, consolidate, sell or otherwise dispose of the Hospital without the consent of Seller or its designee (other than to an Affiliate of Buyer or PMH); *provided, however*, that this clause (ii) shall not prohibit Buyer from entering into or engaging in (x) any merger, sale or other transaction that does not relate solely or principally to the Hospital, or that relates to a broader group of facilities or assets than the Hospital, or (y) any corporate-level transactions involving PMH's assets, stock or securities, including mergers, recapitalizations or reorganizations.

6.08. Sale of Hospital Within Three Years. In the event of a sale of all of the Hospital Businesses for cash, whether by merger, sale, or other transaction, at any time prior to the third (3rd) anniversary of the Closing, for a purchase price in excess of (a) the Purchase Price paid by Buyer for the Assets, *plus* (b) the amount of any expenditures made by Buyer or its Affiliates with respect to the Hospital Businesses and their affiliated businesses in the Greater Waterbury region in such period, *plus* (c) any losses generated by the Hospital Businesses and its affiliated businesses in such period (such amount, the "**Net Hospital Value**"), then Buyer agrees to convey to Seller or its designee immediately upon closing of such transaction by wire transfer of immediately available funds in an amount equal to twenty percent (20%) of the difference between (i) the Net Hospital Value and (ii) the cash purchase price paid to Buyer in connection with such subsequent sale transaction. Notwithstanding anything to the contrary this Section shall not apply to (x) any sale required by a Governmental Authority, (y) any merger, sale or other transaction that does not relate solely or principally to the Hospital, or relates to a broader group of facilities or assets than the Hospital Businesses, or (z) any corporate-level transactions involving PMH's stock or securities, including mergers, recapitalizations or reorganizations.

6.09. Charity Care and Community Obligations. Seller has historically provided significant levels of care for indigent and low-income patients. Subject to changes in Legal Requirements or governmental guidelines or policies, Buyer will ensure that the Hospital maintains and adheres to Seller's current policies on charity care, attached as Schedule 6.09 for at least five (5) years from Closing. During all times that Buyer owns and operates the Hospital, Buyer will operate the Hospital's charity care program in accordance with Legal Requirements, and will continue to provide medically necessary services to the surrounding communities served by Seller. For a period of at least five (5) years after the Closing, Buyer shall (i) participate in the Medicare and Medicaid programs and accept all Medicare and Medicaid patients, (ii) accept all emergency patients without regard to ability to pay, (iii) maintain an open medical staff; (iv) provide public health programs of educational benefit to the community, and (v) generally promote public health, wellness, and welfare to the community by operating the Hospital with quality standards consistent with other hospitals owned by PMH, subject, in each case, in all respects to changes in governmental law, policy or regulation.

6.10. Capital Commitment. After the Closing, Buyer agrees to spend or commit in a binding contract to spend (or cause or permit its Affiliates or third parties to spend or commit in a binding contract to spend) not less than the Capital Amount in the seven (7) years following the Closing Date on capital projects, including routine and non-routine capital expenditures, at, or for the benefit of, the Hospital Businesses and/or the acquisition, development and improvement of hospital, ambulatory or other health care services in the greater Waterbury, Connecticut community, and which shall include, for the avoidance of doubt, expenditures relating to the implementation of PMH's coordinated regional care model (CRCM) and Physician Recruitment Expenditures.

6.11. Confidentiality; Public Announcements.

(a) Except as required by Legal Requirements or in order to coordinate the defeasance of tax-exempt debt, Seller (and its Affiliates and Wholly Owned Subsidiaries) and Buyer (and its Affiliates) shall keep this Agreement and the Closing Documents and their contents confidential and not disclose the same to any Person (except the parties' attorneys, accountants or other professional advisors who need to know such contents for the purpose of advising such party in connection with the transactions contemplated hereby, and except to the applicable Governmental Authorities in connection with any required notification or application for approval or a license or exemption therefrom) without the prior written consent of the other party.

(b) At all times before and after the Closing, Seller, on the one hand, and PMH and Buyer, on the other hand, will consult with the other before issuing or making any reports, statements or releases to the public with respect to this Agreement or the transactions contemplated by this Agreement and will use good faith efforts to obtain the other party's prior approval of the text of any public report, statement or release to be made by or on behalf of such party. If either party is unable to obtain the prior approval of its public report, statement or release from the other party and such report, statement or release is, in the opinion of legal counsel to such party, necessary to discharge such party's disclosure obligations under applicable Legal Requirements,

then such party may make or issue the legally required report, statement or release and promptly furnish the other party a copy thereof.

6.12. Local Board. After Closing, Buyer shall form a local community advisory board comprised of between nine (9) and twelve (12) members (the “**Local Board**”). The Local Board shall include as members thereof the following individuals who shall serve in an *ex officio* capacity: (a) Chief of Medical Staff and (b) Head of Clinical Quality. In addition, a member of the board of directors of Prospect Waterbury, Inc. shall serve as a member of the Local Board and shall be selected to serve in such capacity by the board of directors of Buyer. For three (3) years following the Closing Date, one (1) community representative, to be selected by Buyer in consultation with the Mayor of Waterbury, shall serve as a voting member of the Local Board with rights and obligations consistent with other voting members under the Local Board bylaws. The Local Board shall, among other things, (i) make recommendations and suggestions to Buyer regarding the mission, vision and value statements with respect to the Hospital and the Hospital Businesses; (ii) make recommendations and suggestions with respect to medical staff credentialing, disciplinary action of staff physicians, and compliance with accreditation requirements; (iii) provide input on policies and clinical programs; (iv) provide input in the development and review of strategic plans; (v) provide input on operating and capital budgets; (vi) provide input and support physician recruitment efforts; (vii) provide input on succession plans for executive leadership at the Hospital; (viii) promote community health initiatives, fostering community relationships and identifying service and education opportunities; and (ix) monitor the commitment to maintain and improve quality indicators.

6.13. Misdirected Payments, etc. Seller and Buyer covenants and agrees to remit, with reasonable promptness, to the other any payments received, which payments are on or in respect of accounts or notes receivable owned by (or are otherwise payable to) the other. In addition, and without limitation, in the event of a determination by any governmental or third-party payor that payments to Seller or the Hospital Businesses resulted in an overpayment or other determination that funds previously paid by any program or plan to Seller or the Hospital Businesses must be repaid, Seller shall be responsible for repayment of said monies (or defense of such actions) if such overpayment or other repayment determination was for services rendered on or prior to the Closing Date, and the Buyer shall be responsible for repayment of said monies (or defense of such actions) if such overpayment or other repayment determination was for services rendered after the Closing Date. In the event that, following Closing, the Buyer suffers any offsets against reimbursement under any third-party payor or reimbursement programs due to Buyer, relating to amounts owing under any such programs by Buyer or any of its Affiliates, Seller shall immediately upon written demand from the Buyer pay to the Buyer the amounts so billed or offset.

6.14. Medical Staff Matters. Buyer shall adopt current bylaws and hearing procedures and otherwise work together with the Local Board and medical staff of the Hospital to preserve the existing staff membership and the current privileges of each physician, as well as the medical staff leadership.

6.15. CHA Claims. The Parties agree that the decision whether to pursue or settle the CHA Claims and all matters relating to the conduct and pursuit of the CHA Claims after the Closing Date shall be within the sole and absolute discretion of Buyer, and Seller hereby

irrevocably waives any right to challenge or otherwise make any claim against Buyer with respect to Buyer's pursuit, settlement or conduct of the CHA Claims. Seller agrees to cooperate reasonably with Buyer in pursuing the CHA Claims after the Closing Date, at the sole expense of Buyer, and Buyer will assume all costs of pursuing or settling the CHA Claims. Seller agrees to execute any documents, agreements or powers of attorney reasonably necessary or desirable to Buyer in connection with effectuating the foregoing provisions.

6.16. Additional Payment. The Parties agree that the funds deposited in escrow pursuant to Section 8.13 of this Agreement shall be used to fund the Connecticut Health Care Associates Pension Plan in accordance with the joint escrow instructions.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

Notwithstanding anything herein to the contrary, the obligations of Seller to consummate the transactions described herein are subject to the fulfillment, on or prior to the Closing Date, of the following conditions precedent unless (but only to the extent) waived in writing by Seller at the Closing:

7.01. Representations; Warranties. Each of the representations and warranties of Buyer contained in this Agreement that is qualified as to materiality was true and correct in all respects when made and shall be true and correct as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date, and each of the representations and warranties of Buyer contained in this Agreement that is not qualified as to materiality was true and correct in all material respects when made and shall be true and correct in all material respects as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date. Each and all of the terms, covenants, and conditions of this Agreement to be complied with or performed by Buyer on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

7.02. Governmental Matters. All material consents, authorizations, orders, and approvals of (or filings or registrations with) any Government Authority or other party required in connection with the execution, delivery, and performance of this Agreement shall have been obtained or made by Buyer when so required, except for any documents required to be filed, or consents, authorizations, orders, or approvals required to be issued, after the Closing Date.

7.03. Actions; Proceedings. No Proceeding before a court or any other Government Authority, unless resolved, shall have been instituted or threatened to restrain or prohibit the transactions herein contemplated, and no Government Authority shall have taken any other action or made any request of any party hereto as a result of which Seller reasonably and in good faith deems it inadvisable to proceed with the transactions hereunder.

7.04. Insolvency. Buyer shall not (i) be in receivership or dissolution, (ii) have made any assignment for the benefit of creditors, (iii) have admitted in writing its inability to pay its debts as they mature, (iv) have been adjudicated a bankrupt, or (v) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state, nor shall any such petition have been filed against Buyer.

7.05. Closing Documents. All Closing Documents required to be delivered to Seller pursuant to Article 9 shall have been delivered to Seller.

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

Notwithstanding anything herein to the contrary, the obligations of Buyer to consummate the transactions described herein are subject to the fulfillment, on or prior to the Closing Date, of the following conditions precedent unless (but only to the extent) waived in writing by Buyer at the Closing:

8.01. Representations; Warranties. Each of the representations and warranties of Seller contained in this Agreement that is qualified as to materiality was true and correct in all respects when made and shall be true and correct as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date, and each of the representations and warranties of Seller contained in this Agreement that is not qualified as to materiality was true and correct in all material respects when made and shall be true and correct in all material respects as of the Closing Date as though such representations and warranties had been made on and as of such Closing Date. Each and all of the terms, covenants, and conditions of this Agreement to be complied with or performed by Seller on or before the Closing Date pursuant to the terms hereof shall have been duly complied with and performed in all material respects.

8.02. Pre-Closing Confirmations. Buyer shall have obtained documentation or other evidence satisfactory to Buyer in their sole discretion that Buyer has:

(a) Received satisfactory approval from all Government Authorities whose approval is required to complete the transactions herein contemplated (including, without limitation, satisfactory approvals, with conditions acceptable to Buyer in its sole discretion, of the applications to the Attorney General and Commissioner of Public Health of the State of Connecticut relating to the sale of the Assets by Seller to Buyer and/or any other projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein);

(b) Received confirmation from all applicable licensure agencies that, upon the Closing, either (i) all Permits required by law to operate the Hospital Businesses as currently operated will be transferred to, or issued or reissued in the name of, Buyer, or (ii) Buyer will be permitted to operate the Hospital Businesses as currently operated from and after the Closing until such time as all appropriate Permits are issued or reissued in the name of Buyer;

(c) Obtained reasonable assurances that Medicare and Medicaid certification of the Hospital Businesses, including the Hospital, for their operation by Buyer will be effective as of the Closing and that Buyer may participate in and receive reimbursement from such programs effective as of the Closing;

(d) Reasonably assured itself that all waiting periods under the HSR Act have been terminated or expired and that any additional approvals required from the Justice Department and/or the FTC relating to the transactions contemplated herein have been obtained and are in form and substance satisfactory to Buyer in its reasonable discretion;

(e) Obtained reasonable assurances that the material grants and grant programs listed on Schedule 8.02(e) shall continue after the Closing; and

(f) Obtained such other consents and approvals as may be legally or contractually required for the consummation of the transactions described herein.

8.03. Actions; Proceedings. No Proceeding before a court or any other Governmental Authority, unless resolved, shall have been instituted to restrain or prohibit the transactions herein contemplated, and no Governmental Authority shall have taken any other action or made any request of any party hereto as a result of which Buyer reasonably and in good faith deems it inadvisable to proceed with the transactions hereunder.

8.04. Adverse Change. Since the date hereof, no event or condition has occurred or exists that could reasonably be expected to cause a Material Adverse Effect.

8.05. Insolvency. Seller shall not (i) be in receivership or dissolution, (ii) have made any assignment for the benefit of creditors, (iii) have admitted in writing its inability to pay its debts as they mature, (iv) have been adjudicated a bankrupt, or (v) have filed a petition in voluntary bankruptcy, a petition or answer seeking reorganization, or an arrangement with creditors under the federal bankruptcy law or any other similar law or statute of the United States or any state, nor shall any such petition have been filed against Seller.

8.06. Consents to Assignments. Consents (including consents to assignments), waivers, and estoppels of third parties, for those certain contracts and leases set forth on Schedule 8.06 from the counterparties to such contracts and leases, shall have been obtained, received by Buyer, and are in form and substance reasonably satisfactory to Buyer.

8.07. Vesting; Recordation. Seller shall have furnished to Buyer, in form and substance satisfactory to Buyer, assignments or other instruments of transfer and consents and waivers by others, necessary or appropriate to transfer to and effectively vest in Buyer all right, title, and interest in and to the Assets, in proper statutory form for recording if such recording is necessary or appropriate.

8.08. Title Insurance Policies and Surveys. Buyer has received the Title Policy and the Surveys.

8.09. Loan Agreement. The Loan Agreement shall have been satisfied, discharged and terminated and all Encumbrances created by or in connection with the Loan Agreement shall have been released.

8.10. Waterbury Hospital Cash Balance Retirement Plan. Seller shall have taken all steps necessary to freeze the Waterbury Hospital Cash Balance Retirement Plan (the “**Cash Balance Plan**”) effective as of the Closing Date so that no benefits, other than those required pursuant to a collective bargaining agreement, will accrue for any participant in the Cash Balance Plan after the Closing Date, including providing any notice of such freeze as required under applicable laws.

8.11. Closing Documents. All Closing Documents required to be delivered to Buyer pursuant to Article 9 shall have been delivered to Buyer.

8.12. Negative Amount. The estimated Negative Amount at Closing, as calculated by Seller in accordance with Section 2.05(c), shall not exceed Five Million Dollars (\$5,000,000).

8.13. Escrow. Seller shall have delivered by wire transfer the amount of Three Million Dollars (\$3,000,000) to an escrow agent, mutually agreed upon by the parties, to be held and disbursed in accordance with escrow instructions that shall be agreed to by the parties in writing.

9. CLOSING; TERMINATION OF AGREEMENT

9.01. Closing.

(a) Consummation of the sale and purchase of the Assets and the other transactions contemplated by this Agreement (the “**Closing**”) will take place at Epstein Becker & Green, P.C., 1 Gateway Center, Newark, New Jersey 07102 at 10:00 a.m. on the third (3rd) business day following satisfaction or waiver of the conditions to Closing set forth in Article 7, 8 and 9, or at such time or place as the parties may mutually agree. The Closing shall be effective for all purposes as of 12:01 a.m. on the day of the Closing Date.

(b) At the Closing, Seller shall deliver, or cause to be delivered, to Buyer, each of the Closing Documents and other items set forth in Section 9.02, all in forms reasonably acceptable to Buyer and its counsel, and such Closing Documents, as appropriate, shall be duly executed by, and acknowledged on behalf of, Seller. At the Closing, Buyer shall deliver, or cause to be delivered, to Seller, each of the Closing Documents and the consideration set forth in Section 9.03, all in forms reasonably acceptable to Seller and its counsel, and such Closing Documents, as appropriate, shall be duly executed by, and acknowledged on behalf of, Buyer and, where applicable, PMH.

(c) All proceedings to be taken and all documents to be executed and delivered by all parties at the Closing will be deemed to have been taken, executed and delivered simultaneously, and no proceedings will be deemed taken nor any documents executed or delivered until all have been taken, executed and delivered. At the conclusion of the Closing, all Closing Documents shall be released to the recipients thereof and Seller shall deliver (or cause to be delivered) to Buyer control and possession of the Assets.

9.02. Action of Seller at Closing. At the Closing, Seller shall deliver to Buyer:

(a) Special Warranty Deed, fully executed by Seller in recordable form, conveying to Buyer good and marketable fee title to the Owned Real Property, and Assignment and Assumption of Leases, fully executed by Seller in recordable form, assigning to Buyer leasehold title to the Leased Real Property, in each case subject only to current Taxes not yet due and payable as of the Closing Date and the Permitted Encumbrances;

(b) A General Assignment, Conveyance, and Bill of Sale, fully executed by Seller, conveying to Buyer good and marketable title to all tangible assets that are a part of the Assets and valid title to all intangible assets that are a part of the Assets, free and clear of all liabilities, claims, liens, security interests, and restrictions other than the Assumed Liabilities and the Permitted Encumbrances (the “**Bill of Sale**”);

(c) An Assignment and Assumption Agreement, fully executed by Seller, conveying to Buyer Seller’s interest in the Assumed Contracts (the “**Assignment and Assumption Agreement**”);

(d) All instruments, documents, and affidavits required by the Title Company to issue the Title Policy as described in and provided by Section 5.17 hereof that are consistent with the Connecticut Standards of Title;

(e) the Transitional Services Agreement, fully executed by Seller;

(f) Copies of resolutions duly adopted by the Board of Trustees of Seller, authorizing and approving the performance of the transactions contemplated hereby and the execution and delivery of this Agreement and the documents described herein, certified as true and of full force as of the Closing, by the appropriate officers or other representatives of Seller;

(g) A certificate of the President or a Vice President of Seller certifying that each covenant and agreement of Seller to be performed prior to or as of the Closing pursuant to this Agreement has been performed and each representation and warranty of Seller is true and correct on the Closing Date, as if made on and as of the Closing;

(h) Certificates of incumbency for the officers or representatives of Seller executing this Agreement and any other agreements or instruments contemplated herein or making certifications for the Closing, dated as of the Closing Date;

(i) Certificates of existence of Seller from the state in which it is incorporated, dated the most recent practical date prior to the Closing;

(j) All Certificates of Title and other documents evidencing an ownership interest conveyed as part of the Assets, including, without limitation, all JV Interests (subject to Section 2.01(q)), and Investment interests in CAGW, WMA and MMA;

(k) An affidavit stating that Seller is not a “foreign person” as defined in Section 1445(f)(3) of the Code, as amended;

(l) All necessary state and local real estate conveyance Tax forms duly executed by Seller;

(m) Final execution copy of the Transfer Act Form III and ECAF, as more fully described in Section 5.06;

(n) Limited powers of attorney to permit Buyer to utilize Seller's DEA registration numbers, in substantially the form of Exhibit B attached hereto, fully executed by Seller; and

(o) Such other instruments and documents as Buyer reasonably deems necessary to effect the transactions contemplated hereby.

9.03. Action of Buyer at Closing. At the Closing, Buyer shall deliver to Seller:

(a) The Purchase Price due to Seller as adjusted in accordance with Section 2.05;

(b) Copies of resolutions duly adopted by the Board of Directors of PMH and Buyer authorizing and approving the performance of the transactions contemplated hereby and the execution and delivery of this Agreement and the documents described herein, certified as true and in full force as of the Closing, by the appropriate officers of PMH and Buyer;

(c) A certificate of the President or a Vice President of Buyer certifying that each covenant and agreement of Buyer to be performed prior to or as of the Closing pursuant to this Agreement has been performed and each representation and warranty of Buyer is true and correct on the Closing Date, as if made on and as of the Closing;

(d) A certificate of incumbency for the respective officers of PMH and Buyer executing this Agreement and any other agreements or instruments contemplated herein or making certifications for the Closing, dated as of the Closing Date;

(e) Certificates of existence and good standing of Buyer from the state in which Buyer is formed or incorporated, dated the most recent practical date prior to Closing;

(f) Such other instruments and documents as Seller reasonably deems necessary to effect the transactions contemplated hereby;

(g) The Transitional Services Agreement, fully executed by Buyer;

(h) Final execution copy of the Transfer Act Form III and ECAF with a \$3,000 initial filing fee, as more fully described in Section 5.06; and

(i) Such other Closing Documents as Seller deems reasonably necessary to consummate the transactions contemplated by this Agreement.

9.04. Termination Prior to Closing.

(a) Notwithstanding anything herein to the contrary, this Agreement may be terminated at any time: (i) by mutual consent of Seller and Buyer; (ii) by Buyer, by written notice to Seller, if any event occurs or condition exists that causes Seller to be unable to satisfy one or more conditions to the obligations of Buyer to consummate the

transactions contemplated by this Agreement as set forth in Article 8; (iii) by Seller, by written notice to Buyer, if any event occurs or condition exists that causes Buyer to be unable to satisfy one or more conditions to the obligations of Seller to consummate the transactions contemplated by this Agreement as set forth in Article 7; (iv) by Seller or Buyer, if the Closing Date shall not have taken place on or before December 31, 2016 (*provided, however*, that, Buyer shall have the right, exercisable upon prior written notice to Seller, to extend such date by up to an additional thirty (30) days if all conditions to Closing (other than those that by their terms are to be satisfied by the actions to be taken at the Closing) have been satisfied other than the receipt of approvals from all governmental authorities whose approval is required to complete the transactions herein contemplated, but only if Buyer is diligently pursuing such remaining governmental approvals or contesting in good faith any of the terms or conditions of such approvals, including, without limitation, pursuing any changes in respect of the conditions imposed on the operation of the Hospital or the related businesses or any other modifications set forth in such approval); *provided, however*, that no party may terminate this Agreement if the failure of Closing to occur by such date resulted from a material breach of this Agreement by such party; or (v) by Buyer, pursuant to Section 5.08.

(b) If this Agreement is validly terminated pursuant to Section 9.04(a), this Agreement will be null and void, and there will be no liability on the part of any party pursuant to this Agreement, except that (i) upon termination of this Agreement pursuant to Section 9.04(a), Seller will remain liable to Buyer and Buyer will remain liable to Seller for any breach of their respective obligations existing at the time of such termination, and each party may seek such remedies or damages against the other with respect to any such breach as are provided in this Agreement or as are otherwise available at law or in equity, (ii) the termination fee provisions of Section 9.04(d), the expense allocation provisions of Section 11.21 and the confidentiality provisions of Section 6.11 shall remain in full force and effect and survive any termination of this Agreement.

(c) Upon termination of this Agreement, each party's existing rights of access to the books and records of the other party shall terminate, and each party shall promptly return every document furnished it by the other party (or any Affiliate of such other party) in connection with the transactions contemplated hereby, whether obtained before or after execution of this Agreement, and all copies thereof, and will destroy all copies of any analyses, studies, compilations or other documents prepared by it or its representatives to the extent they contain any information with respect to the business of the other parties hereto or their Affiliates, and will cause its representatives to whom such documents were furnished to comply with the foregoing.

(d) In the event that this Agreement is terminated by:

(i) Buyer for any reason other than pursuant to Section 9.04(a)(ii) or Section 9.04(a)(iv);

(ii) by Seller pursuant to Section 9.04(a)(iii) due to the occurrence of any event or existence of any condition that causes Buyer to be unable to satisfy the conditions to the obligations of Seller to consummate the transactions contemplated by this Agreement as set forth in Sections 7.01, 7.04 or 7.05 (*provided, that, with respect to Section 7.05, all closing conditions have been satisfied or waived, other than the conditions that by their terms are to be satisfied by actions to be taken at the Closing, provided that such actions are, as of the time of such termination, capable of being satisfied at the Closing*); or

(iii) by Seller pursuant to Section 9.04(a)(iv) and at the time of such termination (x) all the conditions to the obligations of Buyer to consummate the transactions contemplated by this Agreement as set forth in Section 8 have been satisfied (other than the conditions that by their terms are to be satisfied by actions to be taken at the Closing, provided that such actions are, as of the time of such termination, capable of being satisfied at the Closing), and (y) Seller is in compliance in all material respects with the terms of this Agreement,

then Buyer shall, within five (5) business days after receipt of written notice of such termination, pay to Seller by wire transfer of immediately available funds to an account designated by Seller a fee equal to One Million Dollars (\$1,000,000) (the “**Termination Fee**”).

(e) This Section 9.04 shall survive any termination of this Agreement.

10. INDEMNIFICATION

10.01. Indemnification by Seller. Subject to the conditions and limitations, and solely to the extent provided in this Article 10, Seller shall indemnify, defend and hold harmless Buyer’s Indemnified Persons, and each of them, from and against any Losses incurred or suffered by Buyer’s Indemnified Persons, directly or indirectly, as a result of or arising from:

(a) any inaccuracy in or breach of any representation or warranty of Seller set forth in this Agreement or in any Closing Document to which Seller is a party, whether or not Buyer’s Indemnified Persons relied thereon or had knowledge thereof;

(b) any claim asserted against Buyer or Buyer’s Affiliates that, if meritorious, would constitute or give rise to a breach of any of Seller’s representations and warranties as the direct cause of such claim;

(c) the nonfulfillment or breach of any covenant of Seller set forth in this Agreement or in any Closing Document to which Seller is a party;

(d) the Excluded Liabilities; and

(e) any claim made by a third party with respect to the operation of the Hospital Businesses prior to the Closing Date.

10.02. Seller's Limitations. Seller will have no liability under Section 10.01(a) and no claim will accrue against Seller under Section 10.01(a) unless and until the total amount of Losses that would otherwise be indemnifiable by Seller in respect of claims arising under Section 10.01(a) exceeds \$150,000 (the "**Seller Deductible**") in the aggregate, at which time Buyer's Indemnified Persons shall be entitled to indemnification for all Losses under Section 10.01(a) in excess of the Seller Deductible, *provided* that there shall be no minimum Loss requirement, and liability of Seller shall arise for all Losses, in respect of Losses resulting from Seller's intentional misrepresentation or fraud, *provided, further*, that Seller's liability for indemnification under Section 10.01(a) shall be limited to an amount equal to \$3,000,000.

10.03. Indemnification by Buyer. Subject to the conditions and limitations, and solely to the extent, provided in this Article 10, Buyer shall indemnify, defend and hold harmless Seller's Indemnified Persons, and each of them, from and against any Losses incurred or suffered by Seller's Indemnified Persons, directly or indirectly, as a result of or arising from:

- (a) the inaccuracy in or breach of any representation or warranty of Buyer set forth in this Agreement or in any Closing Document to which Buyer is a party, whether or not Seller's Indemnified Persons relied thereon or had knowledge thereof;
- (b) the nonfulfillment or breach of any covenant of Buyer in this Agreement or in any Closing Document to which Buyer is a party;
- (c) the Assumed Liabilities; and
- (d) the ownership by Buyer of the Assets or the operation by Buyer of the Hospital Businesses after the Closing Date.

10.04. Buyer's Limitations. Buyer will have no liability under Section 10.03(a) and no claim will accrue against Buyer under Section 10.03(a) unless and until the total amount of Losses that would otherwise be indemnifiable by Buyer in respect of claims arising under Section 10.03(a) exceeds \$150,000 (the "**Buyer Deductible**") in the aggregate, at which time Seller's Indemnified Persons shall be entitled to indemnification for all Losses under Section 10.03(a) in excess of the Buyer Deductible, *provided* that there shall be no minimum Loss requirement, and liability of Buyer shall arise for all Losses, in respect of Losses resulting from any intentional misrepresentation or fraud by Buyer, *provided, further*, that Buyer's liability for indemnification under Section 10.03(a) shall be limited to an amount equal to \$3,000,000.

10.05. Notice and Procedure. All claims for indemnification by any Indemnitee against an Indemnifying Party under this Article shall be asserted and resolved as follows:

(a) Third Party Claims.

- (i) If the basis for any claim for indemnification against an Indemnifying Party pursuant to this Article 10 is a claim or demand made against an Indemnitee by a Person other than Buyer's Indemnified Person or Seller's Indemnified Person (a "**Third Party Claim**"), the Indemnitee shall deliver a Claim Notice with reasonable promptness to the Indemnifying Party (with copies of all relevant written documentation, including papers served, if any, and a

reasonable summary of any relevant oral discussions with such third party) specifying the nature of and alleged basis for the Third Party Claim and, to the extent then feasible and known, the alleged amount or the estimated amount of the Third Party Claim. If the Indemnitee fails to deliver the Claim Notice (and related materials) to the Indemnifying Party within 60 days after the Indemnitee receives notice of such Third Party Claim, the Indemnifying Party will not be obligated to indemnify the Indemnitee with respect to such Third Party Claim if and only to the extent that the Indemnifying Party's ability to defend the Third Party Claim or otherwise minimize the Losses for which the Indemnifying Party must indemnify the Indemnitee has been prejudiced by such failure. The Indemnifying Party will notify the Indemnitee within 15 days after receipt of the Claim Notice by the Indemnifying Party (the "**Notice Period**") whether the Indemnifying Party elects, at the sole cost and expense of the Indemnifying Party, to assume the defense of the Indemnitee against the Third Party Claim.

(ii) If the Indemnifying Party notifies the Indemnitee within the Notice Period that the Indemnifying Party elects to assume the defense of the Indemnitee against the Third Party Claim, then the Indemnifying Party will defend, at its sole cost and expense, the Third Party Claim by all appropriate proceedings, which proceedings will be diligently prosecuted by the Indemnifying Party to a final conclusion or settled, at the discretion of the Indemnifying Party (with the consent of the Indemnitee, which consent shall not be unreasonably withheld with respect to any settlement that does not include any non-monetary relief). The Indemnifying Party will have full control of such defense and proceedings, including any compromise or settlement thereof; *provided* that, prior to the Indemnitee's receipt of the Indemnifying Party's notice that it elects to assume such defense, the Indemnitee may file, at the sole cost and expense of the Indemnitee, any motion, answer or other pleading that the Indemnitee reasonably deems necessary to protect its interests and that is not prejudicial to the Indemnifying Party (it being understood that, except as provided in this Section 10.05(a)(ii), if an Indemnitee takes any such action that is prejudicial to the Indemnifying Party, the Indemnifying Party will be relieved of its obligations hereunder with respect to that portion of the Third Party Claim (or the Losses attributable thereto) prejudiced by the Indemnitee's action); and *provided, further*, that, if requested by the Indemnifying Party, the Indemnitee shall reasonably cooperate, at the sole cost and expense of the Indemnifying Party, with the Indemnifying Party and its counsel in contesting any Third Party Claim that the Indemnifying Party elects to contest or, if related to the Third Party Claim, in making any counterclaim or cross-claim against any Person (other than the Indemnitee or its Affiliates). The Indemnitee may participate in, but not control, any defense or settlement of any Third Party Claim assumed by the Indemnifying Party pursuant to this Section 10.05(a)(ii) and, except in respect of cooperation requested by the Indemnifying Party as provided in the preceding sentence, the Indemnitee will bear its own costs and expenses with respect to such participation. Notwithstanding the foregoing, the Indemnifying Party may not assume the defense of the Third Party Claim on behalf of the Indemnitee if (1) the Persons against whom the Third Party Claim is made, or any impleaded Persons,

include both one or more of Buyer's Indemnified Persons and one or more of Seller's Indemnified Persons, and (2) representation of all of such Persons by the same counsel creates an actual or potential conflict of interest that, after giving effect to any waivers made by such Persons, would breach or violate the ethical rules applicable to such counsel, in which case the Indemnitee shall have the right to defend the Third Party Claim on its own behalf and to employ counsel at the expense of the Indemnifying Party.

(iii) If the Indemnifying Party fails to notify the Indemnitee within the Notice Period that the Indemnifying Party intends to defend the Indemnitee against the Third Party Claim, or if the Indemnifying Party gives such notice but fails to diligently prosecute or settle the Third Party Claim, or if the Indemnifying Party is precluded by the last sentence of Section 10.05(a)(ii) from assuming the defense of such Third Party Claim, then (A) the Indemnitee will defend the Third Party Claim by all appropriate proceedings, which proceedings will be diligently prosecuted by the Indemnitee to a final conclusion or settled at the discretion of the Indemnitee (*provided, however*, that no Indemnifying Party shall be liable to any Indemnitee for any Losses arising from any settlement that is made or entered into without an Indemnifying Party's prior, written consent, such consent not to be unreasonably withheld or delayed) and (B) the out-of-pocket costs and expenses reasonably incurred in good faith by the Indemnitee in the defense of such Third Party Claim will be paid by the Indemnifying Party. The Indemnitee will have full control of such defense and proceedings, including any compromise or settlement thereof (subject to the proviso in the first sentence of this clause (iii)), *provided* that, if requested by the Indemnitee, the Indemnifying Party shall reasonably cooperate, at the sole cost and expense of the Indemnifying Party, with the Indemnitee and its counsel in contesting the Third Party Claim which the Indemnitee is contesting or, if related to the Third Party Claim in question, in making any counterclaim or cross-claim against any Person (other than the Indemnifying Party or its Affiliates).

(b) First Party Claims.

(i) If any Indemnitee has a claim against any Indemnifying Party that is not a Third Party Claim, the Indemnitee shall deliver an Indemnity Notice with reasonable promptness to the Indemnifying Party specifying the nature of and specific basis for the claim and, to the extent then feasible, the amount or the estimated amount of the claim. If the Indemnifying Party does not notify the Indemnitee within 60 days following its receipt of the Indemnity Notice that the Indemnifying Party disputes its obligation to indemnify the Indemnitee hereunder, the claim will be presumed to be a liability of the Indemnifying Party hereunder.

(ii) Upon receipt of any Indemnity Notice, the Indemnifying Party will be entitled to request in writing and receive from the Indemnitee a reasonable extension of the 60-day period in which to respond pursuant to Section 10.05(b)(i) for the purpose of investigating the claims made therein or the proper amount thereof. The Indemnitee, to the extent requested by the Indemnifying Party, shall

reasonably cooperate, at the sole cost and expense of the Indemnifying Party, with the Indemnifying Party's investigation of such claims or the proper amount thereof.

(c) Resolution of Disputes. If the Indemnifying Party timely disputes, or is deemed to have disputed, its liability with respect to a claim described in a Claim Notice or an Indemnity Notice, the Indemnifying Party and the Indemnitee shall proceed promptly and in good faith to negotiate a resolution of such dispute within 60 days following receipt by the Indemnifying Party of the Claim Notice or Indemnity Notice and, if such dispute is not resolved through negotiations during such 60-day period, it shall be attempted to be resolved pursuant to Section 11.04 and, if not resolved thereby, by other appropriate legal process.

(d) Payment of Indemnifiable Losses. Subject to the terms of any final order entered by a court of competent jurisdiction, the Indemnifying Party shall pay the amount of any indemnifiable Losses to the Indemnitee within 10 days following the later to occur of (i) the date on which such indemnifiable Losses are incurred or sustained by the Indemnitee or (ii) the date on which the Indemnifying Party has acknowledged its liability for such indemnifiable Losses. Indemnifiable Losses not paid when so due shall accrue interest from (and including) the date on which such indemnifiable Losses were incurred or sustained by the Indemnitee until (but excluding) the date on which such amount is paid, at the interest rate provided in Section 11.19.

(e) Certain Disclaimers. Any estimated amount of a claim submitted in a Claim Notice or an Indemnity Notice shall not be conclusive of the final amount of such claim, and the giving of a Claim Notice when an Indemnity Notice is properly due, or the giving of an Indemnity Notice when a Claim Notice is properly due, shall not impair such Indemnitee's rights hereunder. Notice of any claim comprised in part of Third Party Claims and claims that are not Third Party Claims shall be appropriately bifurcated and given pursuant to each of Section 10.05(a)(i) and Section 10.05(b)(i), as applicable.

10.06. Survival of Representations and Warranties; Indemnity Periods. All of the representations, warranties, covenants, and agreements made by the parties in this Agreement or pursuant hereto in any certificate, instrument, or document shall survive the consummation of the transactions in the manner described herein, and may be fully and completely relied upon by Seller, Buyer, and PMH, as the case may be, notwithstanding any investigation heretofore or hereafter made by any of them or on behalf of any of them, and shall not be deemed merged into any instruments or agreements delivered at the Closing or thereafter. Each party acknowledges that no representations or warranties are made except as specifically set forth herein. Notwithstanding anything in this Section 10.06 that may be to the contrary, any claim, demand, or cause of action with respect to a breach of any representation or warranty made in this Agreement (other than representations or warranties contained in Sections 3.01 (Organization and Qualification), 3.02 (Corporate Powers; Absence of Conflicts, Etc), 3.03 (Binding Agreement), 3.04 (Investments and Third Party Rights), 3.10 (Title), 3.28 (Joint Ventures), 4.01 (Organization), 4.02 (Power and Authority; Due Authorization), 4.03 (Consents; Absence of

Conflicts, Etc.), 4.04 (Due Execution; Binding Agreement), which shall survive indefinitely, and the representations or warranties contained in Sections 3.05 (Legal and Regulatory Compliance), 3.12 (Environmental Laws), 3.16 Government Payment Programs; Accreditation; Payor Cost Reports), 3.21 (Employee Benefit Plans), 3.25 (Restricted Assets), and 3.23 (Taxes), which shall survive the longer of five (5) years or 90 days after the expiration of the applicable statute of limitations pertaining to the underlying claim, including extensions and waivers), must be made or brought, if at all, within eighteen (18) months after the Closing Date. For the avoidance of doubt, this Section 10.06 shall not affect any rights to bring claims after eighteen (18) months based on (a) any covenant or agreement of the parties that contemplates performance after the Closing, (b) the obligations of Seller under Sections 10.01(c), (d) and (e) (Indemnification by Seller), (c) the obligations of Buyer under Sections 10.03(b), (c) and (d) (Indemnification by Buyer), or (e) the obligations of the parties under Section 10.07 (Mitigation).

10.07. Mitigation. Each Indemnitee shall take all commercially reasonable steps to mitigate its Losses upon and after becoming aware of any event or condition that has given rise to any Losses for which it may be indemnified pursuant to this Agreement. The amount of Losses for which an Indemnitee may make an indemnification claim pursuant to this Agreement shall be reduced by any amounts actually recovered by the Indemnitee under insurance policies or other collateral sources (such as contractual indemnities of any Person that are contained outside of this Agreement or the Closing Documents) with respect to such Losses. Each Indemnitee must use commercially reasonable efforts to obtain recovery under such insurance policies or other collateral sources. To the extent that any payment received by an Indemnitee under any insurance policy or other collateral source was not previously taken into account to reduce the amount of indemnifiable Losses paid to such Indemnitee, such Indemnitee shall promptly pay over to the Indemnifying Party the amount so recovered or realized (after deducting therefrom the full amount of the expenses incurred by the Indemnitee in procuring such recovery or realization), but such amount paid over to the Indemnifying Party shall not exceed the sum of (a) the amount previously paid by the Indemnifying Party to the Indemnitee in respect of such matter plus (b) the amount expended by the Indemnifying Party in pursuing or defending any Third Party Claim arising out of such matter. Notwithstanding the foregoing, no Indemnitee shall be required to seek recovery under any insurance policy issued by, or other collateral source that is, an Affiliate of the Indemnitee.

10.08. Calculation of Losses. Solely for the purpose of calculating the amount of any Losses arising out of or resulting from any breach of any representation or warranty contained in this Agreement (and not for determining the existence of any breach of any representation or warranty contained in this Agreement), any reference to a “material”, “materiality” or “Material Adverse Effect” or other correlative terms in such representation or warranty shall be disregarded.

10.09. Seller’s Failure to Pay for Certain Losses. If any Buyer’s Indemnified Persons are entitled to indemnification for Losses pursuant to Section 10.01, and notice for indemnification of such Losses is provided by Buyer, in accordance with Section 10.05, prior to the third (3rd) anniversary after the Closing Date (including before the Closing Date), then to the extent that such Losses are not satisfied in full (“**Unpaid Losses**”), the Capital Amount shall be reduced by the aggregate amount of Unpaid Losses in accordance with Section 1.01(24).

11. GENERAL

11.01. Exhibits; Schedules. Each Exhibit and Schedule to this Agreement shall be considered a part hereof as if set forth herein in full.

11.02. Equitable Remedies. Each party acknowledges and agrees that its breach of this Agreement, or its failure to perform its obligations pursuant to this Agreement in accordance with its specific terms, would cause the other party to suffer irreparable damage or injury that would not be fully compensable by money damages, or the exact amount of which may be impossible to determine, and, therefore, such other party would not have an adequate remedy available at law. Accordingly, each party agrees that the other party shall be entitled to seek specific performance, injunctive and/or other equitable relief from any court of competent jurisdiction (without the necessity of posting bond) as may be necessary or appropriate to enforce specifically this Agreement and the terms and provisions hereof and to prevent or curtail any breach (or threatened breach) of the provisions of this Agreement. Such equitable remedies shall not be the exclusive remedy of any party for any such breach or failure to perform by another party, but shall be in addition to all other remedies available to such party at law or in equity (the availability of which remedies shall be, after the Closing, subject to the applicable limitations set forth in Article 10).

11.03. Other Owners of Assets. Buyer, Seller and its undersigned Wholly Owned Subsidiaries acknowledge that certain Assets may be owned by Wholly Owned Subsidiaries of Seller and not Seller. Notwithstanding the foregoing, and for purposes of all representations, warranties, covenants, and agreements contained herein, Seller agrees, and, as evidenced by their acknowledgement to this Agreement, its undersigned Wholly Owned Subsidiaries agree and acknowledge, that (i) its obligations with respect to any Assets shall be joint and several with any Wholly Owned Subsidiary of Seller that owns or controls such Assets, (ii) the representations and warranties herein, to the extent applicable, shall be deemed to have been made by, on behalf of and with respect to such Wholly Owned Subsidiaries of Seller in their ownership capacity, and (iii) it has the legal capacity to cause, and it shall cause, any of its Wholly Owned Subsidiaries that owns or controls any Assets to meet all of Seller's obligations under this Agreement with respect to such Assets. Seller hereby waives any defense to a claim made by Buyer or its Affiliates under this Agreement based on the failure of any Person who owns or controls the Assets to be a party to this Agreement.

11.04. Dispute Resolution. The parties hereby agree that, prior to pursuing any other legal remedy, any controversy or claim arising out of this Agreement shall be attempted to be resolved through the following procedures:

(a) In the event of a controversy or claim arising under this Agreement, either party may give the other party written notice of such dispute pursuant to Section 11.14, and promptly thereafter the parties will each select two or more senior executives to negotiate in good faith in an effort to resolve the controversy or claim. The senior executives shall meet at such location as from time to time may be mutually agreed by the parties and such meetings shall be in person to the extent practicable.

(b) If the parties are unable to resolve the controversy or claim as provided in Section 11.04(a) within 30 days of the written notice of the controversy or claim, then either party may notify the other party that it wants to pursue non-binding mediation in an attempt to resolve the controversy or claim. The parties shall jointly appoint a mutually acceptable mediator to mediate the dispute or, if the parties are unable to agree on a mutually acceptable mediator within 15 days after receipt of written notice requesting mediation, then the parties shall request assistance from the American Arbitration Association in finding a mutually acceptable mediator. Each party shall bear its own costs incurred in the mediation and shall bear one-half the costs and expenses of the mediator and any similar parties that may assist in the mediation. The parties agree to participate in good faith in the mediation and negotiations related thereto for a period of 30 days, unless a longer period is otherwise agreed.

11.05. Tax and Government Payment Program Effect. None of the parties (nor such parties' counsel or accountants) has made or is making in this Agreement any representation to any other party (or such party's counsel or accountants) concerning any of the Tax or Government Payment Program effects or consequences on the other party of the transactions provided for in this Agreement. Each party represents that it has obtained, or may obtain, independent Tax and Government Payment Program advice with respect thereto and upon which it, if so obtained, has solely relied.

11.06. Reproduction of Documents. This Agreement and all documents relating hereto, including consents, waivers and modifications that may hereafter be executed, the Closing Documents, financial statements, certificates and other information previously or hereafter furnished to any party, may be reproduced by any party by any photographic, microfilm, electronic or similar process. The parties stipulate that any such reproduction, when rendered in physical form and constituting an identical representation of the original, shall be admissible in evidence as the original itself in any judicial, arbitral or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the ordinary course of business).

11.07. Consented Assignment. Notwithstanding anything in this Agreement to the contrary, this Agreement shall not constitute an agreement to assign any Assumed Contract, claim or other right if the assignment or attempted assignment thereof without the consent of another Person would (i) constitute a breach thereof, (ii) be ineffective or render the Assumed Contract, claim or right void or voidable, or (iii) in any material way affect the rights of Seller thereunder (or the rights of Buyer thereunder following any such assignment or attempted assignment). In any such event, until the requisite consent is obtained, Seller shall cooperate in any reasonable arrangement designed to provide for Buyer the benefits under any such Assumed Contract, claim or right, including enforcement of any and all rights of Seller against the other Person arising out of the breach or cancellation by such other Person or otherwise but shall not be required to commence litigation. After Closing, the parties shall continue to use commercially reasonable efforts to obtain the consent to the assignment of such Assumed Contract, claim or right; *provided, however*, that such obligation shall be of no further force and effect if Seller and Buyer determine that such consent or approval will not be forthcoming.

11.08. Time of Essence. Time is of the essence in the performance of this Agreement, *provided* that, if the day on or by which a notice must or may be given, or the performance of any party's obligation is due, is a Saturday, Sunday or other day on which banks in Manchester, Connecticut are permitted or required to be closed, then the day on or by which such notice must or may be given, or that such performance is due, shall be extended to the first day thereafter that is not a Saturday, Sunday or other day on which banks in Waterbury, Connecticut are permitted or required to be closed. The parties will use commercially reasonable efforts to file as soon as practicable and pursue all necessary regulatory approvals required in connection with this Agreement.

11.09. Consents, Approvals and Discretion. Except as expressly provided to the contrary in this Agreement, whenever this Agreement requires any consent or approval to be given by any party or any party must or may exercise discretion, such consent or approval shall not be unreasonably withheld or delayed and such discretion shall be reasonably exercised.

11.10. Choice of Law. This Agreement and all matters arising out of or relating to this Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut without regard to any conflicts of laws rules (whether of the State of Connecticut or any other jurisdiction). Any litigation or proceedings among the parties arising out of or relating to this Agreement shall be commenced in a court of the State of Connecticut or the federal district court of Connecticut.

11.11. Benefit and Assignment. Subject to the provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns; *provided* however that no party may assign this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, (i) Buyer may designate one or more Affiliates to purchase any or all of the Assets, including the Hospital Businesses, provided that PMH shall unconditionally guarantee any and all obligations of such Affiliates pursuant to Section 11.22, and (ii) Buyer and PMH shall be permitted to grant a security interest in and collaterally assign and transfer all their rights, interests and benefits, but not their obligations, under this Agreement to any entity providing financing to Buyer and/or Buyer's Affiliates at any time and from time to time without obtaining the written consent of Seller.

11.12. Third Party Beneficiary. This Agreement (including provisions regarding employee and employee benefit matters) and the Closing Documents are intended solely for the benefit of the parties to this Agreement (and their respective successors and permitted assigns) and (solely in their capacities as Indemnified Persons) Buyer's Indemnified Persons and Seller's Indemnified Persons, and are not intended to confer third-party beneficiary rights upon any other Person (or, in the case of Buyer's Indemnified Persons and Seller's Indemnified Persons, to such Persons in any other capacity). Any reference in this Agreement to one or more Employee Benefit Plans of Buyer includes provisions, if any, in such plans permitting their termination or amendment and any covenant in this Agreement to provide any Employee Benefit Plan shall not be deemed or construed to limit Buyer's right to terminate or amend such plan of Buyer in accordance with its terms.

11.13. Waiver of Breach, Right or Remedy. The waiver by any party of (a) any breach or violation by the other party of any provision of this Agreement, (b) any condition to the obligations of such party to consummate the transactions contemplated by this Agreement, or (c) any other right or remedy permitted the waiving party in this Agreement, (i) shall not waive or be construed to waive any prior or subsequent breach or violation of the same provision or any subsequent exercise of the same right or remedy, (ii) shall not waive or be construed to waive a breach or violation of any other provision, any other closing condition or any other right or remedy, and (iii) to be effective, must be in writing and signed by the party entitled to the benefit of the provision, condition, right or remedy to be waived, and may not be presumed or inferred from any party's conduct. The election of any one or more available remedies by a party shall not constitute a waiver of the right to pursue other available remedies.

11.14. Notices. Any notice, demand or communication required, permitted or desired to be given hereunder must be in writing and shall be deemed effectively given (i) on the date tendered by personal delivery, (ii) on the date received by fax or other electronic means, (iii) on the date tendered for delivery by nationally recognized overnight courier, or (iv) three (3) days after the date tendered for delivery by United States mail, with postage prepaid thereon, certified or registered mail, return receipt requested, in any event addressed as follows:

If to Buyer: c/o Prospect Medical Holdings, Inc.
Prospect Medical Holdings, Inc.
3415 South Sepulveda Boulevard, 9th Floor
Los Angeles, CA 90034
Attn: General Counsel
Fax: 310-943-4501
Email: ellen.shin@prospectmedical.com

with a copy to (which shall not constitute notice):

Epstein Becker & Green, P.C.
1 Gateway Center
Newark, NJ 07102
Attn: Gary W. Herschman
Email: GHerschman@ebglaw.com
Attn: David E. Weiss
Email: DWeiss@ebglaw.com

If to Seller: Greater Waterbury Health Network, Inc.
Attn: President
Fax: 203-573-6161
Email: dstromstad@wtbyhosp.org

with a copy to (which shall not constitute notice):

Carmody Torrance Sandak & Hennessey, LLP
707 Summer Street, Suite 300
Stamford, CT 06901

Attn: Ann Zucker, Esq.
Fax: 203.252.2686
Email: azucker@carmodylaw.com

or to such other address or fax number, and to the attention of such other Person, as any party may designate in writing in conformity with this Section.

11.15. Severability. If any provision of this Agreement is held or determined to be illegal, invalid or unenforceable under any present or future law in the final judgment of a court of competent jurisdiction, then, if the rights or obligations of any party under this Agreement would not be materially and adversely affected thereby: (a) such provision will be fully severable; (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part of this Agreement; (c) the remainder of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance from this Agreement; and (d) instead of such illegal, invalid or unenforceable provision, there will be deemed to be added to this Agreement a legal, valid and enforceable provision as similar in terms to such illegal, invalid or unenforceable provision as may be possible.

11.16. CON Disclaimer. This Agreement shall not be deemed to be an acquisition or obligation of a capital expenditure or of funds within the meaning of the certificate of need statute of any state, until the appropriate Governmental Authority shall have granted a certificate of need or the appropriate approval or ruled that no certificate of need or other approval is required.

11.17. Entire Agreement; Amendment. Except as set forth in Section 11.21(a), this Agreement supersedes all previous contracts, agreements and understandings and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties respecting the within subject matter and no party shall be entitled to benefits with respect to the Assets or the Hospital Businesses other than those specified in this Agreement. As between or among the parties, any oral or written representation, warranty, covenant, agreement or statement not expressly incorporated in this Agreement, whether given before or on the date of this Agreement, shall be of no force and effect unless and until made in writing and signed by the parties on or after the date of this Agreement. The representations, warranties and covenants set forth in this Agreement shall survive the Closing and remain in full force and effect as provided in Section 10.06, and shall survive the execution and delivery of, and shall not be merged with or into, the Closing Documents and all other agreements, instruments or other documents described, referenced in or contemplated by this Agreement. Each representation, warranty and covenant in this Agreement has independent legal significance and if any party has breached any representation, warranty or covenant in any respect, whether there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative level of specificity) that such party has not breached shall not detract from or mitigate the party's breach of the first representation, warranty or covenant. This Agreement may not be amended or supplemented except in a written instrument executed by each of the parties.

11.18. Counterparts; Transmission by Electronic Means. This Agreement may be executed in two or more counterparts, each and all of which shall be deemed an original and all

of which together shall constitute but one and the same instrument. This Agreement, and any executed counterpart of a signature page to this Agreement, may be transmitted by fax or e-mail (attaching a .pdf (portable document format) copy thereof), and such delivery of an executed counterpart of a signature page to this Agreement by fax or e-mail shall be effective as delivery of a manually executed counterpart of this Agreement. At the Closing, the Closing Documents may be executed, and the signature pages thereto delivered, in like manner.

11.19. Interest. Any monies required to be paid by any party to another party pursuant to this Agreement shall be due on the date or at the time for payment specified in this Agreement, and monies not paid when due shall accrue interest from and after the due date to, but not including, the date full payment is made at an annual rate equal to the average prime rate of Bank of America, N.A. during such period.

11.20. Drafting. No provision of this Agreement shall be interpreted for or against any Person on the basis that such Person was the draftsman of such provision, and no presumption or burden of proof shall arise favoring or disfavoring any Person by virtue of the authorship of any provision of this Agreement.

11.21. Fees and Expenses.

(a) Except as otherwise expressly set forth in this Agreement and the Letter of Intent, dated April 30, 2015, by and between Seller and PMH, whether or not the transactions contemplated by this Agreement are consummated, (i) Buyer or its Affiliates shall bear and pay all expenses incurred by or on behalf of Buyer in connection with Buyer's due diligence investigation of the Assets and the Hospital Businesses, the preparation and negotiation of this Agreement and Buyer's performance of its obligations pursuant to this Agreement, including counsel, accounting, brokerage and investment advisor fees and disbursements, and (ii) Seller shall bear and pay all expenses incurred by or on behalf of Seller, or its Affiliates or Wholly Owned Subsidiaries, in connection with the preparation and negotiation of this Agreement and Seller's performance of its obligations pursuant to this Agreement, including counsel, accounting, brokerage and investment advisor fees and disbursements.

(b) Seller shall pay all costs reasonably necessary for Seller to remove all Encumbrances on the Assets that are not Permitted Encumbrances and all expenses incurred by Seller in obtaining any third party consents or approvals necessary to assign to Buyer any Assumed Contracts (it being understood that Seller shall have no obligation to make any monetary payment to a third party beyond any nominal review fee of not more than \$1,000 or accept any material concession in the terms of any Contract in order to obtain any such consents or approvals).

(c) Buyer shall pay the following: (i) all third party fees and expenses reasonably incurred by Buyer for Buyer's land title surveys and environmental, engineering and other inspections, studies, tests, reviews and analyses undertaken by or on behalf of Buyer for the benefit of Buyer, (ii) all transfer Taxes, sales and use and similar Taxes arising out of the transfer of the Assets (whether or not originally arising

with or assessed to Seller or its applicable Wholly Owned Subsidiary) and (iii) the premium for Buyer's title insurance policies described in Section 8.08.

(d) If any party incurs legal fees or expenses in connection with any Proceeding to enforce any provision of this Agreement and is the prevailing party in the Proceeding, such party will be entitled to recover from the non-prevailing party in the Proceeding the legal fees and expenses reasonably incurred by such party in connection with the Proceeding, including attorneys' fees, costs and necessary disbursements, in addition to any other relief to which such party is entitled.

11.22. Guarantee of Buyer's Obligations. PMH, as principal obligor and not merely as a surety, hereby unconditionally guarantees full, punctual and complete performance by Buyer of all of Buyer's obligations under this Agreement and each of the Closing Documents subject to the terms hereof and thereof and so undertakes to Seller that, if and whenever Buyer is in default, PMH will on demand duly and promptly perform or procure the performance of Buyer's obligations. The foregoing guarantee is a continuing guarantee and will remain in full force and effect indefinitely (in light of the fact that, as provided in Section 10.06, certain representations, warranties, covenants and indemnification obligations of Buyer survive the Closing indefinitely) and will be reinstated with respect to any sum paid to Seller that must be restored by Seller upon the bankruptcy, liquidation or reorganization of Buyer. PMH obligations under this Section 11.22 shall not be affected or discharged in any way by any Proceeding with respect to Buyer under any federal or state bankruptcy, insolvency or debtor relief laws (or any order, judgment, ruling, writ, injunction or decree entered or made in connection therewith) or any other fact, development, occurrence or circumstance affecting the legal capacity of Buyer or the enforceability of this Agreement or any of the Closing Documents against Buyer in accordance with their respective terms.

11.23. Liquidated Damages.


(a) The parties acknowledge that: (i) the agreements contained in Section 9.04(d) are an integral part of the transactions contemplated by this Agreement; (ii) without these agreements, the parties would not enter into this Agreement; (iii) it would be extremely difficult and impracticable, if not impossible, to ascertain with any degree of certainty the amount of damages that would be suffered by Seller in the circumstances in which the Termination Fee is payable; and (iv) the Termination Fee is not a penalty, but rather is liquidated damages in a reasonable amount, negotiated as the parties' reasonable estimate of Seller's damages in the circumstances in which the Termination Fee is payable. Notwithstanding anything to the contrary in this Agreement, Seller's right to receive payment of the Termination Fee pursuant to Section 9.04(d) shall be the sole and exclusive remedy of Seller or any of its Affiliates against Buyer, PMH or any of their respective Affiliates or any of their respective stockholders, partners or members for any and all losses that may be suffered based upon, resulting from or arising out of the circumstances giving rise to such termination, and upon payment of the Termination Fee in accordance with Section 9.04(d), none of Buyer, PMH or any of their respective Affiliates or any of their respective stockholders, partners or members shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated by this Agreement.

(b) If Buyer fails to pay the Termination Fee pursuant to Section 9.04(d) when due and, in order to obtain such payment, Seller commences a suit or suits that result in a judgment or judgments against Buyer for the Termination Fee, then Buyer shall pay to Seller its costs and expenses (including attorneys' fees and expenses) in connection with such suit and the collection and enforcement of such judgment(s), together with interest on the amount of the Termination Fee from the date such payment was required to be made until the date of payment at the "prime rate" of Bank of America, N.A. in effect on the date such payment was required to be made.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed in multiple originals by their authorized officers, all as of the date first above written.

**GREATER WATERBURY HEALTH
NETWORK, INC.**

By: 

Name: Darlene Stromstad

Title: President and Chief Executive Officer

**PROSPECT CT MEDICAL
FOUNDATION, INC.**

By: _____

Name: Samuel S. Lee
Title: President

PROSPECT WATERBURY, INC.

By: _____

Name: Samuel S. Lee
Title: President

**PROSPECT WATERBURY HOME
HEALTH, INC.**

By: _____

Name: Samuel S. Lee
Title: President

PROSPECT MEDICAL HOLDINGS, INC.
(only with respect to Section 11.22)

By: _____

Name: Samuel S. Lee
Title: Chief Executive Officer

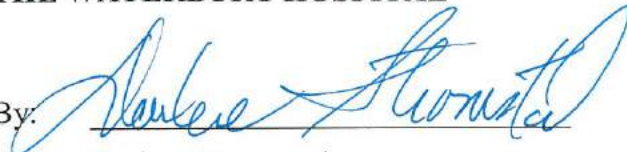
[Signature Page 2 of 2 to Asset Purchase Agreement]

[Acknowledgement Page Follows]

Each of the undersigned Wholly Owned Subsidiaries of Seller hereby joins this Agreement to acknowledge that Seller has executed this Agreement on its behalf and that, with respect to the Assets or Hospital Businesses owned or operated by it, it is subject to and bound by the same obligations, representations, and warranties as Seller as provided under Section 11.03.

ACKNOWLEDGED BY:

THE WATERBURY HOSPITAL

By: 

Name: Darlene Stromstad

Title: President and Chief Executive Officer

VNA HEALTH AT HOME, INC.

By: 

Name: Sandra Iadarola

Title: Chairperson

**GREATER WATERBURY
MANAGEMENT RESOURCES, INC.**

By: 

Name: Mark Holtz

Title: President

ALLIANCE MEDICAL GROUP, INC.

By: 

Name: David MacDonald

Title: President

**CARDIOLOGY ASSOCIATES OF
GREATER WATERBURY, LLC**

By: Mark Holtz
Name: Mark Holtz
Title: President

Exhibit A

Form of Transitional Services Agreement

See attached.

TRANSITION SERVICES AGREEMENT

This Transition Services Agreement (this “Agreement”) is made and entered into as of the 1st day of October, 2016, by and between Greater Waterbury Health Network, Inc. (together with affiliates and successors, collectively, “OLDCO”) and Prospect Waterbury, Inc. (together with affiliates and successors, collectively, “Prospect”).

W I T N E S S E T H

WHEREAS, at a closing held on the date hereof pursuant to that certain Asset Purchase Agreement, dated September 27, 2016, by and among, Inter Alia, Prospect and OLDSCO (the “Purchase Agreement”), Prospect has acquired substantially all of the assets of OLDSCO; and

WHEREAS, Prospect has employed substantially all of the former employees of OLDSCO;

WHEREAS, following the closing under the Purchase Agreement, Greater Waterbury Health Network, Inc. and certain of its affiliates will change their respective names to new names that are not confusingly similar to the names being used by Prospect;

WHEREAS, OLDSCO, requires certain post-closing services to wind down its business, administer the assets not sold to Prospect and discharge the liabilities of OLDSCO not assumed by Prospect; and

WHEREAS, Prospect is willing to provide those certain services to OLDSCO for such purposes during the term of this Agreement.

NOW THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Term. The term of this Agreement shall commence on the date hereof and shall continue for a period of 36 months (the “Term”). The Term may be extended for a mutually agreeable period if necessary to complete any ongoing Transition Services (hereinafter defined).

2. Transition Services. During the Term, Prospect shall arrange for services to be provided to OLDSCO in the manner detailed in Exhibit A (the “Transition Services”).

a. Prospect will provide the Transition Services in good faith and with due care consistent with the care Prospect exercises in performing like services for itself. Prospect shall provide the Transition Services in a manner that will permit the timely filing of all governmental forms and filings in order to permit the orderly wind-down of OLDSCO. OLDSCO acknowledges and agrees that Prospect does not regularly provide the Transition Services to third parties as part of its business, and, except as specifically stated elsewhere herein, Prospect

does not otherwise warrant or assume any responsibility for its performance of the Transition Services.

b. Prospect shall have no obligation to provide any Transition Services in any instance where such Transition Services would create a conflict of interest between Prospect and OLDCO. Prospect at its sole discretion, shall be permitted to identify instances of conflicts of interest between Prospect and OLDCO.

c. OLDCO shall have no obligation to accept any Transition Services in any instance where such Transition Services would create a conflict of interest between Prospect and OLDCO. OLDCO at its sole discretion, shall be permitted to decline any Transition Services from Prospect in instances where a conflict of interest is identified by OLDCO.

d. OLDCO shall initially appoint James Moylan as representative of OLDCO following the Closing (the "Representative"). The Representative shall be the principal contact person and shall have the authority and be responsible for making decisions on behalf of OLDCO under this Agreement. The Representative shall be authorized to sign documents (including checks) on behalf of OLDCO and take all other appropriate and necessary actions on behalf of OLDCO.

e. Each party shall make available to the other party any information required or reasonably requested by that other party regarding performance of Transition Services, and shall be responsible for timely providing that information and for the accuracy and completeness of that information. The parties shall cooperate with each other in good faith in all matters relating to the provision and receipt of Transition Services. The parties shall cooperate with each other in making such information available as needed in the event of any and all internal and external audits. If this Agreement is terminated in whole or in part, the parties shall cooperate with each other in all reasonable respects in order to effect an efficient transition and to minimize disruption to the business of both parties.

3. Charges; Payment Terms.

a. OLDCO shall, for each Transition Service performed, reimburse Prospect for any reasonable documented out-of-pocket expenses that are incurred by Prospect in connection with Prospect's provision of the Transition Services ("Expenses"). Prospect shall provide OLDCO with an invoice for all Transition Services provided at the rates described on Exhibit B, and Expenses incurred by Prospect in connection therewith, during the Term, that are payable by OLDCO pursuant to this Agreement, together with all appropriate supporting documentation (each, an "Invoice").

b. OLDCO shall, subject to Section 2.05(1)(i) of the Purchase Agreement, pay in full to Prospect all fees and Expenses as set forth in the Invoice within thirty (30) days after receipt of the Invoice.

c. If Prospect terminates any of the Transition Services prior to the expiration of the Term, OLDCO shall be responsible for payment only for the Transition Services provided through the date on which such Transition Services are terminated.

d. If OLDCO exhausts its funds such that it can no longer pay for the Transition Services, Prospect shall continue to provide those Transition Services that are necessary for the timely filing of all governmental forms and filings in order to permit the orderly wind-down of OLDCO and shall not seek payment from OLDCO for such Transition Services.

4. Indemnification.

a. Each party assumes liability for and shall indemnify and hold harmless the other party, its officers, directors, trustees, employees, and agents, from and against any and all losses, damages, penalties, liabilities, claims, actions, suits, costs, and expenses, including reasonable attorneys' fees, whether in law or in equity, of any kind or nature whatsoever, imposed upon, incurred by, or asserted against the other party relating to or arising out of any negligent or other wrongful act or omission of such party, its employees or agents, or any breach of this Agreement by such party.

b. Neither party shall have liability for consequential, exemplary, indirect, special, incidental or punitive damages, including loss of profits, revenues, data or use, incurred by the other party, whether based on contract, tort or any other legal theory, arising out of or related to this Agreement or the Transition Services provided hereunder.

c. Notwithstanding anything contained herein to the contrary, any liability of a party under this Agreement shall in no event exceed the aggregate amount of fees paid to Prospect by OLDCO hereunder, except in the case of such party's gross negligence or reckless or intentional act or omission.

d. The provisions of this Section 4 shall survive the termination of this Agreement.

5. Confidentiality.

a. "Confidential Information" is defined as all information, data and materials furnished or made available by a party to another party in connection with this Agreement, including, without limitation, the identity of patients, the content of any medical records, financial and tax information, and information regarding Medicare and Medicaid claims submission and reimbursements.

b. The party receiving the Confidential Information (the "Receiving Party") from the party who owns or holds in confidence such Confidential Information (the "Owning Party") may use the Confidential Information solely for the purpose of performing its obligations or enforcing its rights under this Agreement.

c. The Receiving Party shall not disclose any of the Confidential Information except to those persons having a need to know for the purpose of performing the Receiving Party's obligations or enforcing its rights under this Agreement. Each party shall take appropriate action, by instruction to or agreement with its affiliates, employees, agents and

subcontractors, to maintain the confidentiality of the Confidential Information. The Receiving Party shall promptly notify the Owning Party in the event that the Receiving Party learns of an unauthorized release of Confidential Information.

d. The Receiving Party shall have no obligation with respect to (i) Confidential Information made available to the general public without restriction by the Owning Party or by an authorized third party; (ii) Confidential Information known to the Receiving Party independently of disclosures by the Owning Party under this Agreement; (iii) Confidential Information independently developed by the Receiving Party; or (iv) Confidential Information that the Receiving Party may be required to disclose pursuant to subpoena or other lawful process; provided, however, that the Receiving Party notifies the Owning Party in a timely manner to allow the Owning Party to protect its interests.

e. Upon the termination or expiration of this Agreement, each party shall (a) immediately cease to use the other party's Confidential Information and (b) return to the other party such Confidential Information and all copies thereof within ten (10) days of the termination, unless otherwise provided in this Agreement.

f. The parties acknowledge that monetary remedies may be inadequate to protect rights in Confidential Information and that, in addition to legal remedies otherwise available, injunctive relief is an appropriate judicial remedy to protect such rights. The provisions of this Section 5 shall survive the termination of this Agreement.

6. Protected Health Information.

a. Each of Prospect and OLDCO shall comply with all federal and state laws and regulations, regarding the confidentiality of protected health information. Simultaneously herewith, the parties shall enter into a Business Associate Agreement in accordance with the applicable provisions of the Administrative Simplification section of the Health Insurance Portability and Accountability Act of 1996, as codified at 42 U.S.C. § 1320, and the requirements of the regulations promulgated thereunder (45 C.F.R. Parts 160, 162, and 164) as amended by the Health Information Technology for Economic and Clinical Health Act found in the American Recovery and Reinvestment Act of 2009, Pub. L. No. 111-5, Title XIII (2009, aka HITECH), including regulations promulgated thereunder, as amended, and guidance issued pursuant thereto (collectively "HIPAA"). In addition, each of Prospect and OLDCO acknowledges that in receiving or otherwise dealing with any records or information from the other about patients receiving treatment for alcohol or drug abuse, Prospect and OLDCO respectively and their respective staffs are bound by the provisions of the federal regulations governing Confidentiality of Alcohol and Drug Abuse Patient Records, 42 C.F.R. Part 2, as amended from time to time.

b. To the extent that any records maintained or stored by either Prospect or OLDCO pursuant to this Agreement contain Personal Information (as herein defined) about their respective personnel or patients, they shall comply with Rhode Island General Laws 11-49.2-1 et seq. ("Identity Theft Protection Act of 2005"). "Personal Information" shall mean: (a) first name or first initial and last name in combination with any one or more of the following data elements

when either the name or the data elements are not encrypted: (i) Social Security number; (ii) driver's license or Identification Card Number; or (iii) account number, credit or debit card number in combination with any required security code, access code or password that would permit access to an individual's financial account. In the event of a breach of the security of the system involving such records, Prospect or OLDCO, as the case may be, shall immediately notify the other via telephone and in writing and shall comply fully with the Identity Theft Protection Act of 2005. For purposes of this paragraph, the term breach of the security system shall mean: (a) the unauthorized acquisition of unencrypted computerized data that compromises the security, confidentiality or integrity of personal information; or (b) any other unauthorized use or acquisition of, or access to, Personal Information. The provisions of this paragraph shall survive the termination of this Agreement.

7. Record Retention. Until the expiration of four years after the termination of this Agreement, the Parties upon request shall make available to the Secretary, United States Department of Health and Human Services, the U.S. Comptroller General or any of their duly authorized representatives, this Agreement and all other books, documents, and records necessary to certify the nature and extent of the costs incurred by the Parties under this Agreement. If a party purchases such services through a subcontract worth Ten Thousand Dollars (\$10,000) or more over twelve (12) month period with a related organization, the subcontract shall also contain a clause permitting access by said Secretary, Comptroller General, and their respective representatives to the books and records of the related organization. Each party shall promptly notify the other via telephone and in writing if such access is requested.

8. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Connecticut without regard to its conflict of law provisions. Each party hereby consents to jurisdiction in the State of Connecticut should suit to enforce this contract become necessary. If either party hereto shall bring suit to enforce the terms and provisions hereof or to recover damages for breach, the prevailing party shall be entitled to recover from the other party all costs, expenses and attorneys' fees incurred in connection with the exercise by the prevailing party of its rights and remedies hereunder.

9. Termination.

a. This Agreement may be terminated by OLDCO immediately upon the occurrence of any of the following events:

- i. the failure of Prospect to cure any material default hereunder after thirty days' notice;
- ii. the loss or suspension of any license necessary for Prospect to fulfill its obligations hereunder;
- iii. the loss of Prospect's liability insurance;
- iv. Prospect is restricted from participating in the Medicare or Medicaid programs;

v. a “bankruptcy event.” For purposes of this Section 9, “bankruptcy event” shall mean if a receiver, liquidator or trustee is appointed for Prospect or if Prospect is adjudicated a bankrupt or insolvent, or if any petition for bankruptcy, reorganization or arrangement pursuant to state or federal bankruptcy law is filed by or against, consented to, or acquiesced in by Prospect or if any proceeding for the dissolution or liquidation of Prospect is instituted; however, if such action was involuntary, upon the same not being discharged, stayed or dismissed within 60 days.

b. OLDCO may terminate this Agreement prior to the expiration of the Term by giving Prospect at least thirty (30) days prior written notice of termination. Subject to Section 3.d., Prospect may terminate this Agreement prior to the expiration of the Term upon at least 60 days’ notice in the event that OLDCO has failed to pay any Invoice when due, unless the Expenses reflected on such Invoice are being disputed in good faith by OLDCO.

10. Miscellaneous.

a. Any notice or other communication under this Agreement shall be in writing and shall be deemed to have been given: (a) upon actual delivery, if delivered by hand; (b) the first business day following deposit with any nationally recognized overnight carrier; or (c) three (3) days after deposit in the United States mail, postage prepaid, certified or registered mail, return receipt requested. Each such notice shall be sent to the parties, marked to the attention of the signatories to this Agreement, at the following addresses:

If to Prospect: Prospect Waterbury, Inc.
64 Robbins Street
Waterbury, CT 06708
Attention: CEO

With a copy to: Prospect Medical Holdings, Inc.
3415 South Sepulveda Boulevard, 9th Floor
Los Angeles, California 90034
Attention: Legal Department

If to OLDCO: Legacy GWHN, Inc.
c/o Carmody Torrance et al
50 Leavenworth Street
Waterbury CT 06702
Attention: James Moylan

b. The parties agree that the relationship between them shall be that of independent contractors. Neither party shall hold itself out as the employee, agent, joint venturer or partner of the other. Neither party has the authority to bind the other in any way. Prospect is responsible for paying or withholding, as required, federal, state, and local employment taxes including, without limitation, FICA and FUTA, for its employees.

c. This Agreement contains the entire agreement of the parties with respect to the matters set forth herein and may not be amended except in writing signed by all of parties hereto.

d. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. A party shall not assign its rights and obligations under this Agreement without the other party's prior written consent, which shall not be unreasonably withheld.

e. No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right at any time, or from time to time thereafter. The waiver of any breach of any term or condition of this Agreement shall not be deemed to constitute the continuing waiver of the same or any other term or condition.

f. If any part of this Agreement should be held to be void or unenforceable, such part shall be treated as severable, leaving valid the remainder of this Agreement, notwithstanding the part or parts found to be void or unenforceable.

g. Headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

h. This Agreement may be executed by facsimile signature and in one or more counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have executed this Transition Services Agreement as of the date first written above.

GREATER WATERBURY HEALTH NETWORK,
INC.

By: _____
Name: _____
Title: _____

PROSPECT WATERBURY, INC.

By: _____
Name: _____
Title: _____

EXHIBIT A

Services

The services to be provided by Prospect to OLDCO may include but not be limited to:

Accounting:

- Monthly financial close
- Management of cash and investment activities as necessary
- Preparation of tax returns
- Monthly reconciliation of balance sheet accounts
- Financial audits including 403b
- Assistance with the final preparation and submission of the *Cy Pres* Application
- Assist with appealing and resolving RAC appeals

Accounts Payable:

- Entry and payment of invoices as necessary
- Creation of 1099s through February of 2017
- Assistance with reconciliation of outstanding checks

Payroll:

- Filing of payroll tax reports as necessary
- Creation of W-2's for pre-transition employees
- Management of outstanding checks
- Employee support - providing information to employees for historical payroll data, historical W-2 requests and payroll slips

Human Resources:

- Response to prior plan inquiries

Miscellaneous:

- Assist in Preparation of 990 tax returns
- Assist in Preparation of the Community Needs Assessment (990 reporting requirement)
- Insurance management
- Assist in the planning of and transition to Post-Agreement operations
- Assist in developing a plan for Post-Agreement office space
- Assist with record retention planning
- Assist with necessary reporting to regulatory authorities
- Assist with any OHCA or AG mandated reporting

Information Services:

- Assist with support of OLDCO systems, including backup, for all necessary applications, and custom reports as needed

- Maintain and protect all data to meet OLDCO's data retention requirements
- Support all audits/reviews of data

Legal/Risk Management:

- Assist with operational issues
- Assist with resolution of outstanding claims and suits, including prior workers compensation claims
- Assist with the withdrawal of the hospital from HAIC, if necessary

EXHIBIT B

Rates

1. Scott Bowman – One Hundred Fifteen Dollars (\$115.00) per hour
2. Kathy Buckley – Eighty-Five Dollars (\$85.00) per hour
3. Prospect personnel at the level of Vice President and above shall be provided at the rate of One Hundred Fifty Dollars (\$150) per hour.
4. All other Prospect personnel shall be provided at the rate of Ninety Dollars (\$90) per hour.

BUSINESS ASSOCIATE AGREEMENT

This Business Associate Agreement (“Agreement”) is entered into and made effective as of October 1, 2016 (the “Effective Date”) by and between Prospect Waterbury, Inc. and its subsidiaries (collectively “Prospect”), on the one hand, and Greater Waterbury Health Network, Inc., and its subsidiaries and successors (collectively, “OLDCO”), on the other.

RECITALS

A. Prospect and OLDCO have entered into various agreements, including a Transition Services Agreement, (collectively the “Underlying Contracts”) pursuant to which the parties may disclose certain information to one another pursuant to the terms of the Underlying Contracts, some of which may constitute Protected Health Information (“PHI” or “Protected Information”) (defined below).

B. Prospect and OLDCO intend to protect the privacy and provide for the security of PHI disclosed to one another and are committed to complying with the patient privacy requirements set forth in California law, the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”), the Health Information Technology for Economic and Clinical Health Act, Public Law 111-005 (“HITECH Act”), and all regulations promulgated by the U.S. Department of Health and Human Services under HIPAA and the HITECH Act, including the requirements set forth in the HIPAA Final Omnibus Rule issued on January 25, 2013, (“HIPAA Regulations”).

C. As part of the HIPAA Regulations, the Privacy, Security, Breach Notification, and Enforcement Rules (defined below as “HIPAA Rules”) require the parties to enter into an agreement containing specific requirements concerning the disclosure of PHI, as required by Code of Federal Regulations (“C.F.R.”), Title 45, Parts 160 and 164.

In consideration of the mutual promises contained herein and the exchange of information pursuant to this Agreement, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

All capitalized terms used herein but not otherwise defined in this Agreement shall have the same meaning as in the HIPAA Rules.

a. **Breach** shall have the meaning given to such term under the HIPAA Rules.

b. **Business Associate** (“BA”) shall have the meaning given to such term under the HIPAA Rules, as set forth in 42 U.S.C. § 17938 and 45 C.F.R. § 160.103, and, in reference to this Agreement, shall mean either Prospect or OLDCO, depending on which party is receiving the protected information, and the subcontractors, agents, and person(s) or entities under the party’s control.

c. **Covered Entity** (“CE”) shall have the meaning given to such term under the HIPAA Rules, as set forth in C.F.R. § 160.103. Both Prospect and OLDCO are Covered Entities and may provide protected information to the other party, which will sit in the role as the Business Associate.

d. **Data Aggregation** shall have the meaning given to such term under the HIPAA Rules, as set forth 45 C.F.R. § 164.501.

e. **Designated Record Set** shall have the meaning given to such term under HIPAA Rules, as set forth in 45 C.F.R. § 164.501.

f. **Electronic Protected Health Information or EPHI** means Protected Health Information that is maintained in or transmitted by electronic media, as defined in the HIPAA Rules.

g. **Electronic Health Record** shall have the meaning given to such term in the HIPAA Rules and as set forth in 42 U.S.C. § 17921.

h. **Health Care Operations** shall have the meaning given to such term under the HIPAA Rules, including, but not limited to, the meaning set forth in 45 C.F.R. § 164.501.

i. **HIPAA Rules** shall mean the Privacy, Security, Breach Notification, and Enforcement Rules at 45 CFR Part 160 and 164.

j. **Protected Health Information or PHI** shall have the meaning given to such term under the HIPAA Rules, including 45 C.F.R. § 160.103, which includes any information, whether oral or recorded in any form or medium: (i) that relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual; and (ii) that identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual. Protected Health Information includes Electronic Protected Health Information.

k. **Protected Information** shall mean PHI provided by CE to BA or created or received by BA on CE's behalf.

l. **Subcontractor** means a person to whom a business associate delegates a function, activity, or service, other than in the capacity of a member of the workforce of such business associate, pursuant to 45 C.F.R. § 160.103.

m. **Unsecured PHI** shall have the meaning given to such term under 42 U.S.C. § 17932(h), 45 C.F.R. § 164.402 and guidance issued pursuant to the HITECH Act including, but not limited to that issued on April 17, 2009 and published in 74 Federal Register 19006 (April 27, 2009), by the Secretary of the U.S. Department of Health and Human Services (“Secretary”).

2. OBLIGATIONS OF BUSINESS ASSOCIATE

a. **Permitted Access, Use or Disclosure.** The parties shall neither permit the unauthorized or unlawful access to, nor use or disclose, PHI other than as permitted or required by the Underlying Contracts, this Agreement or as permitted or required by law. The parties shall not access, use or disclose Protected Information in any manner that would constitute a violation of HIPAA, the HITECH Act, the HIPAA Regulations, or applicable state law if so accessed, used or disclosed by CE. However, the parties may access, use or disclose Protected Information (i) for the proper management and administration of BA; (ii) to carry out the legal responsibilities of BA; (iii) as required by law; (iv) for Data Aggregation purposes for the Health Care Operations of CE; (v) for the public health activities and purposes set forth at 45 C.F.R. § 164.512(b); or (vi) to the extent such Protected Information is de-identified in accordance with the standards set forth under 45 C.F.R. § 164.514, provided the parties have each other's written consent in advance of any such use or disclosure, which consent may be withheld in CE's sole discretion. If either party permits a third party to use or access Protected Information or otherwise discloses Protected Information to a third party, the party must obtain, prior to making any such disclosure, (i) reasonable written assurances from such third party that such Protected Information will be held confidential as provided pursuant to this Agreement and only disclosed as required by law or for the purposes for which it was disclosed to such third party, and (ii) a written agreement from such third party to immediately notify the other party of any Breaches of confidentiality of the Protected Information, to the extent it has obtained knowledge of such Breach.

b. **Prohibited Uses and Disclosures under HITECH.** Notwithstanding any other provision in this Agreement, the parties to this Agreement shall comply with the following requirements: (i) a party shall not use or disclose Protected Information for fundraising or marketing purposes, except as provided under the Agreement and consistent with the requirements of 42 U.S.C. 17936, 45 C.F.R. § 164.522(a)(vi); (ii) a party shall not disclose Protected Information to a health plan for payment or health care operations purposes if the patient has requested this special restriction, and has paid out of pocket in full for the health care item or service to which the PHI solely relates, 42 U.S.C. § 17935(a); (iii) a party shall not directly or indirectly receive remuneration in exchange for Protected Information, except with the prior written consent of CE and as permitted by the HIPAA Rules and HITECH Act, 42 U.S.C. § 17935(d)(2), 45 C.F.R. 164.502(a)(5)(ii); however, this prohibition shall not affect payment for services provided pursuant to the Agreement.

c. **Appropriate Safeguards.** The parties shall implement appropriate safeguards as are necessary to prevent the access, use or disclosure of Protected Information other than as permitted by the Underlying Contracts or this Agreement. The parties shall comply, where applicable, with the Security Rule with respect to EPHI, including but not limited to 45 C.F.R. §§ 164.308, 164.310, and 164.312 and the policies and procedures and documentation requirements of the HIPAA Security Rule set forth in 45 C.F.R. § 164.316, and shall use administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of EPHI.

d. **Mitigation.** The parties agree to mitigate, to the extent practicable, any harmful effect that is known as a result of use or disclosure of PHI not authorized by the Underlying Contracts, this Agreement or applicable federal or state rules or regulations governing the use, access, maintenance or disclosure of protected health information.

e. **Reporting of Improper Access, Use or Disclosure.** The parties shall promptly report to the other party in writing of any access, use or disclosure of Protected Information exchanged between one another, not permitted by the Underlying Contracts, this Agreement, the HIPAA Rules or any corresponding state privacy or security requirements as well as any security incident of which it becomes aware. The parties shall, following the discovery of any Breach of Unsecured PHI, notify the other in writing of such breach without unreasonable delay and in no case later than ten (10) calendar days after discovery. The party responsible for the improper use or disclosure agrees to pay the actual, reasonable costs of the required notifications.

f. **Business Associate's Subcontractors.** The receiving party of any protected information shall ensure that any Subcontractors that create, maintain or transmit Protected Information, agree in writing to the same restrictions and conditions that apply to the party with respect to such PHI. To the extent a party creates, maintains, receives or transmits Electronic PHI on behalf of the other party, the receiving party shall implement the safeguards required by paragraph 2.c. above with respect to EPHI and shall ensure that any Subcontractor to whom it provides Protected Information agrees in writing to implement the same safeguards.

g. **Access to Protected Information.** To the extent the receiving party maintains a Designated Record Set on behalf of the other party, it shall make Protected Information maintained by it or its Subcontractors in Designated Record Sets available to the other party for inspection and copying within fifteen (15) days of a request by the other party to enable the other party to fulfill its obligations under the Privacy Rule, including, but not limited to, 45 C.F.R. § 164.524. If the receiving party maintains an Electronic Health Record, the receiving party shall provide such information in electronic format to enable the CE to fulfill its obligations under the HIPAA Rules (and the HITECH Act as set forth in 42 U.S.C. § 17935(e)).

h. **Amendment of PHI.** To the extent a party maintains a Designated Record Set on behalf of the other party, within fifteen (15) days of receipt of a request from the other party or an individual for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, the party and/or its Subcontractors shall make any amendments that the other party directs or agrees to in accordance with the HIPAA Rules.

i. **Accounting Rights.** Within fifteen (15) days of notice by a party of a request for an accounting of disclosures of Protected Information, each party and its Subcontractors shall make available to the requesting party the information required to provide an accounting of disclosures to enable the party to fulfill its obligations under the HIPAA Rules, including, but not limited to, 45 C.F.R. § 164.528 and 42 U.S.C. § 17935(c), as determined by the requesting party. The provisions of this subparagraph 2.i. shall survive the termination of this Agreement.

j. **Governmental Access to Records.** The parties shall make their internal practices, books and records relating to the use and disclosure of Protected Information available

to the other party and to the Secretary of the U.S. Department of Health and Human Services (the "Secretary") for purposes of determining the party's compliance with the HIPAA Rules. Each party shall immediately notify the other party of any requests made by the Secretary and provide the other party with copies of any documentation it provides in response to such requests.

k. **Compliance with Privacy Rule.** To the extent that a party carries out the other party's obligations under the Privacy Rule, the party shall comply with the requirements of the Privacy Rule that apply to the other party in the performance of such obligations.

l. **Minimum Necessary.** Each party and their respective Subcontractors shall request, use and disclose only the minimum amount of Protected Information necessary to accomplish the purpose of the request, use or disclosure. The parties understand and agree that the definition of "minimum necessary" shall be the meaning set forth in the HIPAA Rules. The parties agree to make their respective uses, disclosures and requests for Protected Information consistent with the other party's minimum necessary policies and procedures, to the extent such policies and procedures are provided to one another.

m. **Business Associate's Insurance.** The parties shall each obtain insurance for themselves and their respective employees, agents and independent contractors in an amount not less than One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) annual aggregate of Commercial General Liability insurance and Two Million Dollars (\$2,000,000) per occurrence and Four Million Dollars (\$4,000,000) annual aggregate of Errors and Omissions insurance. The Errors and Omissions insurance shall cover, among other things, Breaches. Upon request, the parties shall exchange certificates of insurance or other written evidence of the insurance policy or policies required herein prior to execution of this Agreement (or as shortly thereafter as is practicable) and as of each annual renewal of such insurance policies during the period of such coverage. Further, in the event of any material modification, termination, expiration, non-renewal or cancellation of any of such insurance policies, the party shall give written notice to the other party not more than ten (10) days following the party's receipt of such notification. If a party fails to procure, maintain or pay for the insurance required under this section, the other party shall have the right, but not the obligation, to obtain such insurance. In such event, the party shall promptly reimburse the other party for the cost thereof upon written request, and failure to repay the same upon demand by the party shall constitute a material breach of this Agreement.

3. **TERMINATION**

a. **Term.** The term of this Agreement shall be effective as of the Effective Date and shall terminate upon the later of (1) the termination or expiration of the Underlying Contracts; or (2) when all of the PHI provided by CE to BA, or created or received by BA on behalf of CE, is destroyed or returned to CE.

b. **Termination.**

i. **Material Breach.** A breach by either party of any provision of this Agreement, as determined by the other party, shall constitute a material breach of the Agreement

and shall provide grounds for termination of the Agreement, any provision in the Agreement to the contrary notwithstanding, with or without an opportunity to cure the breach. If termination of the Agreement is not feasible, the party may report the problem to the Secretary.

ii. **Material Breach by either CE.** If either party knows of a pattern of activity or practice of the other party that constitutes a material breach or violation of the other party's obligations under the Underlying Contracts, the Agreement or other arrangement, the party shall notify the other party of the pattern or activity or practice and take reasonable steps to assist the other party in curing or ending the breach or violation. If the steps are unsuccessful, the party may be required terminate the Agreement or other arrangement.

c. **Effect of Termination.** Upon termination of the Agreement for any reason, the parties shall, at the option of the other party, return or destroy all Protected Information or its Subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If return or destruction is not feasible, as determined by a party, the other party shall continue to extend the protections of this Agreement to such information, and limit further use of such PHI to those purposes that make the return or destruction of such PHI infeasible. If a party elects destruction of the PHI, the party shall certify in writing to the other party that such PHI has been destroyed.

4. INDEMNIFICATION; LIMITATION OF LIABILITY. To the extent permitted by law, a party shall indemnify, defend and hold harmless the other party and its directors, officers, employees, parent, subsidiaries, agents and affiliates from any and all liability, claim, lawsuit, injury, loss, expense or damage resulting from or relating to the acts or omissions of the indemnifying party in connection with the representations, duties and obligations of the indemnifying party under this Agreement. Any limitation of liability contained in the Agreement shall not apply to the indemnification requirement of this provision. This provision shall survive the termination of the Agreement.

5. ASSISTANCE IN LITIGATION. Each party shall make itself and any Subcontractors assisting a party in the performance of its obligations pursuant to the Underlying Contracts available, at no cost to the other party, to testify as witnesses, or otherwise, in the event of litigation or administrative proceedings being commenced against a party, its directors, officers, agents, employees or affiliates based upon a claim of violation of the HIPAA Rules or HITECH Act, or other California or federal laws related to security and privacy, except where the party or its Subcontractor is named as an adverse party.

6. COMPLIANCE WITH STATE LAW. Nothing in this Agreement shall be construed to require or permit either party to use or disclose Protected Information without a written authorization from an individual who is a subject of the Protected Information, or without written authorization from any other person, where such authorization would be required under state law for such use or disclosure.

7. AMENDMENT TO COMPLY WITH LAW. The parties acknowledge that state and federal laws relating to data security and privacy are rapidly evolving and that amendment of this Agreement may be required to provide for procedures to ensure compliance with such develop-

ments. The parties specifically agree to take such action as is necessary to implement the standards and requirements of HIPAA, the HITECH Act, and other applicable laws relating to the security or confidentiality of PHI. The parties understand and agree that they must receive satisfactory written assurance from the other party that it will adequately safeguard all Protected Information. Upon the request of either party, the other party agrees to promptly enter into negotiations concerning the terms of an amendment to this Agreement embodying written assurances consistent with the standards and requirements of HIPAA, the HITECH Act or any other applicable law. A party may terminate the Agreement upon thirty (30) days written notice if (i) the other party does not promptly enter into negotiations to amend the Agreement or Agreement when requested by a party pursuant to this section or (ii) the other party does not enter into an amendment to the Underlying Contracts or Agreement providing assurances regarding the safeguarding of PHI that the other party, in its sole discretion, deems sufficient to satisfy the standards and requirements of applicable laws.

8. NO THIRD-PARTY BENEFICIARIES. Nothing express or implied in this Agreement is intended to confer, nor shall anything herein confer upon any person other than the parties to this Agreement and their respective successors or assigns, any rights, remedies, obligations or liabilities whatsoever.

9. INTERPRETATION. The provisions of this Agreement shall prevail over any provisions in the Underlying Contracts that may conflict or appear inconsistent with any provision in this Agreement. This Agreement and the Underlying Contracts shall be interpreted as broadly as necessary to implement and comply with HIPAA, the HITECH Act, and any other state or federal rules concerning PHI. The parties agree that any ambiguity in this Agreement shall be resolved in favor of a meaning that complies and is consistent with the HIPAA Rules. Except as specifically required to implement the purposes of this Agreement, or to the extent inconsistent with this Agreement, all other terms of the Agreement shall remain in force and effect.

10. NOTICES. All notices hereunder shall be in writing and delivered by a confirmed facsimile, personally, by certified or registered mail, return receipt requested, or by overnight courier, and shall be deemed to have been duly given when delivered by fax, personally or when deposited in the United States mail, postage prepaid, or deposited with the overnight courier addressed as follows:

If to Prospect

Prospect Waterbury, Inc.
Attn: Chief Executive Officer
64 Robbins Street
Waterbury, CT 06708
Fax: [_____]

and

Prospect Medical Holdings, Inc.

Attn: Legal Department

3415 South Sepulveda Blvd, Suite 400, Los Angeles, CA 90034

Fax: (310) 943-4501

If to OLDCO

Legacy Waterbury Hospital, Inc.

Attn: James Moylan

c/o Carmody Torrance et al

50 Leavenworth Street

Waterbury CT 06702

or to such other persons or places as either party may from time to time designate by written notice to the other.

11. ENTIRE AGREEMENT OF THE PARTIES. This Agreement supersedes any and all prior and contemporaneous business associate agreements or addenda between the parties and constitutes the final and entire agreement between the parties hereto with respect to the subject matter hereof. Each party to this Agreement acknowledges that no representations, inducements, promises, or agreements, oral or otherwise, with respect to the subject matter hereof, have been made by either party, or by anyone acting on behalf of either party, which is not embodied herein. No other agreement, statement or promise, with respect to the subject matter hereof, not contained in this Agreement shall be valid or binding.

12. REGULATORY REFERENCES. A reference in this Agreement to a section of regulations means the section as in effect or as amended, and for which compliance is required.

13. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the Effective Date referenced above.

PROSPECT WATERBURY, INC.

**GREATER WATERBURY HEALTH
NETWORK, INC.**

By: _____
Name:
Title:

By: _____
Name:
Title:

Exhibit B

Form of Limited Power of Attorney

See attached.

THE WATERBURY HOSPITAL
(a Connecticut nonstock corporation)

LIMITED POWER OF ATTORNEY

The Waterbury Hospital, a Connecticut nonstock corporation (“Registrant”), operates under the certain licenses and registrations relating to controlled substances and the operation of pharmacies and laboratories set forth on Exhibit A hereto (collectively, the “Licenses and Registrations”). This Limited Power of Attorney is being delivered pursuant to that certain Asset Purchase Agreement, dated as of September 27, 2016, by and among Registrant, Prospect Waterbury, Inc., a Connecticut corporation (“Corporation”), and certain other parties (the “Purchase Agreement”).

1. To the extent permitted by applicable law:

(a) I, Darlene Stromstad, am authorized to sign the current applications for DEA registration on behalf of the Registrant under the Controlled Substances Act or Controlled Substances Import and Export Act, and have made, constituted, and appointed, and by these present, do hereby make, constitute, and appoint Corporation as my true and lawful attorney-in-fact to act for me in my name, place, and stead, to execute applications for Forms 222 and to sign orders for Schedule II controlled substances, whether these orders be on Form 222 or electronic, in accordance with 21 U.S.C. § 828 and Part 1305 of Title 21 of the Code of Federal Regulations, for the Limited Period described in Section 3 below. I hereby ratify and confirm all that Corporation must lawfully do or cause to be done by virtue hereof.

(b) Corporation further grants this Limited Power of Attorney to Aaron Burton (“Pharmacist-In-Charge”) to act as the true and lawful agent and attorney in-fact of Corporation, and to act in the name, place, and stead of Corporation, to execute applications for Forms 222 and to sign orders for Schedule II controlled substances, whether these orders be on Form 222 or electronic, in accordance with 21 U.S.C. § 828 and Part 1305 of Title 21 of the Code of Federal Regulations, as is necessary for the treatment of pharmacy patients. Corporation hereby ratifies and confirms all that said Pharmacist-In-Charge must lawfully do or cause to be done by virtue hereof.

(c) Corporation shall have the right, for the Limited Period described in Section 3 below, to operate under all of the Licenses and Registrations, until it is able to obtain all requisite licenses and registrations for itself.

2. Registrant recognizes that it remains legally responsible for Licenses and Registrations issued to it, during the period in which this Limited Power of Attorney is in effect. Therefore, Registrant grants this Limited Power of Attorney to Corporation based upon the following covenants and warranties of Corporation: (a) Corporation shall follow and abide by and comply with all federal and state laws governing the regulation of controlled substances, and the operation of the pharmacies, laboratories, blood banks and blood collection facilities set forth on Exhibit A hereto at all times while utilizing this Limited Power of Attorney and shall indemnify and hold Registrant harmless from and against any claims arising out of Corporation’s failure to do so; and (b) Corporation, or its designee, shall make application for and pursue its own licenses

and registrations relating to controlled substances, and the operation of pharmacies, laboratories, blood banks and blood collection facilities that are required by law as soon as practicable.

3. This Limited Power of Attorney shall remain in effect for a period not to exceed one hundred twenty (120) days following the closing date of the Purchase Agreement (the "Limited Period").

4. Registrant may revoke this Limited Power of Attorney at any time by executing the Notice of Revocation, attached hereto at Exhibit B.

5. This Limited Power of Attorney may be executed in multiple counterparts, each and all of which shall be deemed an original and all of which together shall constitute one and the same instrument. A signature delivered by facsimile or PDF will be sufficient for all purposes among the parties hereto and shall be deemed to have the same legal effect as delivery of an original.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, Registrant and Corporation have executed this Limited Power of Attorney as of the _____ day of _____, 2016 to be effective as of 12:01 a.m. Eastern Time on the 1st day of October, 2016.

WITNESS

WITNESS

REGISTRANT:

THE WATERBURY HOSPITAL

By: _____

Name: Darlene Stromstad

Title: President & Chief Executive Officer

CORPORATION:

PROSPECT WATERBURY, INC.

By: _____

Name: Samuel S. Lee

Title: President

(Limited Power of Attorney Signature Page – The Waterbury Hospital)

I, _____, hereby affirm that I am the person named herein as attorney-in-fact pursuant to Section 1(b) of the Limited Power of Attorney and that the signature affixed hereto is my signature.

Name:
Pharmacist-In-Charge

Witness: _____

Witness: _____

(Limited Power of Attorney Signature Page – Pharmacist-In-Charge – The Waterbury Hospital)

EXHIBIT A

<i>Location</i>	<i>License/Registration</i>	<i>License/Registration #</i>
The Waterbury Hospital	U.S. Drug Enforcement Agency Controlled Substance Registration	#AW2383153
The Waterbury Hospital	Controlled Substance Registration	#CSP-0004347-Hosp
See at right	Connecticut Laboratory Licenses	#HP-0255 (Approved Public Laboratory) #DS-0536 (Thomaston) #07D0100126 (Main Lab License) #CL-0734 (Naugatuck) #HP-0255 (Waterbury Hospital Lab License)
See at right	Connecticut Blood Bank and Blood Collection Facility Registrations	#DS-1079 (Chase Outpatient Center) #DS-0043 (Grandview) #DS-0611 (Middlebury Edge) #DS-0672 (Southbury) #DS-0536 (Thomaston) #DS-0578 (Watertown) #BB-1008 (General Blood Banking Operations)
See at right	CMS Laboratory – CLIAs	#07D0950241 (Naugatuck Lab) #07D0100126 (Waterbury Hospital)

EXHIBIT B

The Limited Power of Attorney, executed on _____, 2016, is hereby revoked by the undersigned, who is authorized to sign the current applications for the Licenses and Registrations. Written notice of this revocation has been given to the attorney-in-fact this same day.

By: _____

Name:

Title:

Witness: _____

Witness: _____

Exhibit C

Essential Clinical and Other Services

Buyer shall provide the following essential clinical and other services: (a) Emergency Department/Services (including trauma services), (b) General Medicine, (c) Behavioral Health Services, (d) Inpatient and Outpatient Surgery, (e) Radiology and Diagnostic Services, (f) Obstetrics and Gynecology (including those reproductive services currently provided at the Hospital), (g) Cardiology Services including Open Heart Services (subject to the receipt by Buyer of any and all required certificate of need approvals, licensure, registration, accreditation and certification necessary to provide such services in Connecticut), (h) Intensive Care Services, and (i) Neonatal Intensive Care Services (each, an “**Essential Service**”); *provided, however*, that if any of the following contingencies occurs with regard to any particular Essential Service, the Buyer may suspend, terminate, discontinue or materially and substantially modify, limit, or reduce (as applicable) the Essential Service:

(i) The medical staff of the facilities then owned or operated by the Buyer do not include qualified physicians necessary to support the provision of the Essential Service;

(ii) An Essential Service experiences a significant decrease in patient volumes for any reason not within the reasonable control of the Buyer, including technological obsolescence, changes in method, techniques or sites for delivery of the Essential Service, pharmaceutical advancements, failure of the Essential Service to qualify for reimbursement under Medicare (or any successor program) or a material portion of other payors, demographic and other market changes, or other competitive/marketplace factors; or

(iii) The actual or projected volume or clinical staffing for an Essential Service is or will be insufficient to achieve or maintain the level of quality for such Essential Service that is at least equal to, or better than, the level of quality at which the Essential Service is provided at any other general acute care community hospital in the region.

DISCLOSURE SCHEDULES
TO
ASSET PURCHASE AGREEMENT

by and between

GREATER WATERBURY HEALTH NETWORK, INC.

SELLER

and

PROSPECT CT MEDICAL FOUNDATION, INC.
PROSPECT WATERBURY, INC.
PROSPECT WATERBURY HOME HEALTH, INC.

BUYER

Dated as of September 27, 2016

These disclosure schedules have been arranged into separately titled sections corresponding to sections of the asset purchase agreement referenced above (the “Agreement”); provided, however, that any information included in these disclosure schedules shall be deemed to be disclosed and incorporated by reference into any other section or subsection of these disclosure schedules to the extent that such disclosure would clearly be responsive to such other section of the Agreement. Capitalized terms used in these disclosure schedules and not otherwise defined herein have the meaning given to them in the Agreement. The inclusion of any item in these disclosure schedules is not intended to imply that the items so included, or other items, are required to be disclosed (including, without limitation, whether such items are required to be disclosed as material or threatened). The information contained in these disclosure schedules is disclosed solely for purposes of the Agreement, and no information contained herein or therein will be deemed to be an admission by any party to any third party of any matter whatsoever (including, without limitation, any violation of law or breach of contract).

Schedules to Asset Purchase Agreement

SCHEDULE

Schedule 1.01(4)	Accounts Receivable
Schedule 1.02(i)	Persons with "Seller's" Knowledge
Schedule 2.01(a)	Owned Real Property
Schedule 2.01(b)	Leased Real Property
Schedule 2.01(c)(i)	Description of Personal Property
Schedule 2.01(c)(ii)	Leased Personal Property
Schedule 2.01(f)	Assumed Contracts
Schedule 2.01(g)	Permits
Schedule 2.01(h)	Intellectual Properties
Schedule 2.01(m)	Prepays
Schedule 2.01(y)	CHA Claims
Schedule 2.02(n)	Excluded Third Party Claims
Schedule 2.02(o)	Excluded Contracts
Schedule 2.02(t)	Other Excluded Assets
Schedule 2.03(d)	Capital Lease Obligations
Schedule 2.03(g)	Assumed Employee Benefit Plans
Schedule 2.04	Additional Excluded Claims and Obligations
Schedule 2.05(a)(vii)	Additional Liabilities Deducted from Purchase Price
Schedule 3.02(c)	Exceptions to Absence of Conflicts
Schedule 3.04	Investments and Third Party Rights
Schedule 3.05(a)	Legal Compliance
Schedule 3.05(b)	Corporate Integrity Agreements, Investigations and Complaints
Schedule 3.06	Financial Statements and Undisclosed Liabilities
Schedule 3.07	Recent Activities
Schedule 3.09	Equipment Depreciation Schedule
Schedule 3.10	Title to Assets
Schedule 3.11(a)	Permitted Encumbrances
Schedule 3.11(b)	Real Property Disclosures
Schedule 3.12	Environmental Claims
Schedule 3.13	Intellectual Properties and Information Systems
Schedule 3.14	Insurance
Schedule 3.15	Permits Not in Good Standing
Schedule 3.16(a)	Government Payment Programs and Accreditation
Schedule 3.16(b)	Cost Reports
Schedule 3.17	Contracts Related to the Hospital Businesses
Schedule 3.18	Consent, Assignment and Prohibitions on Competition
Schedule 3.19	Transactions with Affiliates
Schedule 3.20(a)	Labor Disputes
Schedule 3.20(b)	Collective Bargaining Agreements
Schedule 3.20(c)	Claims Involving Legal Requirements of Employment
Schedule 3.20(d)	Recently Terminated Employees
Schedule 3.20(f)	Pending Immigration Proceedings

Schedule 3.21(a)	Employee Benefit Plans
Schedule 3.21(c)	Employee Benefit Plan Compliance and Issues
Schedule 3.22	Proceedings and Claims
Schedule 3.24	Material Medical Staff Disputes
Schedule 3.25	Restricted Assets
Schedule 3.28	Joint Ventures and Converted Ventures
Schedule 3.29	Material Tangible Assets
Schedule 6.03	Exceptions to Non-Compete
Schedule 6.09	Charity Care and Community Obligations
Schedule 8.02(e)	Grants
Schedule 8.06	Consents to Assignment of Assumed Contracts

SCHEDULE 1.01(4)

ACCOUNTS RECEIVABLE

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 1.02(i)

PERSONS WITH “SELLER’S KNOWLEDGE”

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 2.01(a)

OWNED REAL PROPERTY

For The Waterbury Hospital:

- A. Waterbury Hospital Main Campus □ 64 Robbins Street, 134 Grandview Avenue, 140 Grandview Avenue, 170 Grandview Avenue, Waterbury

Those certain pieces and parcels of land, with the buildings and improvements thereon comprising the Main Campus, located at 64 Robbins Street and 170 Grandview Avenue, and certain land only, subject to leases of record, with street addresses of 134 Grandview Avenue and 140 Grandview Avenue:

FIRST PARCEL: A certain tract of land with the Hospital and other buildings and improvements thereon standing, bounded:

NORTHERLY	by land of The Waterbury Hospital, formerly of Loren Carter, being the land hereafter described;
EASTERLY	by Watertown Avenue;
SOUTHERLY	by Robbins Street; and
WESTERLY	by Grandview Avenue.

Containing twenty-four (24) acres, more or less.

Being the same premises conveyed to The Waterbury Hospital by Charles L. and Walter W. Holmes by deed dated February 18, 1907, recorded February 25, 1907, in Vol. 202, Page 553 of the Waterbury Land Records, excepting a portion conveyed by The Waterbury Hospital to the City of Waterbury for highway purposes by deed dated June 20, 1940, and recorded August 21, 1940, in Vol. 506, Page 191 of said land records.

SECOND PARCEL: Consisting of Four Pieces, being shown on a Map entitled □ Map of Woodside, Waterbury, Conn. A.J. Patton, Surveyor □ on file in the Waterbury Town Clerk's Office in Map Book 1, Page 25, and containing eighteen (18) acres, more or less, to wit:

First Piece: Lots Nos. 38, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, the southerly 40 feet of Lot 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89 and 90, as shown on said Map.

Second Piece: The southerly 145 feet of Lots Nos. 39 and 40, as shown on said Map.

Third Piece: Being the Homestead as shown on said Map, bounded

NORTHERLY	135 feet on Hale Street, so-called;
-----------	-------------------------------------

EASTERLY	425.74 feet in curved line on Winthrop Terrace, so-called;
SOUTHERLY	143.46 feet on Carter Avenue, so-called; and
WESTERLY	341.76 feet on Lots Nos. 61 and 53, as shown on said Map.

Fourth Piece: Bounded:

NORTHERLY	running to a point at the junction of Carter Avenue, so-called, and Watertown Avenue;
EASTERLY	on Watertown Avenue;
SOUTHERLY	on land of The Waterbury Hospital;
WESTERLY	on Lot No. 90 as shown on said Map; and
NORTHWESTERLY	and again WESTERLY on Carter Avenue, so-called.

Included in the Second Parcel are the streets and portions of streets, all as shown on the □Map of Woodside□ on file in the Waterbury Town Clerk's Office in Map Book 1, Page 1, as described and conveyed in the Executor's Deed from L. Russell Carter, Executor of the Estate of Loren R. Carter, to The Waterbury Hospital, dated November 13, 1952, recorded in Volume 667, page 40 of the Waterbury Land Records: Hale Street, Winthrop Terrace and Carter Avenue, subject to possible passway rights.

Being the same land conveyed to The Waterbury Hospital by L. Russell Carter, Executor under the Will of Loren R. Carter by deed dated and recorded November 13, 1952, in Vol. 667, Page 49 of the Waterbury Land Records.

Together with any and all rights under easement from John W. Potter to Loren R. Carter dated May 14, 1917 recorded in Vol. 282, Page 177 of the Waterbury Land Records.

Excluding from said Parcels the properties described in a Certificate of Taking by the State of Connecticut, dated March 21, 1963 and recorded in Volume 842, Page 30 and in a Quit Claim Deed from Waterbury Hospital to the State of Connecticut dated June 7, 1963 recorded in Volume 847, Page 397, each of the Waterbury Land Records.

Together with the benefits of a certain Agreement by the City of Waterbury with Loren R. Carter dated December 10, 1907, recorded November 4, 1931 in Volume 450, Page 625 of the Waterbury Land Records. While this is appurtenant, if still valid, the location of the steps and wall is on property of The Waterbury Hospital.

B. Property at 36 Grandview Avenue, Waterbury

All that certain piece or parcel of land, with all the improvements thereon, known as □36 Grandview Avenue, situated in the Town of Waterbury, County of New Haven and State of Connecticut, bounded and described as follows:

A certain piece or parcel of land situated on the easterly side of Grandview Avenue, and being the northerly one half of Lot □3 and Lot □4 on PLAN OF LAND OF SAMUEL ROOT, made by the A. J. Patton company, February 1910, bounded and described as follows:

NORTHERLY - 100 feet on Lots 5, 6 and 7;
EASTERLY - 60 feet on Lots 7 and 10;
SOUTHERLY - 100 feet on southerly one half of Lot 3;
WESTERLY - 60 feet on Grandview Avenue.

Being the same premises conveyed to The Waterbury Hospital by Greater Waterbury Health Network, Inc. by Quit-Claim Deed dated December 30, 1997 and recorded in Volume 3571 at Page 135 of the Waterbury Land Records.

For Greater Waterbury Management Resources, Inc.

C. 305 Church Street Condominium, Unit 7, 305 Church Street, Naugatuck

That certain real property located in the Town of Naugatuck, County of New Haven and State of Connecticut, known as Unit 7 of 305 Church Street Condominium, together with the interest in the Common Elements appurtenant thereto, said Unit and Common Elements being more specifically designated and described in the original Declaration entitled "Declaration of 305 Church Street Condominium" declared by Professional Park dated January 1989 recorded on January 13, 1989 in Volume 326, Page 613 of the Naugatuck Land Records, as the same may have been amended and/or supplemented.

For VNA Health at Home, Inc.:

None.

For Cardiology Associates of Greater Waterbury, LLC:

None.

For Alliance Medical Group, Inc.:

None.

For Greater Waterbury Health Network, Inc.:

None.

SCHEDULE 2.01(b)

LEASED REAL PROPERTY

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 2.01(c)(i)

DESCRIPTION OF PERSONAL PROPERTY

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 2.01(c)(ii)

LEASED PERSONAL PROPERTY

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 2.01(f)

ASSUMED CONTRACTS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 2.01(g)**PERMITS**

Permits held by The Waterbury Hospital, to the extent legally assignable:

Type of Permit Registration	Issuing Authority	Permit Registration No.	Expiration Date
ADAC Laboratories FORTE 2003 FOR Planar, SPECT and Nuclear Cardiology	American College of Radiology	None	7/14/2017
Air Permit to Operate- Cleaver Brooks Boiler No 2	CT DEEP Bureau of Air Management	OP 192-0105	None
Air Permit to Operate- Cleaver Brooks Boiler No 3	CT DEEP Bureau of Air Management	CP/OP 192-0115	None
Air Permit-By-Rule Emergency Generator	CT DEEP Bureau of Air Management	None	None
Air Permit-By-Rule Emergency Generator	CT DEEP Bureau of Air Management	None	None
Air Permit-By-Rule Emergency Generator	CT DEEP Bureau of Air Management	None	None
Amended Materials License to include Ehsan Ansari, MD	US Nuclear Regulatory Commission (Region 1)	06-02406-01	5-May-16
Approved Public Laboratory	CT Department of Health	HP 0255	31-Dec-17
Blood Draw Station License - Chase Outpatient Center	State of Connecticut Department of Health	DS-1079	None
Blood Draw Station License - Grandview	State of Connecticut Department of Health	DS-0043	None
Blood Draw Station License - Middlebury Edge	State of Connecticut Department of Health	DS 0611	None
Blood Draw Station License - Southbury	State of Connecticut Department of Health	DS 0672	None
Blood Draw Station License - Thomaston	State of Connecticut Department of Health	DS 0536	None
Blood Draw Station License - Watertown	State of Connecticut Department of Health	DS 0578	None

Type of Permit Registration	Issuing Authority	Permit Registration No.	Expiration Date
Boiler Operating Certificates	CT Div of Construction Svcs. Bureau of Boilers	048936, 048883	9-Sep-16
Certificate of Self - Insurance and ability to pay compensation directly to injured employees	State of Connecticut Workers Compensation Commission	None	6-1-2015 Expires 31 May- 16 Extended to 31- Sep-16
Certificate of Use & Occupancy Surgery	City of Waterbury, CT	PR20110003496	Completed 1-10-2013
Clinical Laboratory - Thomaston	CT Department of Health	DS-0536	14-Oct-15
Clinical Laboratory (Main Lab License)	CT Department of Health	07D0100126	2-28-17 expires 2-28-2017
Clinical Laboratory (Naugatuck)	CT Department of Health	CL 0734	14-Sep-17
Clinical Laboratory Improvement Amendments Certificate of Accreditation - Naugatuck Lab	Centers for Medicare & Medicaid Services	07D0950241	Effective 9-15-2015 - Expires 9-14-2017
Clinical Laboratory Improvement Amendments Certificate of Accreditation - Waterbury Hospital	Centers for Medicare & Medicaid Services	07D0100126	Effective 02-28-2015 - Expires 02-27-2017
Clinical Laboratory License, Naugatuck, CT	State of Connecticut Department of Public Health	CL 0734	31-Dec-17
Compliance Notification	CT Dept of Public Safety, Office of State Fire Marshal	None	1-Sep-16
Connecticut Sales and Use Tax Permit	State of Connecticut Department of Revenue Services	License 1219602 Registration 6653448-001	June 1, 2006 - March 31, 2021
Controlled Substance Registration	United States Dept of Justice Drug Enforcement Administration	AW2383153	Issued 4-2-15
Controlled Substance Registration	State of Connecticut Department of Consumer Protection	CSP-0004347-Hosp	Effective 3-1-15 - Expires 2-28-2017

Type of Permit Registration	Issuing Authority	Permit Registration No.	Expiration Date
Diagnostic and Therapeutic X-Ray Device Registration	CT DEEP Bureau of Air Management	3161	30-Apr-18
Diagnostic and Therapeutic X-Ray Devices	CT DEEP Bureau of Air Mgmt Radiation Division	2212306	30-Apr-18
FDA Blood Bank Registration	Dept of Health & Human Services US Food and Drug Administration - New England Office	FEI: 1271998 CFN: 1271998	Validated: 11/24/2015
Fire Extinguisher Inspection	Fire Control Service, Inc.	Issued 20-May-16	None
Food Service Permit - Granted to Morrison Food & Nutrition	City of Waterbury, CT Department of Health	385	2/1/16 - 1/31/17
Food Service Permit - Granted to Morrison Food & Nutrition	City of Waterbury Department of Health	385	2/1/2016 Expires 31-Jan-17
GE AMX 4 Port 4 SN:1483	Thomas J. LaRocca, LORAD	PASS (8-Apr-16) (Collimator Field Size Indicators Missing - Service repair required)	None
GE Radiation Room 10 Inspection	Bio-Med Associates	PASS	3-Mar-16
General Blood Banking Operations	CT Department of Health	BB 1008	31-Dec-17
General Permit for the Discharge of Minor Non-Contact Cooling and Heat Pump Water	CT DEEP Bureau of Materials Management & Compliance Assurance	None	29-Mar-17
General Permit for the Discharge of Minor Photographic Processing Wastewater	CT DEEP Bureau of Materials Management & Compliance Assurance	GPH000127	21-Jun-20
General Permit for the Discharge of Wastewater Associated with Food Service Establishments	CT DEEP Bureau of Materials Management & Compliance Assurance	None	4-Oct-25

Type of Permit Registration	Issuing Authority	Permit Registration No.	Expiration Date
General Permit for the Discharge of Water Treatment Wastewater	CT DEEP Bureau of Materials Management & Compliance Assurance	GWT000137	29-Mar-17
General Permit to Limit Potential to Emit (GPLPE)	CT DEEP Bureau of Air Management	192-0189-GPLPE	8-Nov-20
Helipad Log <i>demonstrating usage does not meet requirement for Permit</i>	State of Connecticut, Department of Transportation		
Hospital License	CT Department of Health	0060	30-Sep-17
Industrial Alcohol User Permit	US Department of the Treasury Alcohol and Tobacco Tax and Trade Bureau	TF-CT-299	Amended 4/24/2009
Materials License	US Nuclear Regulatory Commission (Region 1)	06-02406-01	31-Mar-26
Medical Physicists Breast Biopsy Quality Control Test Summary	Thomas J. LaRocca, LORAD	PASS (31-Mar-16)	None
Medical Physicists Mammography Quality Control Test Summary	Thomas J. LaRocca, LORAD	PASS (13-Oct-15)	None
Non-RCRA Hazardous Biomedical Waste (Large Quantity Generator)	CT DEEP	2827	June 30,2016
North Wing Passenger (right) 8 Otis 1D74864	CT Div of Construction Svcs - Bureau of Elevators	151-0113	1-Feb-18
North Wing Passenger (right) 9 Otis 1D74865	CT Div of Construction Svcs - Bureau of Elevators	151-0114	1-Feb-18
Passenger Grandview 7 Otis 1244611	CT Div of Construction Svcs - Bureau of Elevators	151-0434	1-Feb-18
Passenger Main Center (left) C-2 Otis 1242432	CT Div of Construction Svcs - Bureau of Elevators	151-0432	1-Feb-18

Type of Permit Registration	Issuing Authority	Permit Registration No.	Expiration Date
Passenger Main Center (right) C-1 Otis 242431	CT Div of Construction Svcs - Bureau of Elevators	151-0431	1-Feb-18
Permit for Fuel Burning Equipment (Generator 1)	CT DEEP Bureau of Air Mgmt	0135	None
Permit for Fuel Burning Equipment (Generator 2)	CT DEEP Bureau of Air Mgmt	0136	None
Permit for Fuel Burning Equipment (Generator 3)	CT DEEP Bureau of Air Mgmt	0137	None
Pomeroy Dumbwaiter - Clean PE-1 Otis C01848	CT Div of Construction Svcs - Bureau of Elevators	151-0369	1-Feb-18
Pomeroy Dumbwaiter - Dirty PE-2 Otis C01847	CT Div of Construction Svcs - Bureau of Elevators	151-0370	1-Feb-18
Pomeroy Passenger PE-1 Otis C01840	CT Div of Construction Svcs - Bureau of Elevators	151-0336	1-Feb-18
Pomeroy Passenger PE-2 Otis C01841	CT Div of Construction Svcs - Bureau of Elevators	151-0337	1-Feb-18
Pomeroy Passenger PE-3 Otis C01842	CT Div of Construction Svcs - Bureau of Elevators	151-0338	1-Feb-18
Pomeroy Service Elevator SE-5 Otis C01843	CT Div of Construction Svcs - Bureau of Elevators	151-0381	1-Feb-18
Pomeroy Service Elevator SE-6 Otis C01844	CT Div of Construction Svcs - Bureau of Elevators	151-0382	1-Feb-18
Pomeroy Service Elevator SE-7 Otis C01845	CT Div of Construction Svcs - Bureau of Elevators	151-0383	1-Feb-18
Radio Station License (Walkie Talkies and Life Star ((Helicopter))	Federal Communication Commission	Call Sign: WQUP781 Frequency Coordination C PC20142060022	Effective 09/04/2014 Expires 09/04/2024
Radioactive Material & Industrial X-Ray Devices	CT DEEP Bureau of Air Mgmt Radiation Division	2198252	31-Dec-16

Type of Permit Registration	Issuing Authority	Permit Registration No.	Expiration Date
Radioactive Material and Industrial X-Ray Device Registration	CT DEEP Bureau of Air Management	0391	31-Dec-16
RCRA Subtitle C Non-RCRA Hazardous Biomedical Waste	US Environmental Protection Agency	<u>See:</u> Hazardous Waste	24-Feb-16
Siemens Rad Room 9 performance report	Thomas J. LaRocca, LORAD	PASS (3-Mar-16)	None
Siemens X-Ray ARCADIS Orbic C Arm	Thomas J. LaRocca, LORAD	PASS (8-Apr-16)	None
Siemens X-Ray Room 7 - Presitge VH R&F Unit	Thomas J. LaRocca, LORAD	PASS (8-Apr-16)	None
Siemens X-Ray Room 8 - Tube 1	Thomas J. LaRocca, LORAD	PASS (8-Apr-16)	None
Siemens X-Ray Room 8 - Tube 2	Thomas J. LaRocca, LORAD	PASS (8-Apr-16)	None
GE X-Ray Room 10 - Advantx Room 10	Thomas J. LaRocca, LORAD	PASS (3-Mar-16)	None
Toshiba Aquilion	Thomas J. LaRocca, LORAD	PASS (30-Aug-16)	None
Tax Exempt Permit	State of Connecticut Department of Revenue Services	E-00524 (8-1-1957)	None
Water Treatment - Wastewater	CT Department of Environmental Protection	GWT 000137	29-Mar-17
Waterbury Hospital Lab License	State of Connecticut Department of Public Health	HP 0255	17-Sep-17
West Wing Passenger (left) 4 Otis C73880	CT Div of Construction Svcs - Bureau of Elevators	151-0416	1-Feb-18
West Wing Passenger (right) 2 Otis C73882	CT Div of Construction Svcs - Bureau of Elevators	151-0417	1-Feb-18

WATERBURY HOSPITAL ACCREDITATIONS

ACGME	Internal Medicine Resident Program in connection with Yale New Haven Medical Center	Effective: 1-15-2016
ACGME	Waterbury Hospital Surgical Department	Effective: 6-25-15

American College of Radiology	Nuclear Medicine Services, Ultrasound, Mammographic Imaging Services, Computed Tomography Services	Term: July 15, 2014 - July 14, 2017
American College of Radiology	ADAC Laboratories FORTE 2003 for Planar, SPECT, Nuclear Cardiology	Term: July 15, 2014 to July 14, 2017
American College of Radiology	ADAC Laboratories FORTE 2000 for Planar, SPECT	Term: July 14, 2014 to July 14, 2017
American College of Radiology	Gynecological, General, Vascular	Term: July 11, 2014 to August 29, 2017
American College of Radiology	Gynecological, General, Vascular	Term: April 14, 2014 to April 19, 2017
American College of Radiology	Toshiba Aquilion 32 2006 for Head/Neck, Chest and Abdomen	Term: August 26, 2013 to August 26, 2016
American College of Radiology	Toshiba Aquilion Prime 80 2-15 for Head/Neck, Chest and Abdomen	Term: February 29, 2016 to December 07, 2018
American College of Radiology	Toshiba AQ64 CFX 6B 2006 for Head/Neck, Chest and Abdomen	Term: December 7, 2015 through December 07, 2018
American College of Radiology (Mammography)	Lorad Medical Systems, Inc, Selinia 2008	Term: February 17, 2016 through October 02, 2018
American College of Surgeons Committee on Trauma	Verification as a Level II Trauma Center	Expires January 9, 2018
Centers for Medicare and Medicaid Services	Certification by Clinical Laboratory Improvement Amendments	Hospital Lab - Term: February 28, 2015 - February 27, 2017
Centers for Medicare and Medicaid Services	Certification by Clinical Laboratory Improvement Amendments	Naugatuck Lab - Term: September 15, 2015 - September 14, 2017
College of American Pathologists	Naugatuck Laboratory Accreditation CAP #1192702 AU ID:1194131	Expires: April 29, 2017
College of American Pathologists	Waterbury Hospital Laboratory Accreditation CAP #1192701 AU ID:1177236	Expires: April 29, 2017
Commission on Cancer	3-year Accreditation with Commendation	Term: September 5, 2014 to September 2017
Connecticut State Medical Society	Letter advising Hospital it is in full compliance (May 9, 2016)	None

National Accreditation for Breast Centers	3-year Full Accreditation	Extended by letter to Sept 2016
The Joint Commission	Full Accreditation	Effective: 6/10/2016
The Joint Commission	Behavioral Health Accreditation	Effective: 6/10/2016

Permits held by Alliance Medical Group, Inc., to the extent legally assignable:

Group NPI: 1316273071
 Medicare PTAN: D100010277
 Group Taxonomy: 193200000X

Permits held by VNA Health at Home, Inc., to the extent legally assignable:

Centers for Medicare and Medicaid Services, Clinical Laboratory Improvements Amendments, Certificate of Waiver, Expires 4/12/2018

State of Connecticut, Department of Public Health, Home Health Care Agency License No. C895710, Expires 6/30/2018

Visiting Nurse Association of New England, Managed Care Contracting, Expires 6/30/2017

Visiting Nurse Association of America, National Homecare Association, Expires 12/31/2016

Permits held by Cardiology Associates of Greater Waterbury, LLC, to the extent legally assignable:

Centers for Medicare and Medicaid Services, Clinical Laboratory Improvements Amendments, Certificate of Waiver, expires 2/6/2017

Certificate of Accreditation from Intersocietal Accreditation Commission Nuclear/PET ICANL issued to Waterbury Hospital Cardiac Diagnostic Center for 455 Chase Parkway, Waterbury, Connecticut for nuclear cardiology, valid through October 21, 2016

Radioactive Material Industrial X-Ray Devices Permit issued by the State of Connecticut Department of Energy and Environmental Protection to The Waterbury Hospital, 455 Chase Parkway, Waterbury, Connecticut, valid through December 31, 2016

Permits held by Greater Waterbury Management Resources, Inc.:

None.

SCHEDULE 2.01(h)

INTELLECTUAL PROPERTIES

For The Waterbury Hospital and Greater Waterbury Health Network, Inc.:

Logos:



Website domains owned/registered:

Domain Name	Expires	Status
BEWELLCENTER.COM	7/9/2017	Active
BEWELLCENTER.ORG	5/12/2017	Active
GREATERWATERBURYIMAGINGCENTER-CHAN...		DNS Only (Hosting)
GWHN.COM	5/22/2017	Active
GWHN.ORG	10/19/2017	Active
INCORPORATORS.ORG	9/23/2017	Active
WATERBURYHOSPITAL.COM	12/13/2017	Active
WATERBURYHOSPITAL.ORG	6/13/2017	Active
WATERBURYHOSPITALPHYSICIANS.COM	12/8/2017	Active
WATERBURYHOSPITALPHYSICIANS.ORG	12/8/2017	Active
WATERBURYSURGERY.COM	10/16/2017	Active
WATERBURYSURGERY.ORG	9/27/2017	Active

Also, WTBYHOSP.ORG, expires: 8/6/2019, status: active

NOTE: the only active domain with content is Waterburyhospital.org

Other social media sites:

Facebook: https://www.facebook.com/WaterburyHospital/?ref=aymt_homepage_panel

LinkedIn:

https://www.linkedin.com/company/35536?trk=vsrp_companies_cluster_name&trkInfo=VSRPs_earchId=3A350015061466607919635&2CVSRPtargetId=3A35536&2CVSRPcmpt=3Acompa_nies_cluster

Twitter: Waterburyhosp

Instagram: Waterburyhospital

Trade names: Waterbury Hospital Health Center; GWHN, Greater Waterbury Health Network

For Alliance Medical Group, Inc.:

Logo:



Domain Name and website: www.alliancemedicalgroup.com

Date of Original Registration: January 10, 2006

Registration Expiration Date: January 10, 2019

Facebook: <https://www.facebook.com/Alliance-Medical-Group-466414466740123>

Trade names: Alliance Medical Group, AMG

For Cardiology Associates of Greater Waterbury, LLC:

Logo:



Domain Name and website: CAWTBY.com

Date of Original Registration: November 26, 1998

Registration Expiration Date: November 25, 2017

Facebook: <https://www.facebook.com/Cardiology-Associates-of-Waterbury-182684038429284>

Trade name: Cardiology Associates of Greater Waterbury, CAGW

For VNA Health at Home, Inc.:

Logo:



Domain Name: vnahealthathome.org

Registration expires: June 20, 2017

Facebook: https://www.facebook.com/vnahealthathome/?hc_ref=PAGES_TIMELINE&fref=if

Trade name: VNA Health at Home

Copyrightable Works (all entities):

None.

Live Registered Trademarks or Pending Trademark Applications (all entities):

None.

SCHEDULE 2.01(m)

PREPAIDS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 2.01(v)

CHA CLAIMS

Those claims being organized and supported by the Connecticut Hospital Association which are currently Applications to the Departments of Social Services and Revenue Services, seeking declaratory rulings from the agencies on whether the so-called "provider tax" on hospitals is constitutional, including, without limitation, such other or related claims in connection with DSH payments and taxes previously paid by Seller in connection with psychiatric and lab claims.

SCHEDULE 2.02(n)

EXCLUDED THIRD PARTY CLAIMS

None.

SCHEDULE 2.02(q)

EXCLUDED CONTRACTS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 2.02(t)

OTHER EXCLUDED ASSETS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 2.03(d)

CAPITAL LEASE OBLIGATIONS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 2.03(g)

ASSUMED EMPLOYEE BENEFIT PLANS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 2.04

EXCLUDED LIABILITIES

For Greater Waterbury Health Network, Inc.:

None.

For Waterbury Hospital:

None.

For Alliance Medical Group:

None.

For Cardiology Associates of Greater Waterbury, LLC:

None.

For VNA Health at Home, Inc.:

None.

For Greater Waterbury Management Resources, Inc.:

None.

SCHEDULE 2.05(a)(vii)

ADDITIONAL LIABILITIES DEDUCTED FROM PURCHASE PRICE

For Greater Waterbury Health Network, Inc.:

None.

For Waterbury Hospital:

None.

For Alliance Medical Group:

None.

For Cardiology Associates of Greater Waterbury, LLC:

None.

For VNA Health at Home, Inc.:

None.

For Greater Waterbury Management Resources, Inc.:

None.

SCHEDULE 3.02(c)

EXCEPTIONS TO ABSENCE OF CONFLICTS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.04

INVESTMENTS AND THIRD PARTY RIGHTS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.05(a)

LEGAL COMPLIANCE

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.05(b)

CORPORATE INTEGRITY AGREEMENTS, INVESTIGATIONS AND COMPLAINTS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.06

FINANCIAL STATEMENTS AND UNDISCLOSED LIABILITIES

Greater Waterbury Health Network, Inc. and Subsidiaries Consolidated Financial Statements, September 30, 2015 and 2014 (attached hereto)

Greater Waterbury Health Network, Inc. and Subsidiaries Consolidated Financial Statements, September 30, 2013 and 2012 (attached hereto)

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Waterbury Health Network, Inc.

We have audited the accompanying consolidated financial statements of Greater Waterbury Health Network, Inc. and Subsidiaries, which comprise the consolidated balance sheets as of September 30, 2015 and 2014, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Greater Waterbury Health Network, Inc. and Subsidiaries as of September 30, 2015 and 2014, and the results of its operations and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marcum LLP

Hartford, CT
January 18, 2016

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2015 AND 2014

	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	□ 22,023,992	□ 34,127,272
Restricted cash	1,350,000	675,000
Short-term investments	1,527,528	1,420,733
Patient accounts receivable, less allowance (□5,232,000 in 2015 and □9,288,000 in 2014)	32,315,680	31,329,622
Grants and other receivables	3,837,291	3,843,762
Inventories	3,461,115	3,922,673
Prepaid insurance and other expenses	2,060,247	1,967,241
Due from affiliates	189,380	190,880
Total Current Assets	66,765,233	77,477,183
Other Assets		
Under bond indenture agreements	31,682	32,613
Funds held in trust by others	43,411,397	46,117,761
Goodwill	1,813,567	1,813,567
CHEFA obligations issue expense, less amortization	204,696	243,686
Long-term investments	25,903,153	26,937,851
Board-designated endowment funds	--	3,315,500
Other investments	80,000	80,000
Loans and other receivables	293,725	231,105
Accrued interest and dividends receivable	18,169	52
Total Other Assets	71,724,707	78,739,522
Property, plant and equipment:		
Land	287,549	287,549
Buildings and improvements	97,552,740	97,400,827
Furniture, fixtures and equipment	194,547,864	188,855,009
Construction in progress	13,934	--
Less accumulated depreciation	(256,109,338)	(248,520,576)
Total Property, Plant and Equipment	36,292,749	38,022,809
Total Assets	□ 174,814,371	□ 194,272,127

The accompanying notes are an integral part of these consolidated financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS (CONTINUED)

SEPTEMBER 30, 2015 AND 2014

	2015	2014
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	□ 32,196,071	□ 33,650,793
Due to third-party reimbursement agencies	7,729,230	4,444,304
Current portion of CHEFA obligations	576,408	548,776
Current portion of notes payable and capital lease obligations	<u>1,455,894</u>	<u>461,705</u>
Total Current Liabilities	<u>41,957,603</u>	<u>39,105,578</u>
CHEFA Obligations - less current portion	<u>24,483,336</u>	<u>25,059,744</u>
Notes Payable and Capital Lease Obligations - less current portion	<u>3,647,977</u>	<u>438,984</u>
Other Noncurrent Liabilities	<u>26,049,588</u>	<u>25,354,977</u>
Net Assets		
Unrestricted	21,583,554	43,957,226
Temporarily restricted	8,220,369	8,729,527
Permanently restricted	<u>46,203,433</u>	<u>48,909,797</u>
Total Net Assets Excluding Noncontrolling Interests	76,007,356	101,596,550
Noncontrolling Interests	<u>2,668,511</u>	<u>2,716,294</u>
Total Net Assets	<u>78,675,867</u>	<u>104,312,844</u>
Total Liabilities and Net Assets	<u>□ 174,814,371</u>	<u>□ 194,272,127</u>

The accompanying notes are an integral part of these consolidated financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS
AND CHANGES IN NET ASSETS**

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Revenues		
Net patient service revenues	□ 238,149,648	□ 253,394,006
Provision for bad debts	<u>(4,483,187)</u>	<u>(4,454,817)</u>
Net patient service revenues less provision for bad debts	233,666,461	248,939,189
Investment related income	1,876,016	1,706,241
Other operating revenues	4,620,874	4,332,689
Services, sales and rental income	1,766,102	1,657,959
Unrestricted gifts and bequests	669,579	1,249,261
Net assets released from restrictions	<u>5,014,429</u>	<u>5,542,491</u>
Total Revenues	<u>247,613,461</u>	<u>263,427,830</u>
Expenses		
Salaries, wages and benefits	154,106,643	151,760,190
Supplies, utilities and other	104,740,692	107,222,243
Depreciation	7,670,258	7,991,436
Interest and amortization	<u>1,535,311</u>	<u>1,476,326</u>
Total Expenses	<u>268,052,904</u>	<u>268,450,195</u>
Deficiency of Revenues over Expenses		
Before Net Unrealized (Losses) Gains on Investments	(20,439,443)	(5,022,365)
Changes in Net Unrealized (Losses) Gains on Investments	<u>(1,197,928)</u>	<u>294,354</u>
Deficiency of Revenues Over Expenses	(21,637,371)	(4,728,011)
Less Excess of Revenues over Expenses		
Attributable to Noncontrolling Interests	<u>(750,533)</u>	<u>(926,677)</u>
Deficiency of Revenues Over Expenses		
Attributable to Controlling Interest	<u>(22,387,904)</u>	<u>(5,654,688)</u>

The accompanying notes are an integral part of these consolidated financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS
AND CHANGES IN NET ASSETS (CONTINUED)**

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Unrestricted Net Assets, Controlling Interest		
Deficiency of revenues over expenses	□ (22,387,904)	□ (5,654,688)
Net assets released from restrictions used for purchase of property and equipment	95,170	13,360
Interest rate swap adjustment	(338,948)	217,110
Pension liability adjustments	<u>258,010</u>	<u>(841,605)</u>
Decrease in Unrestricted Net Assets, Controlling Interest	<u>(22,373,672)</u>	<u>(6,265,823)</u>
Unrestricted Net Assets, Noncontrolling Interest		
Excess of revenues over expenses	750,533	926,677
Distributions	<u>(798,316)</u>	<u>(924,889)</u>
(Decrease) Increase in Unrestricted Net Assets, Noncontrolling Interest	<u>(47,783)</u>	<u>1,788</u>
Temporarily Restricted Net Assets		
Gifts and bequests	447,582	453,516
Income from investments	704,133	447,776
Net realized and unrealized (losses) gains on investments	(561,598)	604,989
Grants	4,010,322	4,369,303
Net assets released from restrictions	<u>(5,109,597)</u>	<u>(5,555,851)</u>
(Decrease) Increase in Temporarily Restricted Net Assets	<u>(509,158)</u>	<u>319,733</u>
Permanently Restricted Net Assets		
(Decrease) increase in fair value of funds held in trust by others	<u>(2,706,364)</u>	<u>1,157,722</u>
(Decrease) Increase in Permanently Restricted Net Assets	<u>(2,706,364)</u>	<u>1,157,722</u>
Decrease in Net Assets	(25,636,977)	(4,786,580)
Net Assets - Beginning	<u>104,312,844</u>	<u>109,099,424</u>
Net Assets - End	<u>□ 78,675,867</u>	<u>□ 104,312,844</u>

The accompanying notes are an integral part of these consolidated financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Cash Flows from Operating Activities and Nonoperating Revenues		
Decrease in net assets	□ (25,636,977)	□ (4,786,580)
Adjustments to reconcile decrease in net assets to net cash (used in) provided by operating activities and nonoperating revenues:		
Provision for bad debts	4,483,187	4,454,817
Depreciation and amortization	7,709,248	8,030,426
Pension liability adjustments	(258,010)	841,605
Distributions to noncontrolling interests	798,316	924,889
Net realized and unrealized gains and change in fair value of funds held in trust by others	4,659,739	(2,378,554)
Restricted gifts, bequests and income from investments	(1,153,115)	(901,292)
Change in market value of interest rate swap	338,948	(217,110)
	(9,058,664)	5,968,201
 Change in operating working capital, other than cash and cash equivalents and short-term investments:		
Patient accounts receivable, net	(5,469,245)	(5,826,686)
Grants and other receivables	6,471	(141,238)
Inventories	461,558	(335,852)
Prepaid insurance and other expenses	(93,006)	(364,145)
Accounts payable and accrued expenses	(1,454,722)	4,255,075
Due to third-party reimbursement agencies	3,284,926	1,301,118
Other noncurrent liabilities	613,673	2,916,975
	(2,650,345)	1,805,247
 Net Cash (Used in) Provided by Operating Activities and Nonoperating Revenues	(11,709,009)	7,773,448

The accompanying notes are an integral part of these consolidated financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

	2015	2014
Cash Flows from Investing Activities		
(Increase) decrease in restricted cash	□ (675,000)	□ 3,844,908
Other assets	(62,620)	128,270
Additions to property, plant and e□ipment	(1,099,291)	(1,383,309)
Purchases of investments	(69,789,842)	(37,598,422)
Sales of investments	<u>72,062,684</u>	<u>36,853,989</u>
Net Cash Provided by Investing Activities	<u>435,931</u>	<u>1,845,436</u>
Cash Flows from Financing Activities		
Restricted gifts, be□uests and income from investments	1,153,115	901,292
Cash received from (paid to) affiliates	1,500	(1,501)
Distributions to noncontrolling interests	(798,316)	(924,889)
Net proceeds from issuance of debt	--	55,580
Principal payments on debt obligations	<u>(1,186,501)</u>	<u>(1,234,144)</u>
Net Cash Used in Financing Activities	<u>(830,202)</u>	<u>(1,203,662)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(12,103,280)	8,415,222
Cash and Cash Equivalents - Beginning	<u>34,127,272</u>	<u>25,712,050</u>
Cash and Cash Equivalents - End	<u>□ 22,023,992</u>	<u>□ 34,127,272</u>

Supplemental Cash Flow Information

Cash paid during the year for interest on borrowings was □1,405,775 and □1,291,943 for the years ended September 30, 2015 and 2014, respectively.

During 2015 the Network obtained various e□ipment by entering into capital leases totaling □4,840,907.

The accompanying notes are an integral part of these consolidated financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

ORGANIZATION

Greater Waterbury Health Network, Inc. (the Corporation, Network or GWHN) was incorporated on September 27, 1984 as a not-for-profit organization under the Non-Stock Corporation Act of the State of Connecticut. The Corporation's subsidiaries and affiliates are The Waterbury Hospital (the Hospital), Greater Waterbury Health Services, Inc., Greater Waterbury Management Resources, Inc. (GWMRI), VNA Health at Home, Inc. (VNA), and the Children's Center of Greater Waterbury Health Network, Inc. (Children's Center). The accompanying financial statements also include Access Rehab Centers, LLC (Access), Greater Waterbury Imaging Center Limited Partnership (GWIC), Imaging Partners, LLC, Alliance Medical Group, Inc. (AMG) and Cardiology Associates of Greater Waterbury, LLC to the extent of the Hospital's ownership interest in these subsidiaries and affiliated entities.

On April 30, 2015, GWHN entered into a letter of intent with Prospect Medical Holdings, Inc. ("Prospect") pursuant to which Prospect will purchase substantially all of the assets of GWHN and its affiliates, other than HAIC, the Hospital's captive insurer and Children's Center of Greater Waterbury Health Network, Inc. The transaction is subject to the approval of the Connecticut Office of the Attorney General and the Connecticut Department of Public Health's Office of Health Care Access. Those applications have been filed and are pending.

During November 2010, the Hospital established a limited liability company by the name of Cardiology Associates of Greater Waterbury, LLC (CAGW) to operate a cardiology practice. CAGW acquired the assets of Cardiology Associates of Waterbury (CAW), an unaffiliated entity, that were used by CAW physicians in the performance of their professional services.

The Hospital also acquired the assets of CAW that were used by CAW to perform diagnostic ancillary services. The Hospital converted these ancillary services to provider-based services, which are provided at a diagnostic center located near the Hospital. The goodwill recorded on the consolidated balance sheets relates to the purchase of CAW.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

ORGANIZATION (CONTINUED)

During June 2010, the Hospital entered into an arrangement with certain gastroenterology physician-members of the Hospital's medical staff to form Waterbury Gastroenterology Co-Management Company, LLC (GI Co-Management Company), a Connecticut limited liability company. This company was formed as a collaborative effort between the Hospital and the physicians for the purpose of improving the quality and efficiency of the gastroenterology service line at the Hospital. The Hospital's investment of \$50,000 in the GI Co-Management Company is included in the Corporation's consolidated financial statements in long-term investments and is recorded at cost.

The Hospital entered into a members' agreement, making it an equal member with St. Mary's Hospital, located in Waterbury, Connecticut, in a joint venture to form The Harold Leever Regional Cancer Center, Inc. (the Cancer Center). The Cancer Center is a Connecticut non-stock corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of the joint venture is to develop, construct, own and operate the Cancer Center. Both member hospitals transferred the revenue and related expenses of their respective radiation oncology services to the Cancer Center in October 2002. Both member hospitals made working capital advances to the Cancer Center. The Cancer Center is not included in the Hospital's consolidated financial statements. During the years ended September 30, 2015 and 2014, the Cancer Center provided unrestricted grants of \$500,000 and \$1,000,000, respectively, to the Hospital that are included in unrestricted gifts and bequests in the consolidated statements of operations and changes in net assets.

The Corporation's major accounting policies are as summarized below and in Note 2.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Corporation, its subsidiaries and affiliated entities. Recognition has been given to noncontrolling interests in the affiliates which is reflected as a component of unrestricted net assets. All significant intercompany accounts and transactions are eliminated in consolidation.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated uncollectible accounts receivable for services to patients, and liabilities, including estimated net settlements with third-party reimbursement agencies and professional and pension liabilities, and disclosure of contingent assets and contingent liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain 2014 amounts were reclassified to conform to the 2015 presentation.

REGULATORY MATTERS

The Hospital is required to file annual operating information with the State of Connecticut Office of Health Care Access (OHCA).

TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to provide grant related services, free care, and educational seminars. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity or in funds held in trust by others.

DONOR RESTRICTED GIFTS

Unconditional promises to give cash are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises to give are received. Amortization of the discounts is included in gifts and bequests on the consolidated statements of operations and changes in net assets.

Gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

CASH AND CASH EQUIVALENTS

The Corporation considers all highly liquid investments with remaining maturities of three months or less at date of purchase to be cash equivalents. Cash and cash equivalents are held at a limited number of financial institutions and at times, the amounts on deposit exceed insured limits.

RESTRICTED CASH

At September 30, 2015 and 2014, the Hospital had a \$4.5 million surety bond with an insurance company to support its self-insured workers' compensation program that was collateralized by a bank account, which is reflected within restricted cash on the consolidated balance sheet. As of September 30, 2015 and 2014, there were no borrowings on the surety bond.

ACCOUNTS RECEIVABLE

Patient accounts receivable result from the health care services provided by the Corporation and its subsidiaries. Additions to the allowance for doubtful accounts result from the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts.

The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators. See Note 2 for additional information relative to net patient service revenues and third-party payor programs.

INVENTORIES

Inventories are stated at the lower of cost or market. The Corporation values its inventories using the first-in first-out method.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) and unrealized gains and losses are included in the deficiency of revenues over expenses unless the income or loss is restricted by donor or law.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

INVESTMENTS (CONTINUED)

Unrealized gains and losses on investments related to permanently restricted net assets and certain temporarily restricted net assets are included in temporarily restricted net assets under State law which allows the Board of Directors to appropriate as much of the net appreciation of investments as is prudent considering the Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Reference is made to Note 5.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. The Corporation and its subsidiaries provide for depreciation of property, plant and equipment and amortization of assets recorded under capital leases using the straight-line method in amounts sufficient to amortize the cost of the assets over their estimated useful lives which range from 3 to 40 years.

Financial Accounting Standards Board (FASB) ASC 410-20, *Accounting for Asset Retirement Obligations* (ASC 410-20), provides guidance on accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Asset retirement obligations include, but are not limited to, certain types of environmental issues which are legally required to be remediated upon an asset's retirement as well as contractually required asset retirement obligations. ASC 410-20 provides clarifying guidance on conditional asset retirement obligations. Conditional asset retirement obligations are obligations whose settlement may be uncertain. ASC 410-20's guidance requires such conditional asset retirement obligations to be estimated and recognized.

Conditional asset retirement obligations of \$2,898,529 and \$2,801,923 as of September 30, 2015 and 2014, respectively, are recorded in other noncurrent liabilities related to future asbestos remediation. During 2015 and 2014, there were no retirement obligations incurred or settled.

GOODWILL

Goodwill, which has an indefinite life, is not amortized and is evaluated for impairment at least annually or whenever events or business conditions indicate that the carrying values of such assets may not be fully recoverable.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

IMPAIRMENT OF LONG-LIVED ASSETS

The Corporation records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses recorded in 2015 and 2014.

DEFICIENCY OF REVENUES OVER EXPENSES

The consolidated statements of operations and changes in net assets include the deficiency of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from the deficiency of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), pension liability adjustments, and interest rate swap adjustments.

NEW ACCOUNTING PRONOUNCEMENT

Accounting Standards Update (ASU) No. 2013-06, *Services Received from Personnel of an Affiliate (for which the affiliate does not seek compensation)*, addresses how a receiving nonprofit organization should recognize and measure the receipt of services from personnel of an affiliate when the affiliate does not charge for reimbursement of its costs for these services. A recipient nonprofit organization is required to measure services received from personnel of an affiliate at the cost recognized by the affiliate for the personnel providing those services and if the cost amount for the services received significantly differs from the value received, the recipient nonprofit organization can elect to measure those personnel services received at fair value.

The Corporation adopted the provisions of ASU 2013-06 during the year ended September 30, 2015. The adoption of this guidance did not have a material impact on the Corporation's consolidated financial statements for the year ended September 30, 2015.

INCOME TAXES

The Corporation and its subsidiaries, with the exception of GWMRI, Access, GWIC, CAGW, AMG and Imaging Partners LLC, are not-for-profit organizations and are exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code (Code). GWMRI has no current federal tax liability due to net operating losses since its date of incorporation. The Corporation is also exempt from state income tax.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

INCOME TAXES (CONTINUED)

Access, GWIC, CAGW and Imaging Partners LLC are partnerships. For tax purposes, these partnerships are pass-through entities. Taxation does not occur at the partnership level. Accordingly, no provision for taxes is included.

GWMRI has approximately \$5,800,000 in net operating losses. This results in a deferred tax asset of \$2,720,000 which is offset by a corresponding valuation allowance of the same amount.

Management has analyzed the tax positions taken and has concluded that as of September 30, 2015, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Corporation is no longer subject to income tax examinations prior to 2012.

MEDICAL MALPRACTICE AND WORKERS' COMPENSATION INSURANCE

The Hospital has a policy of self-insuring the deductible portion of its workers' compensation claims. The deductible limit is \$750,000 per claim for the years ended September 30, 2015 and 2014. Management records its best estimate of losses as they occur. The accrued workers' compensation self-insurance liabilities of \$10,250,333 and \$10,670,607 at September 30, 2015 and 2014, respectively, have been discounted at 2.25%.

Effective October 1, 2006, the Hospital obtained "claims-made" medical malpractice insurance coverage, through the Network, from Healthcare Alliance Insurance Company, Ltd. (HAIC) under retrospectively-rated policies whose ultimate premium is based primarily on the Hospital's experience. HAIC is a multi-provider captive insurance company domiciled in the Cayman Islands. The Network is a one half owner of HAIC with one other local hospital that also holds a 50% ownership. The Hospital's insurance coverage is \$1,500,000 per occurrence and \$5,000,000 in the aggregate. In addition to the coverage from HAIC, the Hospital recorded reserves of approximately \$1,647,702 and \$1,747,604 which is reflected within other noncurrent liabilities on the consolidated balance sheet at September 30, 2015 and 2014, respectively, related to claims that were incurred subsequent to October 1, 2006, but not yet reported. These reserves were discounted at 2.25% at September 30, 2015 and 2014.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

MEDICAL MALPRACTICE AND WORKERS' COMPENSATION INSURANCE (CONTINUED)

The Hospital also obtains excess insurance coverage for professional and general liability, through the Network, from HAIC. These policies have limits of \$25,000,000 per claim and \$25,000,000 aggregate, in excess of the underlying limits in the primary layer, for both professional and general liability.

The Hospital also purchased a loss transfer insurance policy which provides \$1,000,000 of coverage for each medical incident that was incurred between October 1, 2003 and October 1, 2006 and specifically reported to the insurance company on the effective date of the transfer policy (February 7, 2008) in addition to medical incidents incurred during the aforementioned period which are first reported after the effective date of the policy. This policy also provides \$1,000,000 of coverage for general liability incurred but not reported claims that occurred after October 1, 2003 through October 1, 2006 and were first reported after the effective date of the policy. The policy has annual aggregate limits of \$4,500,000 for medical incidents and \$3,000,000 for general liability cases with a combined \$25,000,000 total limit for all policy years. These aggregate limits are eroded by claims previously paid by the Hospital or other insurance.

RETIREMENT BENEFIT PLANS

The Hospital maintains a defined benefit pension plan for eligible individuals and participates in two multi-employer pension plans that cover certain union employees. Reference is made to Note 9.

OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities include the long-term portion of liabilities for medical malpractice, workers' compensation, retirement benefits, the interest rate swap, and conditional asset retirement obligations.

RISKS AND UNCERTAINTIES

The Corporation invests in a variety of investment securities which are exposed to various risks, such as interest rate risk, financial market risk, currency risk and credit risk. Due to the level of risk associated with investment securities, coupled with economic events, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Corporation's September 30, 2015 financial statements, in addition to the funded status of its defined benefit pension plan.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

BAD DEBTS

ASU 2011-07, *Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts*, requires certain health care entities to present the provision for bad debts associated with patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) rather than as an operating expense with enhanced footnote disclosures on the policies for recognizing revenue and assessing bad debts, in addition to qualitative and quantitative information about changes in the allowance for doubtful accounts. Refer to Note 2 for the additional disclosures required by ASU 2011-07.

NOTE 2 – NET PATIENT SERVICE REVENUES AND CHARITY CARE

The following summarizes net patient service revenues:

	2015	2014
Gross patient service revenues	<u>\$1,002,524,595</u>	<u>\$991,028,165</u>
Deductions:		
Allowances	757,264,117	735,776,916
Regulatory	<u>7,110,830</u>	<u>1,857,243</u>
	<u>764,374,947</u>	<u>737,634,159</u>
Net patient service revenues, before provision for bad debts	238,149,648	253,394,006
Provision for bad debts	<u>4,483,187</u>	<u>4,454,817</u>
Net patient service revenues		
less provision for bad debts	<u>\$ 233,666,461</u>	<u>\$248,939,189</u>

Patient accounts receivable and revenues are recorded when patient services are performed.

Amounts received from most payors are different from the established billing rates of the Hospital, and these differences are accounted for as allowances. Net revenues have been affected by State of Connecticut Disproportionate Share program in 2015 and 2014 which is reflected in the regulatory amounts in the table above.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 2 – NET PATIENT SERVICE REVENUES AND CHARITY CARE (CONTINUED)

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. For the years ended September 30, 2015 and 2014, the Corporation recorded approximately \$3,000,000 and \$2,500,000, respectively, as a decrease to net patient service revenues as changes in estimates related to third-party payor settlements and adjustments to accruals recorded in prior years.

During 2015 and 2014 approximately 40% and 44%, respectively, of net patient service revenues were received under the Medicare program, 17% and 10%, respectively, under the state Medicaid program, and 43% and 46%, respectively, from contracts with other third-parties.

Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital. The State of Connecticut has implemented reductions in the State's Disproportionate Share Reimbursement Program for the period from July 1, 2012 through June 30, 2015.

The current Connecticut Medicaid inpatient hospital reimbursement model of interim per diem rates and case rate settlements transitioned effective January 1, 2015 to an All Patient Refined Diagnosis Related Group System (APR-DRG) where hospital payments are established prospectively. Connecticut Medicaid outpatient hospital reimbursement will move from the current system of reimbursement based on Revenue Center Codes to a prospective payment system based on the complexity of services performed. The specific outpatient plan has not been finalized by the State of Connecticut, but the new outpatient reimbursement methodology will not be implemented until at least the second half of fiscal year 2016.

The significant concentrations of net accounts receivable for services to patients include 41% from Medicare, 16% from Medicaid, 28% from commercial insurance carriers and 15% from others at September 30, 2015 (44%, 15%, 28% and 13%, respectively, in 2014).

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 2 – NET PATIENT SERVICE REVENUES AND CHARITY CARE (CONTINUED)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Corporation believes that it is in compliance with all applicable laws and regulations. Cost reports for the Hospital, which serve as a basis for final settlement with government payors, have been settled by final settlement through 2012 for Medicare and 1995 for Medicaid. Other years remain open for settlement.

The Corporation has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the HMOs make fee-for-service payments to the Corporation for certain covered services based upon discounted fee schedules.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Corporation's estimation of the allowance for doubtful accounts is based primarily upon the type and age of the patient accounts receivable and the effectiveness of the Corporation's collection efforts. The Corporation's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as the charges are recorded. On a monthly basis, the Corporation reviews its accounts receivable balances, the effectiveness of the Corporation's reserve policies and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following:

- Revenue and volume trends by payor, particularly the self-pay components;
- Changes in the aging and payor mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients;
- Various allowance coverage statistics.

The Corporation regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to assist in determining the reasonableness of its process for estimating the allowance for doubtful accounts.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 2 – NET PATIENT SERVICE REVENUES AND CHARITY CARE (CONTINUED)

ALLOWANCE FOR DOUBTFUL ACCOUNTS (CONTINUED)

A summary of the Corporation's allowance for doubtful accounts activity for the years ended September 30, 2015 and 2014 is as follows:

	Balance at Beginning of Period	Additions Recorded in the Provision for Bad Debts	Accounts Written off, Net of Recoveries and Other	Balance at End of Period
Allowance for doubtful accounts:				
Year ended September 30, 2014	□(15,090,000)	□ (4,454,817)	□ 10,256,817	□ (9,288,000)
Year ended September 30, 2015	□ (9,288,000)	□ (4,483,187)	□ 8,539,187	□ (5,232,000)

MEASURING CHARITY CARE

The Corporation accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Corporation. Essentially, these policies define charity services as those services for which no payment is possible. In assessing a patient's inability to pay, the Corporation utilizes the generally recognized Federal poverty income levels, but also includes certain cases where incurred charges are significant when compared to incomes and assets. These services are not included in net patient service revenues for financial reporting purposes.

The Hospital implemented effective October 1, 2013, a change to its charity care policy to discount all self-pay receivables by 50 percent upon final billing. These self-pay discounts amounted to approximately □5.3 million and □5.2 million for the years ended September 30, 2015 and 2014, respectively.

Self-pay revenues are derived primarily from patients who do not have any form of health care coverage. The Corporation evaluates these patients, after the patient's medical condition is determined to be stable, for their ability to pay based upon federal and state poverty guidelines, qualifications for Medicaid or other governmental assistance programs, as well as the Corporation's policy for charity care. The Corporation provides care without charge to certain patients that qualify under its charity care policy. For the years ended September 30, 2015 and 2014, the Corporation estimates that its costs of care provided under its charity care programs approximated □1,212,000 and □1,383,000, respectively.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 2 – NET PATIENT SERVICE REVENUES AND CHARITY CARE (CONTINUED)

MEASURING CHARITY CARE (CONTINUED)

The Corporation's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the Corporation's gross charity care charges provided. The Corporation's gross charity care charges include only services provided to patients who are unable to pay and qualify under the Corporation's charity care policy. To the extent the Corporation receives reimbursement through the various governmental assistance programs in which it participates to subsidize its care of indigent patients, the Corporation does not include these patients' charges in its cost of care provided under its charity care program. Additionally, the Corporation does not report a charity care patient's charges in revenues or in the provision for doubtful accounts as it is the Corporation's policy not to pursue collection of amounts related to these patients.

ELECTRONIC HEALTH RECORD INCENTIVE PAYMENTS

The American Recovery and Reinvestment Act of 2009 (ARRA) included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are also available to providers that adopt, implement or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

Income from Medicare incentive payments is recognized as revenue after the Hospital has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period. The Hospital recognized revenue from Medicaid and Medicare for incentive payments after it adopted certified EHR technology. There were no payments received during 2015 from this incentive program. Medicaid incentive payments were \$322,653 for the year ended September 30, 2014. Medicare incentive payments were \$1,184,857 for the year ended September 30, 2014. The Hospital has not recognized estimated incentive payments of \$646,000 for 2015 as the Hospital has not yet attested to meeting the necessary requirements. Incentive payments are included in other operating revenues in the accompanying consolidated statements of operations and changes in net assets. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the Hospital's compliance with the meaningful use criteria is subject to audit by the federal government.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 3 – INVESTMENTS

The composition of investments, including funds held in escrow, is set forth in the following table. Investments are stated at fair value:

	2015		2014	
	Cost	Fair Value	Cost	Fair Value
Short-term investments:				
U.S. Treasury notes and other bonds	□ 52,002	□ 55,480	□ 62,002	□ 67,080
Marketable e□uity securities	224,663	384,473	204,422	351,245
Mutual funds	937,032	1,075,476	793,483	955,553
Certificates of deposit and money market funds	12,099	12,099	46,855	46,855
	<u>□ 1,225,796</u>	<u>□ 1,527,528</u>	<u>□ 1,106,762</u>	<u>□ 1,420,733</u>
Escrow funds for long-term debt:				
Cash and money market funds	□ 31,682	□ 31,682	□ 32,613	□ 32,613
Investments of funds held in trust by others	<u>□42,606,849</u>	<u>□43,411,397</u>	<u>□42,013,991</u>	<u>□46,117,761</u>
Long-term investments and Board- designated endowment funds:				
Certificates of deposit and money market funds	□ 1,408,897	□ 1,408,897	□ 1,463,914	□ 1,437,247
Marketable e□uity securities	198,290	364,337	198,290	351,693
U.S. Government obligations	108,451	148,198	108,451	149,445
Corporate bonds	2,659,057	2,632,832	3,680,469	3,686,721
Annuity contract	100,000	198,564	100,000	190,652
Mutual funds	19,946,518	19,764,493	21,246,603	22,793,639
	<u>□24,421,213</u>	<u>□24,517,321</u>	<u>□26,797,727</u>	<u>□28,609,397</u>

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 3 – INVESTMENTS (CONTINUED)

The Corporation had long-term investments in partnerships and joint ventures that were recorded at cost of \$1,385,832 and \$1,643,954 as of September 30, 2015 and 2014, respectively, as it was not practicable to estimate fair value. These investments are not included in the tables above.

Unrestricted investment income, including income on funds held in trust by others, and gains are comprised of the following for the years ended September 30, 2015 and 2014:

	2015	2014
Income:		
Interest and dividends	\$ 1,475,309	\$ 1,376,149
Realized (losses) gains on sales of investments	400,707	330,092
Changes in unrealized (losses) gains on investments	(1,197,928)	294,354
	\$ 678,088	\$ 2,000,595

NOTE 4 – FAIR VALUE MEASUREMENTS

The Corporation categorizes assets and liabilities for disclosure purposes based on whether the inputs used to determine their fair values are observable or unobservable. The Corporation utilizes a three-level fair value hierarchy that prioritizes the inputs used to measure assets at fair value. Level inputs are as follows:

Level 1 □ Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access on the reporting date.

Level 2 □ Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specific (contractual) term, a Level 2 input must be observable for substantially the full term of the asset.

Level 3 □ Inputs that are unobservable for the asset or liability.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

The fair values of Level 1 securities were determined through quoted market prices, while fair values of Level 2 securities were determined primarily through prices obtained from third party pricing sources, where quoted market prices for such securities are not available. The fair values of Level 3 securities were determined primarily through information obtained from the relevant counterparties for such assets and liabilities, as information on which these fair values are based is generally not readily available in the market.

The fair value of the interest rate swap was determined based on an estimate of the net present value of the expected cash flows using relevant mid-market data inputs and based on the assumptions of no unusual market conditions or forced liquidation.

The following table summarizes fair value measurements, by level, at September 30, 2015, for all assets and liabilities which are measured at fair value on a recurring basis in the consolidated financial statements:

	Investment Assets (Fair Value) as of September 30, 2015			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 27,556,405	\$ --	\$ --	\$ 27,556,405
Common stock-insurance	156,240	--	--	156,240
Mutual funds:				
U.S. large cap	20,486,069	--	--	20,486,069
U.S. mid cap	2,952,563	--	--	2,952,563
U.S. small cap	2,604,780	--	--	2,604,780
International developed	7,656,570	--	--	7,656,570
Emerging markets	2,273,498	--	--	2,273,498
Fixed income securities:				
Investment grade taxable	2,928,024	10,166,399	--	13,094,423
International developed bonds	--	678,855	--	678,855
Global high yield taxable	4,990	1,850,028	--	1,855,018
Intermediate-term bond	9,696,365	--	--	9,696,365
Real estate investment trusts	2,382,816	--	--	2,382,816
Other	1,138,690	297,946	--	1,436,636
Total investments at fair value	<u>\$ 79,837,010</u>	<u>\$ 12,993,228</u>	<u>\$ --</u>	<u>\$ 92,830,238</u>
Liabilities:				
Interest rate swap	<u>\$ --</u>	<u>\$ 1,851,544</u>	<u>\$ --</u>	<u>\$ 1,851,544</u>

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NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes fair value measurements, by level, at September 30, 2014, for all assets and liabilities which are measured at fair value on a recurring basis in the consolidated financial statements:

	Investment Assets (Fair Value) as of September 30, 2014			
	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	\$ 38,733,129	\$ --	\$ --	\$ 38,733,129
Common stock-insurance	133,496	--	--	133,496
Mutual funds:				
U.S. large cap	34,249,935	--	--	34,249,935
U.S. mid cap	3,399,506	--	--	3,399,506
U.S. small cap	2,786,261	--	--	2,786,261
International developed	5,657,490	--	--	5,657,490
Emerging markets	3,076,127	--	--	3,076,127
Fixed income securities:				
Investment grade taxable	2,891,796	12,122,021	--	15,013,817
International developed bonds	--	695,404	--	695,404
Global high yield taxable	5,296	2,420,636	--	2,425,932
Real estate investment trusts	2,507,053	--	--	2,507,053
Other	<u>1,758,038</u>	<u>546,588</u>	--	<u>2,304,626</u>
Total investments at fair value	<u>\$ 95,198,127</u>	<u>\$ 15,784,649</u>	<u>\$ --</u>	<u>\$ 110,982,776</u>
Liabilities:				
Interest rate swap	<u>\$ --</u>	<u>\$ 1,512,596</u>	<u>\$ --</u>	<u>\$ 1,512,596</u>

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FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 5 – RESTRICTED ENDOWMENTS

The Hospital's endowments consist of donor-restricted endowment funds and Board-designated endowment funds. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

The Hospital's Board of Trustees has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and, if applicable (c) accumulations to the permanent endowment made in accordance with the related gift's donor instructions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard for expenditure as proscribed by UPMIFA. In accordance with UPMIFA, the Corporation considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Hospital and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Hospital
- (7) The investment policies of the Hospital

RETURN OBJECTIVES AND RISK PARAMETERS

For the permanently restricted endowment funds, the bank, acting in its capacity as trustee, determines and directs the investment policy and asset allocation. For the unrestricted and temporarily restricted endowment funds, the Corporation's Board of Directors has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. The Hospital expects these endowment funds, over time, to provide an average rate of return that exceeds the rate of inflation by 3.5% annually. Actual returns in any given year may vary from this amount.

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FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 5 – RESTRICTED ENDOWMENTS (CONTINUED)

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Hospital has a policy of evaluating the spending decisions for each endowment fund based upon the intentions of the donors and specific contractual agreements. In determining the annual amount to be spent, the Hospital considers the long-term expected return on its endowment. The spending policy is designed to limit spending to the expected long-term real rate of return. The annual distribution from the endowment funds is expected to be contained within a range of 4-6% of the funds' market value. This is consistent with the Hospital's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	<u>□ --</u>	<u>□ 7,049,429</u>	<u>□ 46,203,433</u>	<u>□ 53,252,862</u>

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FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 5 – RESTRICTED ENDOWMENTS (CONTINUED)

CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2015

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning balance	□ 3,315,500	□ 7,607,185	□ 48,909,797	□ 59,832,482
Investment return:				
Investment income	140,679	445,901	--	586,580
Net depreciation (realized and unrealized)	<u>(118,499)</u>	<u>(566,800)</u>	<u>(2,706,364)</u>	<u>(3,391,663)</u>
Total investment return	22,180	(120,899)	(2,706,364)	(2,805,083)
Appropriation of endowment assets for expenditure	<u>(3,337,680)</u>	<u>(436,857)</u>	<u>--</u>	<u>(3,774,537)</u>
Endowment net assets, ending balance	<u>□ --</u>	<u>□ 7,049,429</u>	<u>□ 46,203,433</u>	<u>□ 53,252,862</u>

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF SEPTEMBER 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	□ --	□ 7,607,185	□ 48,909,797	□ 56,516,982
Board-designated endowment funds	<u>3,315,500</u>	<u>--</u>	<u>--</u>	<u>3,315,500</u>
Total funds	<u>□ 3,315,500</u>	<u>□ 7,607,185</u>	<u>□ 48,909,797</u>	<u>□ 59,832,482</u>

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 5 – RESTRICTED ENDOWMENTS (CONTINUED)

CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning balance	□ 3,193,664	□ 7,446,152	□ 47,752,075	□ 58,391,891
Investment return:				
Investment income	56,642	184,580	--	241,222
Net appreciation (realized and unrealized)	<u>203,276</u>	<u>612,338</u>	<u>1,157,722</u>	<u>1,973,336</u>
Total investment return	259,918	796,918	1,157,722	2,214,558
Appropriation of endowment assets for expenditure	<u>(138,082)</u>	<u>(635,885)</u>	<u>--</u>	<u>(773,967)</u>
Endowment net assets, ending balance	<u>□ 3,315,500</u>	<u>□ 7,607,185</u>	<u>□ 48,909,797</u>	<u>□ 59,832,482</u>

NOTE 6 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at September 30, 2015 and 2014, are restricted amounts which are to be held in perpetuity, the income from which is expendable to provide free care, scholarships for the children of the Hospital's employees, and for the operations of the Hospital. Also included in permanently restricted net assets are funds held in trust by others. The Hospital is the restricted income beneficiary of funds held in trust by others. The total trust assets, as reported by the trustee, had an aggregate fair value at September 30, 2015 and 2014 of \$43,411,397 and \$46,117,761, respectively. Distributions of \$1,996,055 and \$2,023,580 from these assets for the years ended September 30, 2015 and 2014, respectively, are included in investment income.

Temporarily restricted net assets are available to provide psychiatric services, free care and educational seminars.

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NOTE 6 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

During 2015 and 2014, net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes in providing grant related services, free care, and various miscellaneous services in the amounts of \$4,010,322, \$692,333 and \$311,774, respectively in 2015 and \$4,369,303, \$688,243 and \$484,945, respectively in 2014. In addition, \$95,170 and \$13,360 were released for the purchase of property and equipment in 2015 and 2014, respectively.

NOTE 7 – DEBT

HOSPITAL SERIES D BOND FINANCING

In December 2010, the Hospital refinanced its Series C bond financing and financed an additional \$8,000,000 for various capital projects that were completed over a two-year period. The par amount of the Series D debt was \$25,918,000 and interest is variable at the interest rate that is equal to the product of (i) sixty-eight percent (68%) and (ii) the sum of the LIBOR Rate and three hundred basis points (2.18% and 2.15% at September 30, 2015 and 2014, respectively). The bonds require monthly principal and interest payments, based upon a 10-year amortization schedule, from 2011 through 2020 with the remaining principal balance due in 2020.

The terms of the bonds provide for, among other things, a pledge of gross receipts of the Hospital, restriction on the incurrence of certain indebtedness of the Hospital and provide for covenants regarding the Hospital's debt service coverage ratios, minimum levels of cash on hand, sale and lease of assets and other covenants similar in financings of this type.

In connection with this refinancing, the Hospital entered into an interest rate swap with a bank, which allowed it to convert its variable interest rate liability to a fixed interest rate liability of 4.475% without changing the structure of the underlying debt.

The Hospital uses the interest rate swap agreement to manage interest rate risk associated with its outstanding debt. At September 30, 2015 and 2014, the notional value of outstanding interest rate swap was \$23,789,744 and \$24,283,520, respectively.

The Hospital recognizes the fair value of its interest rate swap in the consolidated balance sheet as a liability, recorded in other noncurrent liabilities. At September 30, 2015 and 2014, the fair value of interest rate swap was in a liability position of \$1,851,544 and \$1,512,596, respectively.

The Hospital designated its interest rate swap as a cash flow hedge for accounting purposes, and accordingly defers gains or losses associated with the swap in net assets.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 7 – DEBT (CONTINUED)

HOSPITAL SERIES D BOND FINANCING (CONTINUED)

During fiscal year 2015, GWHN failed to meet certain of the financial covenants with respect to the Series D Bonds. On December 14, 2015, GWHN entered into a forbearance agreement with the holder of the Series D Bonds, which provided for the payment of a forbearance fee and a default rate of interest, the engagement of a chief restructuring officer, the modification of certain financial and reporting covenants, a mortgage on certain additional real property of the Hospital and a security interest in certain of the Hospital's personal property. The forbearance period concludes at the earlier of October 1, 2016 or the closing of the sale of the Hospital. The forbearance fee and the amount of the increase in the interest rate over pre-forbearance rate of interest are deferred until the end of the forbearance period.

CHILDREN'S CENTER SERIES 2011 BONDS

In August 2011, CHEFA sold \$28,840,000 of Series 2011 revenue bonds, the proceeds of which were used to redeem a number of bond series. As a result of the sale of the Series 2011 bonds, the Children's Center's loan with CHEFA was refinanced and reduced from \$1,560,000 to \$1,505,000. The Series 2011 bonds mature serially from 2012 through 2030, with interest rates ranging from 1% to 5%.

Under the terms of the financing arrangements between the Children's Center and CHEFA, the proceeds of the revenue bonds were loaned to the Children's Center. Pursuant to the loan agreement, the Children's Center was obligated to provide amounts which will be sufficient to enable CHEFA to pay the principal of and interest on the proceeds of the Series 2011 Bonds.

Concurrently with the issuance and delivery of the Series 2011 Bonds, the Children's Center and U.S. Bank NA, as trustee, entered into the Master Indenture and Supplemental Master Indentures Numbers 1 and 2, pursuant to which the Children's Center was obligated to pay the amount due under the loan agreement with CHEFA. The Master Indenture and Supplemental Master Indentures provide for, among other things, the establishment and maintenance of a Debt Service Reserve Fund (which has been funded by the State of Connecticut as discussed below) and a pledge of the gross receipts, as defined, of the Children's Center, restriction on the incurrence of certain indebtedness of the Children's Center and covenants regarding the Children's Center's debt service coverage ratios, sale and lease of assets and other covenants similar in financings of this type.

Pursuant to Public Act No. 97-259 (the School Readiness Act), the State of Connecticut has encouraged the development of a network of school readiness programs that meet the standards developed by the State Department of Education.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 7 – DEBT (CONTINUED)

CHILDREN’S CENTER SERIES 2011 BONDS (CONTINUED)

To encourage such development, the School Readiness Act established, among other things, the Child Care Facilities Program to finance low interest loans for the purpose of new construction of child care centers. The State of Connecticut, acting through the Commissioner of the Department of Social Services, may allow actual debt service on such loans and a debt service reserve fund to be paid by the State of Connecticut provided that such debt service terms are determined by the Commissioner to be reasonable. The State of Connecticut has funded the debt service reserve fund and has agreed to fund, subject to available appropriations, 83.6% of the debt service on the Series 2011 Bonds and to replenish any deficiencies in the debt service reserve fund. During 2015 and 2014, the total debt service funded by the State of Connecticut was \$100,466 and \$104,030, respectively.

Future minimum payments by year and in the aggregate under the CHEFA bonds (including Series D and Series 2011) are as follows at September 30, 2015:

2016	□	576,408
2017		600,080
2018		629,832
2019		655,716
2020		687,792
Aggregate thereafter		21,909,916
		□ 25,059,744

If the proposed transaction (further described in Note 1) were to close, future minimum payments related to the CHEFA bonds would be settled at closing.

OTHER DEBT

Access has a \$250,000 line of credit with a bank. There were no borrowings under this line of credit at September 30, 2015 and 2014.

In April 2005, the VNA established a \$500,000 line of credit with Webster Financial Advisors. The interest rate at in 2015 and 2014 was 4.25%. The line of credit is secured by the VNA’s investments held by Webster Financial Advisors and a first lien on all business assets located at 27 Siemon Company Drive, Watertown, Connecticut. There were no advances on the line of credit at September 30, 2015 and 2014.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 7 – DEBT (CONTINUED)

OTHER DEBT (CONTINUED)

AMG entered into an equipment lease during 2010. The lease calls for monthly payments of \$353 through March 2015 and is secured by the equipment. The balance of the capital lease liability was zero at September 30, 2015 and \$1,993 at September 30, 2014.

AMG entered into an equipment lease during 2010. The lease calls for monthly payments of \$447 through May 2015 and is secured by the equipment. The balance of the capital lease liability was zero at September 30, 2015 and \$3,883 at September 30, 2014.

AMG entered into a term note during 2010 at an interest rate of 9.8%. The note calls for monthly payments of \$13,216 through November 2014 and is secured by the assets of AMG. The balance of the term note liability was zero at September 30, 2015 and \$26,101 at September 30, 2014.

AMG entered into a capital lease for equipment during 2015. The lease calls for monthly payments of \$100 through December 2019. The balance of the capital lease liability was \$4,757 as of September 2015.

The Hospital entered into a capital lease for equipment during 2011. The lease calls for equal monthly payments of \$20,450 through May 2016 and is secured by the equipment. The balance of the capital lease liability was \$161,789 at September 30, 2015 and \$379,070 at September 30, 2014.

The Hospital entered into a capital lease for equipment during 2012. The lease calls for equal monthly payments of \$1,469 through August 2017 and is secured by the equipment. The balance of the capital lease liability was \$252,912 at September 30, 2015 and \$376,940 at September 30, 2014.

The Hospital entered into a capital lease for equipment during 2013. The lease calls for equal monthly payments of \$4,779 through November 2015. The balance of capital lease liability was \$9,491 at September 30, 2015 and \$64,581 at September 30, 2014.

AMG entered into a capital lease for equipment during 2014. The balance of the capital lease liability was \$34,840 at September 30, 2015 and \$48,121 at September 30, 2014.

The Hospital entered into a capital lease for equipment during 2015. The lease calls for monthly payments of \$44,942 through August 2018 and is secured by the equipment. The balance of the capital lease liability was \$1,379,212 at September 30, 2015.

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NOTE 7 – DEBT (CONTINUED)

OTHER DEBT (CONTINUED)

The Hospital entered into a capital lease for equipment during 2015. The lease calls for monthly payments of \$9,220 through September 2020 and is secured by the equipment. The balance of the capital lease liability was \$1,065,919 at September 30, 2015.

The Hospital entered into a capital lease for equipment during 2015. The lease calls for monthly payments of \$9,138 through September 2020 and is secured by the equipment. The balance of the capital lease liability was \$506,794 at September 30, 2015.

The Hospital entered into a capital lease for equipment during 2015. The lease calls for monthly payments of \$34,928 through September 2020 and is secured by the equipment. The balance of the capital lease liability was \$1,688,157 at September 30, 2015.

The carrying value of assets subject to capital leases were \$5,401,906 and \$1,204,971 at September 30, 2015 and 2014, respectively.

Future minimum payments by year and in the aggregate for all non-CHEFA obligations were as follows at September 30, 2015:

2016	\$ 1,455,894
2017	1,268,566
2018	1,186,628
2019	753,759
2020	<u>439,024</u>
	<u>\$ 5,103,871</u>

The fair value of the debt, using the discounted cash flow analyses, was approximately \$31,903,000 and \$27,958,000 at September 30, 2015 and 2014, respectively.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 8 – RENTAL EXPENSE AND LEASE COMMITMENTS

The Hospital, VNA and GWMRI have entered into operating leases for office space and office equipment. Rental expense is recorded on a straight-line basis over the terms of the leases. Rental expense for the years ended September 30, 2015 and 2014 was \$4,711,947 and \$4,490,046, respectively. The minimum rental commitments under all noncancellable operating leases with initial or remaining terms of more than one year are as follows:

2016	□	3,793,327
2017		2,646,353
2018		1,367,811
2019		1,099,785
2020		87,708
Thereafter		<u>147,201</u>
	□	<u><u>9,142,185</u></u>

NOTE 9 – EMPLOYEE BENEFIT PLANS

The Hospital has a noncontributory defined benefit cash balance plan (the Plan). Under the Plan, each participant who elected to transfer their balances to the Plan from the former defined contribution plan receives a credit of 6% of compensation allocated to their cash balance accounts. All other participants receive a 3% credit. Additionally, each participant receives an interest credit to their cash balance account based on the yield to maturity on three-year treasury bills. The Plan covers substantially all non-union employees age 21 and older with one year of service. It is the Hospital's policy to make contributions to the Plan sufficient to meet the minimum funding requirements of applicable laws and regulations.

The Plan was frozen to non-union participants effective June 30, 2015. Participants who are part of the Connecticut Healthcare Associates Technical Unit remain active in the Plan. Non-union employees no longer accrue additional employer contribution credits in the Plan. These participants will continue to receive interest credits based on their account balances in accordance with the terms of the Plan. They will be entitled to their account balance (the retirement benefit they have earned up to June 30, 2015) plus applicable interest credits after the Plan was frozen.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Following is a summary of the Plan's funded status using the measurement dates of September 30, 2015 and 2014 and amounts recognized in the Corporation's consolidated financial statements.

	2015	2014
Change in benefit obligation		
Benefit obligation beginning of year	□ (36,236,973)	□ (35,562,211)
Service cost	(1,210,019)	(1,466,890)
Interest cost	(1,218,771)	(1,324,043)
Actuarial loss	(318,307)	(1,095,038)
Benefits paid	2,506,357	3,211,209
Administrative expenses paid	280,850	--
Curtailments, settlements and special termination benefits	889,881	--
Benefit obligation, end of year	□ (35,306,982)	□ (36,236,973)
Change in plan assets		
Fair value of plan assets, beginning of year	□ 25,988,705	□ 27,201,671
Actual return on plan assets	(454,219)	696,625
Employer contributions	1,203,796	1,301,618
Benefits paid	(2,506,357)	(3,211,209)
Administrative expenses paid	(280,850)	--
Fair value of plan assets, end of year	□ 23,951,075	□ 25,988,705
Funded status	□ (11,355,907)	□ (10,248,268)
Accrued pension liability	□ (11,355,907)	□ (10,248,268)
Components of net periodic pension cost		
Service cost	□ 1,210,019	□ 1,466,890
Interest cost	1,218,771	1,324,043
Expected return on plan assets	(1,126,585)	(1,294,305)
Amortification of actuarial loss	1,155,130	816,016
Amortification of prior service cost	27,271	35,097
Additional amount recognized from curtailment	84,839	--
Net periodic pension cost	□ 2,569,445	□ 2,347,741
Accumulated benefit obligation	□ 35,213,276	□ 35,271,477

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

Included in unrestricted net assets are the following amounts that have not yet been recognized in net periodic cost:

	2015	2014
Unrecognized prior service cost	□ (9,324)	□ (121,434)
Unrecognized actuarial losses	<u>(15,503,601)</u>	<u>(15,649,501)</u>
	<u>□ (15,512,925)</u>	<u>□ (15,770,935)</u>

Changes in benefit obligations recognized in unrestricted net assets include:

	2015	2014
Prior service cost	□ 84,839	□ --
Current year actuarial losses	(1,009,230)	(1,692,718)
Amortification of prior service cost	27,271	35,097
Amortification of net loss	<u>1,155,130</u>	<u>816,016</u>
	<u>□ 258,010</u>	<u>□ (841,605)</u>

The prior service cost and actuarial losses included in unrestricted net assets and expected to be recognized in net periodic cost during the year ending September 30, 2016 are □27,271 and □1,322,221, respectively.

ASSUMPTIONS

The weighted-average assumptions used to determine benefit obligations at September 30 are as follows:

	2015	2014
Discount rate	3.58%	3.55%
Expected return on plan assets	4.50%	4.50%
Rate of compensation increase	2.00% for 2 year select period, 3.00% ultimate	2.00% for 2 year select period, 3.00% ultimate

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NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

ASSUMPTIONS (CONTINUED)

The weighted-average assumptions used to determine net periodic benefit cost for years ended September 30 are as follows:

	2015	2014
Discount rate	3.55%	3.99%
Expected return on assets	4.50%	4.50%
Rate of compensation increase	2.00% for 2 year select period, 3.00% ultimate	2.00% for 3 year select period, 3.00% ultimate

Effective September 30, 2015, the Hospital updated the mortality assumptions to align with the mortality tables and improvement scales released by the Society of Actuaries in the fall of 2015. This update resulted in an increase to the Hospital's projected benefit obligation of approximately \$7,830,229 which is included in the accrued pension liability in the consolidated balance sheet as of September 30, 2015.

EXPECTED LONG-TERM RETURN ON PLAN ASSETS

To develop the expected long-term rate of return on assets assumptions, the Hospital considered the historical returns and the future expectations of returns for each asset class, as well as target asset allocations of the pension portfolio. This resulted in the selection of the 4.5%, long-term rate of return at September 30, 2015 and 2014.

INVESTMENT POLICY

The Plan's weighted-average asset allocations at September 30, 2015, by asset category are as follows:

Asset Category	Plan Assets	Asset Allocation Policy	
		Target	Range
U.S. Equity	24%	25%	20% - 30%
Non-U.S. Equity	13%	15%	10% - 20%
Core fixed income	63%	60%	55% - 65%

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FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

INVESTMENT POLICY (CONTINUED)

The Plan's weighted-average asset allocations at September 30, 2014, by asset category are as follows:

Asset Category	Plan Assets	Asset Allocation Policy	
		Target	Range
U.S. Equity	5%	5%	3% - 7%
Non-U.S. Equity	5%	5%	3% - 7%
Core fixed income	90%	90%	86% - 94%

The Pension Committee of the Board of Directors (the Committee) is responsible for employee benefit program policies with respect to plan assets and the retention of qualified managers, consultants and trustee-custodians. The purpose of the Committee is to ensure the Plan assets accumulate monies required to meet the anticipated benefit payments of the Plan and contributions are made by the Hospital on a basis determined by the Plan's actuary to be adequate to fund the benefits. The investment objective of the Committee is to maximize total return after inflation within the limits of prudent risk taking by diversifying across asset classes and multiple managers. The Committee has established an asset allocation policy that sets a target and range for each asset class, as shown in the table above.

CONTRIBUTIONS

The Hospital expects to make \$1,276,854 in contributions to the Plan in 2016.

ESTIMATED FUTURE BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

2016	\$ 3,867,000
2017	3,184,000
2018	3,192,000
2019	2,993,000
2020	2,805,000
2021-2025	<u>12,034,000</u>
	<u>\$ 28,075,000</u>

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following table sets forth by level within the fair value hierarchy the investment assets and investment liabilities at fair value, as of September 30, 2015.

	Level 1	Level 2	Level 3	Total
Commingled funds and private equity	<u>□ --</u>	<u>□ --</u>	<u>□23,951,075</u>	<u>□23,951,075</u>

The following table sets forth by level within the fair value hierarchy the investment assets and investment liabilities at fair value, as of September 30, 2014.

	Level 1	Level 2	Level 3	Total
Commingled funds and private equity	<u>□ --</u>	<u>□ --</u>	<u>□25,988,705</u>	<u>□25,988,705</u>

The following is a reconciliation of Level 3 assets, collective investments and common trust funds, for which significant unobservable inputs were used to determine fair value:

	2015	2014
Balance as of beginning of fiscal year	□ 25,988,705	□ 27,201,671
Change in unrealized (depreciation) appreciation	(565,059)	570,424
Purchases	11,621,663	5,571,007
Sales	<u>(13,094,234)</u>	<u>(7,354,397)</u>
Balance as of September 30,	<u>□ 23,951,075</u>	<u>□ 25,988,705</u>

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

OTHER BENEFIT PLANS

The Hospital participates in multi-employer pension plans that cover substantially all union employees. Contributions to the plans are based upon a percentage of each participant's total salary. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of another participating employer.
- If a participating employer stops contributing to the plan, the unfunded obligation of the plan may be borne by the remaining participating employers.
- If the Hospital chose to stop participating in the multi-employer plans, the Hospital may be required to pay those plans an amount based on the underfunded status of the plans, referred to as a withdrawal liability.

The following table presents the Hospital's participation in these plans as of and for the years ended September 30, 2015 and 2014.

Pension Trust Fund	Pension Plan Employer Identification Number	Pension Protection Act ((PPA) Certified One Status ¹		FIP (RP Status Pending (RP Implemented ²	Contributions		Surcharge Imposed	Expiration Date of Collection Bargaining Agreement ³
		2015	2014		2015	2014		
Connecticut Health Care Associates Pension Fund	06-1313462	Green	Green	N/A	\$ 1,966,612	\$ 2,074,142	No	September 30, 2017
New England Health Care Employees Pension Fund	22-3071963	Green	Green	N/A	647,943	688,949	No	February 29, 2016
Total Contributions:					\$ 2,614,555	\$ 2,763,091		

¹ The most recent PPA One status available in 2015 and 2014 is for the plan's year-ending during 2014 and 2013, respectively. The One status is based on information received from the plan and is certified by the plan's actuary. Among other factors, plans in the red One are generally less than 65 percent funded, plans in the orange One are less than 80 percent funded and have an accumulated funding deficiency in the current year or projected in the next six years, plans in the yellow One are less than 80 percent funded, and plans in the green One are at least 80 percent funded.

² The (FIP)RP Status Pending/Implemented column indicates plans for which a financial improvement plan ((FIP) or a rehabilitation plan ((RP) is either pending or has been implemented.

³ Lists the expiration dates of the collective-bargaining agreements to which the plans are subject.

During the years ended September 30, 2015 and 2014, the Hospital's contributions to the Connecticut Health Care Associates Pension Plan represented 98.7% and 98.6% of the total contributions made to the plan by all participating employers, respectively.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

During the years ended September 30, 2015 and 2014, the Hospital's contributions to the New England Health Care Employees Pension Plan represented 2.8% of the total contributions made to the plan by all participating employers.

Governmental regulations impose certain requirements relative to union-sponsored pension plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Hospital has explored the costs to withdraw from the Connecticut Health Care Associates (CHCA) Pension Plan in the event that the Hospital enters into a transaction. If the Hospital was to withdraw, it is expected that CHCA will likewise withdraw from the pension plan making a total withdrawal liability for the Hospital of approximately \$27,700,000.

The VNA has a defined contribution pension plan which covers substantially all full-time employees, in addition to a non-contributory discretionary pension plan for which contributions are made annually at the discretion of the VNA's Board of Directors.

In addition, the Hospital has a supplemental employee retirement plan for certain executives. The plan provides for a total benefit and is partially funded. As of September 30, 2015 and 2014, liabilities of \$424,337 and \$330,148, respectively, have been reflected in the consolidated balance sheets.

As noted above, the Hospital also has a noncontributory defined benefit cash balance plan covering substantially all non-union employees age 21 and older with one year of service. Total pension expense, relating to this plan, charged to operations during the years ended September 30, 2015 and 2014 was \$2,569,445 and \$2,347,741, respectively.

NOTE 10 – SELF INSURANCE CLAIMS

There have been medical malpractice and workers' compensation claims that fall within the Corporation's partially self-insured program which have been asserted against the Corporation. In addition, there are known incidents that have occurred through September 30, 2015 that may result in the assertion of claims. Corporation management has accrued its best estimate of these contingent losses. Other claims may be asserted arising from services provided to patients or workers' compensation incidents in the past. Corporation management has provided reserves for these contingent liabilities.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 11 – CONTINGENCIES

The Corporation is a party to various lawsuits incidental to its business. The ultimate outcome is not determinable at this time.

NOTE 12 – DUE FROM AFFILIATES

The amounts due from affiliates of \$189,380 and \$190,880 at September 30, 2015 and 2014, respectively, represent receivables from affiliates that do not eliminate in consolidation. These balances are comprised of the following:

	2015	2014
Alliance Medical Group	\$ 187,880	\$ 187,880
GI Co-Management Company	1,500	3,000
	\$ 189,380	\$ 190,880

NOTE 13 – FUNCTIONAL EXPENSES

The Corporation provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	2015	2014
Health care services	\$203,231,532	\$199,171,604
General and administrative	64,486,347	68,892,466
Fundraising	335,025	386,125
	\$268,052,904	\$268,450,195

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2015 AND 2014

NOTE 14 – SUBSEQUENT EVENTS

The Network evaluates the impact of subsequent events, events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date or for disclosure in the notes to the financial statements. The Network evaluated events occurring subsequent to September 30, 2015 through January 18, 2016, the date on which the accompanying consolidated financial statements were available to be issued. During this period, there were no subsequent events that required recognition in the consolidated financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

CONSOLIDATED FINANCIAL STATEMENTS

SEPTEMBER 30, 2013 AND 2012

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Greater Waterbury Health Network, Inc.

We have audited the accompanying consolidated financial statements of Greater Waterbury Health Network, Inc., which comprise the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Greater Waterbury Health Network, Inc. as of September 30, 2013 and 2012, and the results of its operations and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marcum LLP

Hartford, CT
January 10, 2014

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2013 AND 2012

	2013	2012
Assets		
Current Assets		
Cash and cash equivalents	□ 25,712,050	□ 25,756,594
Restricted cash	4,519,908	3,511,398
Short-term investments	1,203,559	1,089,172
Accounts receivable, less allowance (□20,453,000 in 2013 and □17,101,000 in 2012)		
Patients	29,957,753	32,367,012
Grants and other	3,702,524	2,977,504
	33,660,277	35,344,516
Inventories	3,586,821	3,305,079
Prepaid insurance and other expenses	1,603,096	1,525,890
Due from affiliates	189,379	195,978
Total Current Assets	70,475,090	70,728,627
Other Assets		
Under bond indenture agreements	34,218	30,070
Construction fund	--	661,338
	34,218	691,408
Property, Plant and Equipment		
Land	287,549	287,549
Buildings and improvements	97,137,417	95,206,351
Furniture, fixtures and equipment	187,642,399	185,958,291
Construction in progress (estimated additional cost to complete: 2013 - □13,000)	73,654	2,473,015
Accumulated depreciation	(240,510,083)	(232,453,154)
	44,630,936	51,472,052
Funds held in trust by others	44,960,039	42,218,163
Goodwill	1,813,567	1,813,567
CHEFA obligations issue expense, less amortization	282,676	321,666
Long-term investments	25,296,300	23,280,651
Board-designated endowment funds	3,193,664	2,974,503
Other investments	80,000	55,000
Loans and other receivables	359,375	521,906
Accrued interest and dividends receivable	13,743	22,017
	75,999,364	71,207,473
	□ 191,139,608	□ 194,099,560

The accompanying notes are an integral part of these financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

CONSOLIDATED BALANCE SHEETS (CONTINUED)

SEPTEMBER 30, 2013 AND 2012

	2013	2012
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	□ 29,395,718	□ 37,244,812
Due to third-party reimbursement agencies	3,143,186	771,288
Current portion of CHEFA obligations	532,136	506,444
Current portion of notes payable	694,549	666,376
Total Current Liabilities	33,765,589	39,188,920
CHEFA Obligations - less current portion and discount	25,608,520	26,140,656
Notes Payable - less current portion	852,568	1,426,291
Other Noncurrent Liabilities	21,813,507	21,853,067
Net Assets		
Unrestricted	50,223,049	49,687,465
Temporarily restricted	8,409,794	7,645,420
Permanently restricted	47,752,075	45,010,199
Total Net Assets Excluding Noncontrolling Interests	106,384,918	102,343,084
Noncontrolling Interests	2,714,506	3,147,542
Total Net Assets	109,099,424	105,490,626
	□ 191,139,608	□ 194,099,560

The accompanying notes are an integral part of these financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Revenues		
Net revenues from services to patients	□ 259,397,257	□ 273,484,098
Provision for bad debts	<u>(11,368,671)</u>	<u>(10,966,628)</u>
Net patient service revenue less provision for bad debts	248,028,586	262,517,470
Investment related income	2,336,622	1,245,481
Other operating revenues	5,333,245	5,905,372
Services, sales and rental income	1,670,464	1,713,317
Unrestricted gifts and bequests	232,275	123,699
Net assets released from restrictions	<u>5,419,591</u>	<u>5,609,005</u>
	<u>263,020,783</u>	<u>277,114,344</u>
Expenses		
Salaries, wages and benefits	152,117,220	164,634,664
Supplies, utilities and other	101,697,631	100,249,125
Depreciation	8,996,581	9,421,603
Interest and amortization	<u>1,125,827</u>	<u>1,237,849</u>
	<u>263,937,259</u>	<u>275,543,241</u>
(Deficiency) Excess of Revenues over Expenses Before Net Unrealized Gains on Investments	(916,476)	1,571,103
Changes in Net Unrealized Gains on Investments	<u>194,340</u>	<u>1,715,547</u>
(Deficiency) Excess of Revenues Over Expenses	(722,136)	3,286,650
Less Excess of Revenues over Expenses Attributable to Noncontrolling Interests	<u>(874,685)</u>	<u>(997,139)</u>
(Deficiency) Excess of Revenues Over Expenses Attributable to Controlling Interest	<u>(1,596,821)</u>	<u>2,289,511</u>

The accompanying notes are an integral part of these financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
(CONTINUED)**

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Unrestricted Net Assets, Controlling Interest		
(Deficiency) excess of revenues over expenses	□ (1,596,821)	□ 2,289,511
Net assets released from restrictions used for purchase of property and equipment	19,654	134,036
Interest rate swap adjustment	1,209,256	(524,547)
Pension liability adjustments	<u>903,495</u>	<u>366,769</u>
Increase in Unrestricted Net Assets, Controlling Interest	<u>535,584</u>	<u>2,265,769</u>
Unrestricted Net Assets, Noncontrolling Interest		
Excess of revenues over expenses	874,685	997,139
Distributions and other	<u>(1,307,721)</u>	<u>(1,031,774)</u>
Decrease in Unrestricted Net Assets, Noncontrolling Interest	<u>(433,036)</u>	<u>(34,635)</u>
Temporarily Restricted Net Assets		
Gifts and bequests	475,360	444,830
Income from investments	497,540	476,299
Net realized and unrealized gains on investments	810,002	1,255,981
Grants	4,420,717	4,733,897
Net assets released from restrictions	<u>(5,439,245)</u>	<u>(5,743,041)</u>
Increase in Temporarily Restricted Net Assets	<u>764,374</u>	<u>1,167,966</u>
Permanently Restricted Net Assets		
Increase in funds held in trust by others	<u>2,741,876</u>	<u>4,878,924</u>
Increase in Permanently Restricted Net Assets	<u>2,741,876</u>	<u>4,878,924</u>
Increase in Net Assets	3,608,798	8,278,024
Net Assets - Beginning	<u>105,490,626</u>	<u>97,212,602</u>
Net Assets - End	<u>□ 109,099,424</u>	<u>□ 105,490,626</u>

The accompanying notes are an integral part of these financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Cash Flows from Operating Activities		
Change in net assets	□ 3,608,798	□ 8,278,024
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Provision for bad debts	11,368,671	10,966,628
Depreciation and amortization	9,035,571	9,529,602
Pension liability adjustments	(903,495)	(366,769)
Distributions to noncontrolling interests	1,307,721	1,031,774
Net realized and unrealized gains and change in fair value of funds held in trust by others	(4,648,320)	(6,959,218)
Restricted gifts, bequests and income from investments	(972,900)	(921,129)
Change in market value of interest rate swap	<u>(1,209,256)</u>	<u>524,547</u>
	<u>17,586,790</u>	<u>22,083,459</u>
 Change in operating working capital, other than cash and cash equivalents and short-term investments:		
Patient accounts receivable, net	(8,959,412)	(13,749,013)
Grants and other receivables	(725,020)	1,406,813
Inventories	(281,742)	(46,317)
Prepaid insurance and other expenses	(77,206)	258,443
Accounts payable and accrued expenses	(7,849,094)	(3,385,387)
Due to third-party reimbursement agencies	2,371,898	3,405,769
Increase in other noncurrent liabilities	<u>2,073,189</u>	<u>1,819,663</u>
	<u>(13,447,387)</u>	<u>(10,290,029)</u>
 Net Cash Provided by Operating Activities	 <u>4,139,403</u>	 <u>11,793,430</u>

The accompanying notes are an integral part of these financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
Cash Flows from Investing Activities		
Increase in restricted cash	□ (1,008,510)	□ (9,473)
Cash received from affiliates	6,599	563
Cash paid to affiliates	--	(131,833)
Other assets	162,532	3,011,891
Additions to property, plant and equipment	(2,155,465)	(8,885,118)
Purchases of investments	(50,581,585)	(40,779,607)
Sales of investments	<u>50,779,297</u>	<u>48,186,914</u>
Net Cash (Used in) Provided by Investing Activities	<u>(2,797,132)</u>	<u>1,393,337</u>
Cash Flows from Financing Activities		
Restricted gifts, bequests and income from investments	972,900	921,129
Distributions to noncontrolling interests	(1,307,721)	(1,031,774)
Net proceeds from issuance of debt	157,781	616,571
Principal payments on debt obligations	<u>(1,209,775)</u>	<u>(1,095,933)</u>
Net Cash Used in Financing Activities	<u>(1,386,815)</u>	<u>(590,007)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(44,544)	12,596,760
Cash and Cash Equivalents - Beginning	<u>25,756,594</u>	<u>13,159,834</u>
Cash and Cash Equivalents - End	<u>□ 25,712,050</u>	<u>□ 25,756,594</u>

Supplemental Cash Flow Information

Cash paid during the year for interest on borrowings was □1,300,968 and □1,396,529 for the years ended September 30, 2013 and 2012, respectively.

The accompanying notes are an integral part of these financial statements.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

ORGANIZATION

Greater Waterbury Health Network, Inc. (the Corporation, Network or GWHN) was incorporated on September 27, 1984 as a not-for-profit organization under the Non-Stock Corporation Act of the State of Connecticut. The Corporation's subsidiaries are The Waterbury Hospital (the Hospital), Greater Waterbury Health Services, Inc., Greater Waterbury Management Resources, Inc. (GWMRI), VNA Health at Home, Inc. (VNA), and the Children's Center of Greater Waterbury Health Network, Inc. (Children's Center). The accompanying financial statements also include Access Rehab Centers LLC (Access), Greater Waterbury Imaging Center Limited Partnership (GWIC), Imaging Partners, LLC, Alliance Medical Group, Inc. (AMG) and Cardiology Associates of Greater Waterbury, LLC to the extent of the Hospital's ownership interest in these affiliated entities.

On October 29, 2012, the Network signed a Letter of Intent to develop a Joint Venture relationship with Vanguard Health Systems, Inc. (Vanguard) of Nashville, TN, a network of for-profit hospitals. Under terms of the proposed Joint Venture, the two organizations would form a Limited Liability Company in which Vanguard would have an 80 percent ownership interest and GWHN would have a 20 percent interest. The Joint Venture would create a taxable, for-profit health system. The GWHN board selected Vanguard due to the company's unique ability to meet the long-term goals of the Greater Waterbury Health Network, Inc. Under the terms of the transaction, the new Joint Venture would be overseen by a 12-member board of directors, half of whom will be appointed by GWHN with Vanguard serving as manager of the Joint Venture. The transaction with Waterbury Hospital will allow it to expand its range of outpatient services to the communities it serves while also conducting extensive renovations and upgrades to the Hospital's main campus. The transaction will also allow the Hospital to continue to attract and maintain top-quality physicians. With the Letter of Intent, the two organizations have developed a Definitive Agreement for the Certificate of Need (CON) process, which will be necessary for the approval from the State of Connecticut Office of Health Care Access (OHCA) and the Office of the Attorney General. The transaction will also require approval from state and federal antitrust authorities.

On October 1, 2013, Tenet Healthcare Corporation (THC) completed its acquisition of Vanguard. THC is a leading health care services company, which through its subsidiaries operates 77 acute care hospitals, 173 outpatient centers and Conifer Health Solutions, a provider of business process solutions for health care providers serving more than 600 hospitals and other clients nationwide.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

During November 2010, the Hospital established a new limited liability company by the name of Cardiology Associates of Greater Waterbury, LLC (CAGW) to operate a cardiology practice. CAGW acquired the assets of Cardiology Associates of Waterbury (CAW) that were used by CAW physicians in the performance of their professional services.

The Hospital also acquired the assets of CAW that were used by CAW to perform diagnostic ancillary services. The Hospital converted these ancillary services to provider-based services, which are provided at a diagnostic center located near the Hospital. The goodwill recorded on the consolidated balance sheets relates to the purchase of CAW.

During June 2010, the Hospital entered into an arrangement with certain gastroenterology physician-members of the Hospital's medical staff to form Waterbury Gastroenterology Co-Management Company, LLC (GI Co-Management Company), a Connecticut limited liability company. This company was formed as a collaborative effort between the Hospital and the physicians for the purpose of improving the quality and efficiency of the gastroenterology service line at the Hospital. The Hospital's investment of \$50,000 in the GI Co-Management Company is included in the Corporation's consolidated financial statements in long-term investments.

The Hospital entered into a members' agreement, making it an equal member with St. Mary's Hospital, located in Waterbury, Connecticut, in a joint venture to form The Harold Leever Regional Cancer Center, Inc. (the Cancer Center). The Cancer Center is a Connecticut non-stock corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of the joint venture is to develop, construct, own and operate the Cancer Center. Both member hospitals transferred the revenue and related expenses of their respective radiation oncology services to the Cancer Center in October 2002. Both member hospitals made working capital advances to the Cancer Center. The Cancer Center is not included in the Corporation's consolidated financial statements.

The Corporation's major accounting policies are as summarized below and in Note 2.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Corporation and the affiliated entities. Recognition has been given to noncontrolling interests in the affiliates which is reflected as a component of unrestricted net assets. All significant intercompany accounts and transactions are eliminated in consolidation.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated uncollectible accounts receivable for services to patients, and liabilities, including estimated net settlements with third-party reimbursement agencies and professional liabilities, and disclosure of contingent assets and contingent liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain prior year amounts were reclassified to conform to the current year presentation.

REGULATORY MATTERS

The Hospital is required to file annual operating information with OHCA.

TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to provide grant related services, free care, and educational seminars. Permanently restricted net assets have been restricted by donors to be maintained by the Corporation in perpetuity or in funds held in trust by others.

DONOR RESTRICTED GIFTS

Unconditional promises to give cash are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises to give are received. Amortization of the discounts is included in gifts and bequests on the consolidated statements of operations and changes in net assets. Unconditional promises to give other assets are reported at fair value at the date the promise is received.

The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

CASH AND CASH EQUIVALENTS

The Corporation considers all highly liquid investments with remaining maturities of three months or less at date of purchase to be cash equivalents. Cash and cash equivalents are held at a limited number of financial institutions and at times, the amounts on deposit exceed insured limits.

RESTRICTED CASH

The Hospital had letters of credit totaling \$4.5 million and \$3.5 million with banks available at September 30, 2013 and 2012, respectively, to support its self-insured workers' compensation program that were collateralized by certain investments held by the banks. As of September 30, 2013 and 2012, there were no borrowings on the letters of credit.

ACCOUNTS RECEIVABLE

Patient accounts receivable result from the health care services provided by the Corporation. Additions to the allowance for doubtful accounts result from the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts.

The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators. See Note 2 for additional information relative to net patient service revenue and third-party payor programs.

INVENTORIES

Inventories are stated at the lower of cost or market. The Corporation values its inventories using the first-in first-out method.

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) and unrealized gains and losses are included in the (deficiency) excess of revenues over expenses unless the income or loss is restricted by donor or law.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

Unrealized gains and losses on investments related to permanently restricted net assets and certain temporarily restricted net assets are included in temporarily restricted net assets under State law which allows the Board of Trustees to appropriate as much of the net appreciation of investments as is prudent considering the Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Reference is made to Note 5.

OTHER ASSETS

Other assets include assets held by trustees under indenture agreements relating to financing activities with the State of Connecticut Health and Educational Facilities Authority. The portion of these amounts required for funding current liabilities is included in current assets.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. The Corporation and its subsidiaries provide for depreciation of property, plant and equipment and amortization of assets recorded under capital leases using the straight-line method in amounts sufficient to amortize the cost of the assets over their estimated useful lives which range from 3 to 40 years.

Financial Accounting Standards Board (FASB) ASC 410-20, *Accounting for Asset Retirement Obligations* (ASC 410-20), provides guidance on accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Asset retirement obligations include, but are not limited to, certain types of environmental issues which are legally required to be remediated upon an asset's retirement as well as contractually required asset retirement obligations. ASC 410-20 provides clarifying guidance on conditional asset retirement obligations. Conditional asset retirement obligations are obligations whose settlement may be uncertain.

ASC 410-20's guidance requires such conditional asset retirement obligations to be estimated and recognized.

Conditional asset retirement obligations of \$2,684,704 and \$2,785,468 as of September 30, 2013 and 2012, respectively, are recorded in other noncurrent liabilities related to future asbestos remediation. During 2013 and 2012, there were no retirement obligations incurred or settled.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

GOODWILL

Goodwill, which has an indefinite life, is not amortized and is evaluated for impairment whenever events or business conditions indicate that the carrying values of such assets may not be fully recoverable.

IMPAIRMENT OF LONG-LIVED ASSETS

The Corporation records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses recorded in 2013 and 2012.

NONOPERATING GAINS

Activities, other than in connection with providing health care services, are considered to be nonoperating. Nonoperating gains consist primarily of income on invested funds, gains and losses on sales of securities, changes in unrestricted unrealized gains and losses and unrestricted gifts and bequests.

(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES

The consolidated statements of operations and changes in net assets include the (deficiency) excess of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from the (deficiency) excess of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), pension liability adjustments, and interest rate swap adjustments.

INCOME TAXES

The Corporation and its subsidiaries, with the exception of GWMRI, Access, GWIC, CAGW, and Imaging Partners LLC, are not-for-profit organizations and are exempt from federal income taxes on related income under Section 501(c)(3) of the Internal Revenue Code. GWMRI has no current federal tax liability due to net operating losses since its date of incorporation. The Corporation is also exempt from state income tax.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

Access, GWIC, CAGW and Imaging Partners LLC are partnerships. For tax purposes, these partnerships are pass-through entities. Taxation does not occur at the partnership level. Accordingly, no provision for taxes is included. AMG is tax exempt under Section 501(c)(3) of the Code.

GWMRI has approximately \$6,800,000 in net operating losses. This results in a deferred tax asset of \$2,720,000 which is offset by a corresponding valuation allowance of the same amount.

Management has analyzed the tax positions taken and has concluded that as of September 30, 2013, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Corporation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Corporation is no longer subject to income tax examinations prior to 2010.

MEDICAL MALPRACTICE AND WORKERS' COMPENSATION INSURANCE

The Hospital has a policy of self-insuring the deductible portion of its workers' compensation claims. The deductible limit is \$500,000 and \$400,000 per claim for the years ended September 30, 2013 and 2012, respectively. Management records its best estimate of losses as they occur. The accrued workers' compensation self-insurance liabilities of \$9,996,921 and \$9,871,633 at September 30, 2013 and 2012, respectively, have been discounted 2.25%.

Effective October 1, 2006, the Hospital obtained "claims-made" medical malpractice insurance coverage, through the Network, from Healthcare Alliance Insurance Company, Ltd. (HAIC). HAIC is a multi-provider captive insurance company domiciled in the Cayman Islands. The Network is a one third owner of the HAIC with two other local hospitals that each hold one third ownership. The Hospital's insurance coverage is \$1,500,000 per occurrence and \$5,000,000 in the aggregate. In addition to the coverage from HAIC, the Hospital recorded reserves of approximately \$2,066,103 and \$2,104,554 at September 30, 2013 and 2012, respectively, related to claims that were incurred subsequent to October 1, 2006, but not yet reported. These reserves were discounted at 2.25% at September 30, 2013 and 2012.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

The Hospital also obtains excess insurance coverage for professional and general liability, through the Network, from HAIC. These policies have limits of \$25,000,000 per claim and \$25,000,000 aggregate, in excess of the underlying limits in the primary layer, for both professional and general liability.

The Hospital also purchased a loss transfer insurance policy which provides \$1,000,000 of coverage for each medical incident that was incurred between October 1, 2003 and October 1, 2006 and specifically reported to the insurance company on the effective date of the transfer policy (February 7, 2008) in addition to medical incidents incurred during the aforementioned period which are first reported after the effective date of the policy. This policy also provides \$1,000,000 of coverage for general liability incurred but not reported claims that occurred after October 1, 2003 through October 1, 2006 and were first reported after the effective date of the policy.

The policy has annual aggregate limits of \$4,500,000 for medical incidents and \$3,000,000 for general liability cases with a combined \$25,000,000 total limit for all policy years. These aggregate limits are eroded by claims previously paid by the Hospital or other insurance.

RETIREMENT BENEFIT PLANS

The Hospital maintains a defined benefit pension plan for eligible individuals and participates in two multi-employer pension plans that cover certain union employees. Reference is made to Note 9.

OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities include the long-term portion of liabilities for medical malpractice, workers' compensation, retirement benefits, the interest rate swap, and conditional asset retirement obligations.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

RISKS AND UNCERTAINTIES

The Corporation invests in a variety of investment securities which are exposed to various risks, such as interest rate risk, financial market risk, currency risk and credit risk. Due to the level of risk associated with investment securities, coupled with the economic events, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Corporation's September 30, 2013 financial statements, in addition to the funded status of its defined benefit pension plan.

NEW ACCOUNTING PRONOUNCEMENTS

BAD DEBTS

In July 2011, the FASB issued ASU 2011-07, *Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts*, which requires certain health care entities to present the provision for bad debts associated with patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) rather than as an operating expense with enhanced footnote disclosures on the policies for recognizing revenue and assessing bad debts, in addition to qualitative and quantitative information about changes in the allowance for doubtful accounts. The pronouncement was adopted for the year ended September 30, 2013 and retrospectively applied to the year ended September 30, 2012. Refer to Note 2 for the additional disclosures required by ASU 2011-07. There was no material impact to the Corporation's consolidated financial statements aside from the required changes in presentation.

MULTI-EMPLOYER PENSION PLAN DISCLOSURES

ASU 2011-09, *Disclosures about an Employer's Participation in a Multi-Employer Plan*, became effective for the year ended September 30, 2013 and required additional disclosures regarding multi-employer pension plans. The Corporation has made these additional disclosures in Note 9. The adoption of this pronouncement had no material impact on the Corporation's consolidated financial statements.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 2 – REVENUES FROM SERVICES TO PATIENTS AND CHARITY CARE

The following summarizes net revenues from services to patients:

	2013	2012
Gross revenues from services to patients	<u>□942,280,060</u>	<u>□971,551,590</u>
Deductions (additions):		
Allowances	683,195,570	699,498,848
Regulatory	<u>(312,767)</u>	<u>(1,431,356)</u>
	<u>682,882,803</u>	<u>698,067,492</u>
Net revenues from services to patients	259,397,257	273,484,098
Provision for bad debts	<u>11,368,671</u>	<u>10,966,628</u>
Net patient service revenue		
less provision for bad debts	<u>□248,028,586</u>	<u>□262,517,470</u>

Patient accounts receivable and revenues are recorded when patient services are performed.

Amounts received from most payors are different from the established billing rates of the Hospital, and these differences are accounted for as allowances. Net revenues have been affected by State of Connecticut Disproportionate Share program in 2013 and 2012 which is reflected in the regulatory amounts in the table above.

Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. For the years ended September 30, 2013 and 2012, the Corporation recorded approximately (□2,400,000) and □2,066,000, respectively, as a (decrease) increase to net revenues from services to patients as changes in estimates related to third-party payor settlements and adjustments to accruals recorded in prior years.

During 2013 and 2012 approximately 37□ and 43□, respectively, of net revenue from service to patients was received under the Medicare program, 16□ and 11□, respectively, under the state Medicaid program, and 42□ and 41□, respectively, from contracts with other third-parties.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 2 – REVENUES FROM SERVICES TO PATIENTS AND CHARITY CARE (CONTINUED)

Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Network. The State of Connecticut has announced reductions in the State's Disproportionate Share Reimbursement Program for the period from July 1, 2012 through June 30, 2015.

The significant concentrations of net accounts receivable for services to patients include 44% from Medicare, 13% from Medicaid, 24% from commercial insurance carriers and 19% from others at September 30, 2013 (47%, 13%, 25% and 15%, respectively, in 2012).

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Corporation believes that it is in compliance with all applicable laws and regulations. Cost reports for the Hospital, which serve as a basis for final settlement with government payors, have been settled by final settlement through 2009 for Medicare and 1995 for Medicaid. Other years remain open for settlement.

The Corporation has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the HMOs make fee-for-service payments to the Corporation for certain covered services based upon discounted fee schedules.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Corporation's estimation of the allowance for doubtful accounts is based primarily upon the type and age of the patient accounts receivable and the effectiveness of the Corporation's collection efforts. The Corporation's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as the charges are recorded. On a monthly basis, the Corporation reviews its accounts receivable balances, the effectiveness of the Corporation's reserve policies and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following:

- Revenue and volume trends by payor, particularly the self-pay components;
- Changes in the aging and payor mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients;
- Various allowance coverage statistics.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 2 – REVENUES FROM SERVICES TO PATIENTS AND CHARITY CARE (CONTINUED)

The Corporation regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to assist in determining the reasonableness of its process for estimating the allowance for doubtful accounts.

A summary of the Corporation's allowance for doubtful accounts activity for the years ended September 30, 2013 and 2012 is as follows:

	Balance at Beginning of Period	Additions Recorded in the Provision for Bad Debts	Accounts Written off, Net of Recoveries and Other	Balance at End of Period
Allowance for doubtful accounts:				
Year ended September 30, 2012	□ (15,162,000)	□ (10,966,628)	□ 9,027,628	□ (17,101,000)
Year ended September 30, 2013	□ (17,101,000)	□ (11,368,671)	□ 8,016,671	□ (20,453,000)

MEASURING CHARITY CARE

The Corporation accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Corporation. Essentially, these policies define charity services as those services for which no payment is possible. In assessing a patient's inability to pay, the Corporation utilizes the generally recognized Federal poverty income levels, but also includes certain cases where incurred charges are significant when compared to incomes and assets. These services are not included in net patient service revenues for financial reporting purposes.

Self-pay revenues are derived primarily from patients who do not have any form of health care coverage. The Corporation evaluates these patients, after the patient's medical condition is determined to be stable, for their ability to pay based upon federal and state poverty guidelines, qualifications for Medicaid or other governmental assistance programs, as well as the Corporation's policy for charity care. The Corporation provides care without charge to certain patients that qualify under its charity care policy. For the years ended September 30, 2013 and 2012, the Corporation estimates that its costs of care provided under its charity care programs approximated \$440,051 and \$369,888, respectively.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 2 – REVENUES FROM SERVICES TO PATIENTS AND CHARITY CARE (CONTINUED)

The Corporation's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the Corporation's gross charity care charges provided. The Corporation's gross charity care charges include only services provided to patients who are unable to pay and qualify under the Corporation's charity care policy. To the extent the Corporation receives reimbursement through the various governmental assistance programs in which it participates to subsidize its care of indigent patients, the Corporation does not include these patients' charges in its cost of care provided under its charity care program. Additionally, the Corporation does not report a charity care patient's charges in revenues or in the provision for doubtful accounts as it is the Corporation's policy not to pursue collection of amounts related to these patients.

ELECTRONIC HEALTH RECORD INCENTIVE PAYMENTS

The American Recovery and Reinvestment Act of 2009 (ARRA) included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are also available to providers that adopt, implement or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

Income from Medicare incentive payments is recognized as revenue after the Corporation has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period. The Corporation recognized revenue from Medicaid and Medicare for incentive payments after it adopted certified EHR technology. Medicaid incentive payments were \$483,979 and \$806,632 for the years ended September 30, 2013 and 2012, respectively. Medicare incentive payments were \$1,939,299 and \$2,585,732 for the years ended September 30, 2013 and 2012, respectively. Incentive payments are included in other operating revenues in the accompanying consolidated statements of operations and changes in net assets. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the Corporation's compliance with the meaningful use criteria is subject to audit by the federal government.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 2 – REVENUES FROM SERVICES TO PATIENTS AND CHARITY CARE (CONTINUED)

ICD-10 IMPLEMENTATION

The Corporation is subject to the administrative simplification provisions of HIPAA which require the use of uniform electronic data transmission standards for health care claims and payment transactions submitted or received electronically.

In January 2009, the Centers for Medicare and Medicaid Services (CMS) published its tenth revision of International Statistical Classification of Diseases and Related Health Problems (ICD-10) and related changes to the formats used for certain electronic transactions. ICD-10 contains significantly more diagnostic and procedural codes than the existing ICD-9 coding system, and as a result, the coding for the patient services provided by the Corporation will require much greater specificity when ICD-10 becomes effective on October 1, 2014.

The implementation of ICD-10 will require a significant investment in technology and training. The Corporation may experience delays in reimbursement while the Corporation and the payors from which it seeks reimbursement make the transition to ICD-10. If the Corporation fails to implement the new coding systems by the deadline, the Corporation will not be paid for services. Management is not able to reasonably estimate the overall financial statement impact of the Corporation's transition to ICD-10.

NOTE 3 - INVESTMENTS

The composition of investments, including funds held in escrow, is set forth in the following table. Investments are stated at fair value:

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Short-term investments:				
U.S. Treasury notes and other bonds	□ 62,002	□ 68,022	□ 87,136	□ 93,454
Marketable equity securities	202,843	295,936	231,802	344,945
Mutual funds	679,578	784,269	604,927	619,383
Certificates of deposit and money market funds	<u>55,332</u>	<u>55,332</u>	<u>31,390</u>	<u>31,390</u>
	<u>□ 999,755</u>	<u>□ 1,203,559</u>	<u>□ 955,255</u>	<u>□ 1,089,172</u>

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 3 – INVESTMENTS (CONTINUED)

	2013		2012	
	Cost	Fair Value	Cost	Fair Value
Escrow funds for long-term debt:				
Cash and money market funds	□ 34,218	□ 34,218	□ 691,408	□ 691,408
	<u>□ 34,218</u>	<u>□ 34,218</u>	<u>□ 691,408</u>	<u>□ 691,408</u>
Investments of funds				
held in trust by others	<u>□36,611,821</u>	<u>□44,960,039</u>	<u>□35,730,956</u>	<u>□42,218,163</u>
Long-term investments and				
Board-designated endowment funds:				
Certificates of deposit and				
money market funds	□ 1,416,975	□ 1,416,975	□ 2,099,343	□ 2,099,343
Marketable equity securities	198,290	287,463	73,760	116,754
U.S. Government obligations	108,451	154,567	2,462,365	2,553,684
Corporate bonds	3,412,334	3,396,880	5,215,186	5,475,931
Annuity contract	100,000	182,882	100,000	178,878
Mutual funds	20,665,211	22,094,465	14,395,273	15,038,953
Alternative investments	--	--	164,929	37,758
	<u>□25,901,261</u>	<u>□27,533,232</u>	<u>□24,510,856</u>	<u>□25,501,301</u>

The Corporation had long-term investments in partnerships and joint ventures that were recorded at cost of □956,732 and □753,853 as of September 30, 2013 and 2012, respectively, as it was not practicable to estimate fair value. These investments are not included in the tables above.

Unrestricted investment income, including income on funds held in trust by others, and gains and (losses) are comprised of the following for the years ended September 30, 2013 and 2012:

	2013	2012
Income:		
Investment income	□ 1,434,520	□ 2,136,690
Realized gains (losses) on sales of investments	902,102	(891,209)
Changes in unrealized gains on investments	<u>194,340</u>	<u>1,715,547</u>
	<u>□ 2,530,962</u>	<u>□ 2,961,028</u>

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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NOTE 3 – INVESTMENTS (CONTINUED)

A summary of interest cost and investment income on borrowed funds held by the trustee under revenue bond indentures during the years ended September 30, 2013 and 2012 follows:

	<u>2013</u>	<u>2012</u>
Interest cost charged to operations	<u>□ 1,017,986</u>	<u>□ 929,633</u>
Investment income	<u>□ 31</u>	<u>□ 233</u>

NOTE 4 – FAIR VALUE MEASUREMENTS

The Corporation categorizes assets and liabilities for disclosure purposes based on whether the inputs used to determine their fair values are observable or unobservable. The Corporation utilizes a three-level fair value hierarchy that prioritizes the inputs used to measure assets at fair value. Level inputs are as follows:

Level 1 □ Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Corporation has the ability to access on the reporting date.

Level 2 □ Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specific (contractual) term, a Level 2 input must be observable for substantially the full term of the asset.

Level 3 □ Inputs that are unobservable for the asset or liability.

The fair values of Level 1 securities were determined through quoted market prices, while fair values of Level 2 securities were determined primarily through prices obtained from third party pricing sources, where quoted market prices for such securities are not available. The fair values of Level 3 securities were determined primarily through information obtained from the relevant counterparties for such assets and liabilities, as information on which these fair values are based is generally not readily available in the market.

The fair value of the interest rate swap was determined by the counterparty based on an estimate of the net present value of the expected cash flows using relevant mid-market data inputs and based on the assumptions of no unusual market conditions or forced liquidation.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

Reference is made to Note 1 regarding the determination of the fair value of private equity and commingled funds classified as alternative investments.

The following table summarizes fair value measurements, by level, at September 30, 2013, for all assets and liabilities which are measured at fair value on a recurring basis in the consolidated financial statements:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	□ 33,532,557	□ --	□ --	□ 33,532,557
Common stock-Insurance	93,309	--	--	93,309
Mutual funds:				
U.S. large cap	35,292,087	--	--	35,292,087
U.S. mid cap	3,460,785	--	--	3,460,785
U.S. small cap	3,034,881	--	--	3,034,881
International developed	6,499,479	--	--	6,499,479
Emerging markets	2,705,380	--	--	2,705,380
Fixed income securities:				
Investment grade taxable	2,773,252	11,202,070	--	13,975,322
International developed bonds	1,237	719,184	--	720,421
Global high yield taxable	261,841	2,027,557	--	2,289,398
Real estate investment trusts	1,973,202	--	--	1,973,202
Other	101,506	284,678	--	386,184
Total investments at fair value	<u>□ 89,729,516</u>	<u>□ 14,233,489</u>	<u>□ --</u>	<u>□ 103,963,005</u>
Liabilities:				
Interest rate swap	<u>□ --</u>	<u>□ 1,729,706</u>	<u>□ --</u>	<u>□ 1,729,706</u>

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

For the year ended September 30, 2013, the changes in fair value of assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	<u>Long-term Investments</u>
Balance, as of September 30, 2012	□ 37,758
Net realized and unrealized losses on investments	(27)
Sales	<u>(37,731)</u>
Balance, as of September 30, 2013	<u>□ --</u>

The following table summarizes fair value measurements, by level, at September 30, 2012, for all assets and liabilities which are measured at fair value on a recurring basis in the consolidated financial statements:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets:				
Cash and cash equivalents	□ 34,288,297	□ --	□ --	□ 34,288,297
Common stock-Insurance	64,739	--	--	64,739
Mutual funds:				
U.S. large cap	23,242,440	--	--	23,242,440
U.S. mid cap	2,972,585	--	--	2,972,585
U.S. small cap	2,025,227	--	--	2,025,227
International developed	7,683,020	--	--	7,683,020
Emerging markets	2,394,768	--	--	2,394,768
Bonds	345,802	--	--	345,802
Fixed income securities:				
Investment grade taxable	2,934,382	10,423,958	--	13,358,340
International developed bonds	--	2,559,686	--	2,559,686
Global high yield taxable	399,340	2,977,811	--	3,377,151
U.S. Government obligations	3,661,481	--	--	3,661,481
Mortgage backed securities	--	873,732	--	873,732

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 4 – FAIR VALUE MEASUREMENTS (CONTINUED)

	Level 1	Level 2	Level 3	Total
Other investments:				
Commingled funds real estate	□ --	□ --	□ 37,758	□ 37,758
Real estate investment trusts	1,844,510	--	--	1,844,510
Other	<u>38,500</u>	--	--	<u>38,500</u>
Total investments at fair value	<u>□ 81,895,091</u>	<u>□ 16,835,187</u>	<u>□ 37,758</u>	<u>□ 98,768,036</u>
Liabilities:				
Interest rate swap	<u>□ --</u>	<u>□ 2,938,962</u>	<u>□ --</u>	<u>□ 2,938,962</u>

For the year ended September 30, 2012, the changes in fair value of assets measured using significant unobservable inputs (Level 3) were comprised of the following:

	Long-term Investments
Balance, as of September 30, 2011	□ 10,433,613
Net realized and unrealized gains on investments	832,476
Sales	<u>(11,228,331)</u>
Balance, as of September 30, 2012	<u>□ 37,758</u>

NOTE 5 – RESTRICTED ENDOWMENTS

The Hospital's endowments consist of donor-restricted endowment funds and Board designated endowment funds. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 5 – RESTRICTED ENDOWMENTS (CONTINUED)

The Hospital's Board of Trustees has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and, if applicable (c) accumulations to the permanent endowment made in accordance with the related gift's donor instructions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard for expenditure as proscribed by UPMIFA. In accordance with UPMIFA, the Hospital considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Hospital and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Hospital
- (7) The investment policies of the Hospital

RETURN OBJECTIVES AND RISK PARAMETERS

For the permanently restricted endowment funds, the bank, acting in its capacity as trustee, determines and directs the investment policy and asset allocation. For the unrestricted and temporarily restricted endowment funds, the Hospital's Board of Trustees has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. The Hospital expects these endowment funds, over time, to provide an average rate of return that exceeds the rate of inflation by 3.5% annually. Actual returns in any given year may vary from this amount.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 5 – RESTRICTED ENDOWMENTS (CONTINUED)

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Hospital has a policy of evaluating the spending decisions for each endowment fund based upon the intentions of the donors and specific contractual agreements. In determining the annual amount to be spent, the Hospital considers the long-term expected return on its endowment. The spending policy is designed to limit spending to the expected long-term real rate of return. The annual distribution from the endowment funds is expected to be contained within a range of 4-6% of the trusts' market value. This is consistent with the Hospital's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF SEPTEMBER 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	\$ --	\$ 7,446,152	\$ 47,752,075	\$ 55,198,227
Board-designated endowment funds	\$ 3,193,664	\$ --	\$ --	\$ 3,193,664
Total funds	<u>\$ 3,193,664</u>	<u>\$ 7,446,152</u>	<u>\$ 47,752,075</u>	<u>\$ 58,391,891</u>

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 5 – RESTRICTED ENDOWMENTS (CONTINUED)

CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning balance	□ 2,974,503	□ 6,806,683	□45,010,199	□54,791,385
Investment return:				
Investment income	72,896	238,568	--	311,464
Net appreciation	<u>277,353</u>	<u>829,688</u>	<u>2,741,876</u>	<u>3,848,917</u>
Total investment return	350,249	1,068,256	2,741,876	4,160,381
Appropriation of endowment assets for expenditure	<u>(131,088)</u>	<u>(428,787)</u>	<u>--</u>	<u>(559,875)</u>
Endowment net assets, ending balance	<u>□ 3,193,664</u>	<u>□ 7,446,152</u>	<u>□47,752,075</u>	<u>□58,391,891</u>

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF SEPTEMBER 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	□ --	□ 6,806,683	□45,010,199	□51,816,882
Board-designated endowment funds	<u>2,974,503</u>	<u>--</u>	<u>--</u>	<u>2,974,503</u>
Total funds	<u>□ 2,974,503</u>	<u>□ 6,806,683</u>	<u>□45,010,199</u>	<u>□54,791,385</u>

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 5 – RESTRICTED ENDOWMENTS (CONTINUED)

CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2012

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning balance	□ 2,615,009	□ 5,696,591	□40,131,275	□48,442,875
Investment return:				
Investment income	72,000	259,851	--	331,851
Net appreciation	<u>406,963</u>	<u>1,266,934</u>	<u>4,878,924</u>	<u>6,552,821</u>
Total investment return	478,963	1,526,785	4,878,924	6,884,672
Appropriation of endowment assets for expenditure	<u>(119,469)</u>	<u>(416,693)</u>	<u>--</u>	<u>(536,162)</u>
Endowment net assets, ending balance	<u>□ 2,974,503</u>	<u>□ 6,806,683</u>	<u>□45,010,199</u>	<u>□54,791,385</u>

NOTE 6 – TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at September 30, 2013 and 2012, are restricted amounts which are to be held in perpetuity, the income from which is expendable to provide free care, scholarships for the children of the Hospital's employees, and for the operations of the Hospital. Also included in permanently restricted net assets are funds held in trust by others. The Hospital is the restricted income beneficiary of funds held in trust by others. The total trust assets, as reported by the trustee, had an aggregate fair value at September 30, 2013 and 2012 of □44,960,039 and □42,218,163, respectively. Income of □1,896,981 and □1,759,075 earned on these assets for the years ended September 30, 2013 and 2012, respectively, is included in investment income.

Temporarily restricted net assets are available to provide psychiatric services, free care and educational seminars.

During 2013, net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes in providing grant related services, free care, and various miscellaneous services in the amounts of □4,420,718, □657,252 and □341,621, respectively in 2013 and □4,733,897, □625,195, and □249,913, respectively in 2012. In addition, □9,654 and □134,036 were released for the purchase of property and equipment in 2013 and 2012, respectively.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 7 - DEBT

SERIES C AND D BOND FINANCING

In December 2010, the Hospital refinanced its Series C bond financing and financed an additional \$8,000,000 for various capital projects to be completed over a two year period. The par amount of the new Series D debt was \$25,918,000 and interest is variable at the interest rate that is equal to the product of (i) sixty-eight percent (68%) and (ii) the sum of the LIBOR Rate and three hundred basis points (2.16% at September 30, 2013). The new bonds require monthly principal and interest payments, based upon a 10 year amortization schedule, from 2011 through 2020 with the remaining principal balance due in 2020.

The terms of the bonds provide for, among other things, a pledge of gross receipts of the Hospital, restriction on the incurrence of certain indebtedness of the Hospital and provide for covenants regarding the Hospital's debt service coverage ratios, minimum levels of cash on hand, sale and lease of assets and other covenants similar in financings of this type.

In connection with this refinancing, the Hospital entered into an interest rate swap with a bank which allowed it to convert its variable interest rate liability to a fixed interest rate liability of 4.475% without changing the structure of the underlying debt.

The Hospital uses the interest rate swap agreement to manage interest rate risk associated with its outstanding debt. At September 30, 2013 and 2012, the notional value of outstanding interest rate swap was \$24,755,656 and \$25,207,100, respectively.

The Hospital recognizes the fair value of its interest rate swap in the consolidated balance sheet as a liability, recorded in other noncurrent liabilities. At September 30, 2013 and 2012, the fair value of interest rate swap was in a liability position of \$1,729,706 and \$2,938,962, respectively.

The Hospital designated its interest rate swap as a cash flow hedge for accounting purposes, and accordingly defers gains or losses associated with the swap in net assets.

CHILDREN'S CENTER SERIES D BOND FINANCING

On August 1, 2000, the Children's Center of Greater Waterbury Health Network, Inc. entered into Series D financing arrangements with CHEFA under a Master Indenture for the financing of the construction of a new child care center building. To finance the above, CHEFA sold \$1,945,000 of Series D revenue bonds.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 7 – DEBT (CONTINUED)

Under the terms of the financing arrangements between the Children’s Center and CHEFA, the proceeds of the revenue bonds were loaned to the Children’s Center. Pursuant to the loan agreement, the Children’s Center was obligated to provide amounts which will be sufficient to enable CHEFA to pay the principal of and interest on the proceeds of the Series D Bonds.

Concurrently with the issuance and delivery of the Series D Bonds, the Children’s Center and U.S. Bank NA, as Trustee, entered into the Master Indenture and Supplemental Master Indentures Numbers 1 and 2, pursuant to which the Children’s Center was obligated to pay the amount due under the loan agreement with CHEFA. The Master Indenture and Supplemental Master Indentures provide for, among other things, the establishment and maintenance of a Debt Service Reserve Fund (which has been funded by the State of Connecticut as discussed below) and a pledge of the gross receipts, as defined, of the Children’s Center, restriction on the incurrence of certain indebtedness of the Children’s Center and covenants regarding the Children’s Center’s debt service coverage ratios, sale and lease of assets and other covenants similar in financings of this type.

CHILDREN’S CENTER SERIES 2011 BONDS

In August 2011, CHEFA sold \$28,840,000 of Series 2011 revenue bonds, the proceeds of which were used to redeem a number of bond series, including the Children’s Center Series D bonds described above. As a result of the sale of the Series 2011 bonds, the Children’s Center’s loan with CHEFA was refinanced and reduced from \$1,560,000 to \$1,505,000. The Series 2011 bonds mature serially from 2012 through 2030, with interest rates ranging from 1% to 5%.

Pursuant to Public Act No. 97-259 (the School Readiness Act), the State of Connecticut has encouraged the development of a network of school readiness programs that meet the standards developed by the State Department of Education. To encourage such development, the School Readiness Act established, among other things, the Child Care Facilities Program to finance low interest loans for the purpose of new construction of child care centers. The State of Connecticut, acting through the Commissioner of the Department of Social Services, may allow actual debt service on such loans and a debt service reserve fund to be paid by the State of Connecticut provided that such debt service terms are determined by the Commissioner to be reasonable. The State of Connecticut has funded the debt service reserve fund and has agreed to fund, subject to available appropriations, 83.6% of the debt service on the Series 2011 Bonds and to replenish any deficiencies in the debt service reserve fund. During 2013 and 2012, the total debt service funded by the State of Connecticut was \$103,351 and \$109,009, respectively.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 7 – DEBT (CONTINUED)

Future minimum payments by year and in the aggregate, subject to early redemption provisions discussed above, under the CHEFA bonds are as follows at September 30, 2013:

2014	□	532,136
2015		548,776
2016		576,408
2017		600,080
2018		629,832
Aggregate thereafter		<u>23,253,424</u>
	□	<u>26,140,656</u>

Access has a □250,000 line of credit with a bank. There were no borrowings under this line of credit at September 30, 2013 and 2012.

In April 2005, the VNA established a □500,000 line of credit with Webster Financial Advisors. The line of credit expired on November 1, 2013 and VNA is currently in the process of renewing the line. The interest rate at June 30, 2013 and 2012 was 5□ and 4.25□, respectively. The line of credit is secured by the VNA's investments held by Webster Financial Advisors and a first lien on all business assets located at 27 Siemon Company Drive, Watertown, Connecticut. There were no advances on the line of credit at September 30, 2013 and 2012.

AMG had a capital lease for e□ipment that called for monthly payments of □1,485 through April 2013 and was secured by the e□ipment. The balance of the capital lease liability was □0 at September 30, 2013 and □10,054 at September 30, 2012.

AMG has a capital lease for e□ipment that calls for monthly payments of □593 through January 2014 and is secured by the e□ipment. The balance of the capital lease liability was □2,858 at September 30, 2013 and □9,037 at September 30, 2012.

AMG entered into an e□ipment lease during 2010. The lease calls for monthly payments of □353 through March 2015 and is secured by the e□ipment. The balance of the capital lease liability was □5,877 at September 30, 2013 and □9,445 at September 30, 2012.

AMG entered into an e□ipment lease during 2010. The lease calls for monthly payments of □447 through May 2015 and is secured by the e□ipment. The balance of the capital lease liability was □8,687 at September 30, 2013 and □13,095 at September 30, 2012.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 7 – DEBT (CONTINUED)

The Hospital entered into a capital lease for equipment during 2011. The lease calls for equal monthly payments of \$20,885 through May 2016 and is secured by the equipment. The balance of the capital lease liability was \$609,435 at September 30, 2013 and \$835,685 at September 30, 2012.

The Hospital entered into a capital lease for equipment during 2011. The lease called for equal monthly payments of \$14,031 through July 2013 and was secured by the equipment. The balance of the capital lease liability was \$0 at September 30, 2013 and \$137,403 at September 30, 2012.

AMG entered into a term note during 2010 at an interest rate of 9.8%. The note calls for monthly payments of \$13,216 through November 2014 and is secured by the assets of AMG. The balance of the term note liability was \$173,794 at September 30, 2013 and \$307,277 at September 30, 2012.

AMG assumed a note payable during 2009 for the fit-up of office space. The original amount of the note was \$320,000 and is repayable in installments of principal plus interest at 7.50% totaling \$4,908 per month through January 2014. In addition, this note calls for a final payment of principal and interest of \$113,981 in February 2014. The balance of this note was \$129,815 at September 30, 2013 and \$177,038 at September 30, 2012.

The Hospital entered into a capital lease for equipment during 2012. The lease calls for equal monthly payments of \$11,469 through August 2017 and is secured by the equipment. The balance of the capital lease liability was \$495,826 at September 30, 2013 and \$593,633 at September 30, 2012.

The Hospital entered into a capital lease for equipment during 2013. The lease calls for equal monthly payments of \$4,779 through November 2015. The balance of capital lease liability was \$120,826 at September 30, 2013.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 7 – DEBT (CONTINUED)

Future minimum payments by year and in the aggregate for all non-CHEFA obligations were as follows at September 30, 2013:

2014		□	694,549
2015			448,424
2016			280,624
2017			<u>123,520</u>
		□	<u>1,547,117</u>

The fair value of the debt, using the discounted cash flow analyses, was approximately □29,406,000 and □30,750,000 at September 30, 2013 and 2012, respectively.

NOTE 8 – RENTAL EXPENSE AND LEASE COMMITMENTS

The Hospital, VNA and GWMRI have entered into operating leases for office space and office equipment. Rental expense for the years ended September 30, 2013 and 2012 was □4,792,560 and □4,710,265, respectively. The minimum rental commitments under all noncancellable operating leases with initial or remaining terms of more than one year are as follows:

2014		□	4,403,351
2015			3,592,196
2016			3,271,507
2017			2,479,208
2018			27,036
Thereafter			<u>201,566</u>
		□	<u>13,974,864</u>

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 9 – EMPLOYEE BENEFIT PLANS

The Hospital has a noncontributory defined benefit cash balance plan (the Plan). Under the Plan, each participant who elected to transfer their balances to the Plan from the former defined contribution plan receives a credit of 6% of compensation allocated to their cash balance accounts. All other participants receive a 3% credit. Additionally, each participant receives an interest credit to their cash balance account based on the yield to maturity on three-year treasury bills. The Plan covers substantially all non-union employees age 21 and older with one year of service. It is the Hospital's policy to make contributions to the Plan sufficient to meet the minimum funding requirements of applicable laws and regulations.

Following is a summary of the Plan's funded status using the measurement dates of September 30, 2013 and 2012 and amounts recognized in the Corporation's consolidated financial statements.

	2013	2012
Change in benefit obligation		
Benefit obligation beginning of year	□ (37,888,825)	□ (37,373,483)
Service cost	(1,702,273)	(1,220,226)
Interest cost	(1,154,537)	(1,798,078)
Actuarial gain (loss)	2,126,771	(443,054)
Benefits paid	3,056,653	2,946,016
Benefit obligation, end of year	□ (35,562,211)	□ (37,888,825)
Change in plan assets		
Fair value of plan assets, beginning of year	□ 28,843,113	□ 26,540,513
Actual return on plan assets	253,055	2,716,897
Employer contributions	1,162,156	2,531,719
Benefits paid	(3,056,653)	(2,946,016)
Fair value of plan assets, end of year	□ 27,201,671	□ 28,843,113
Funded status	□ (8,360,540)	□ (9,045,712)
Accrued pension liability	□ (8,360,540)	□ (9,045,712)

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

	2013	2012
Components of net periodic pension cost		
Service cost	□ 1,702,273	□ 1,220,226
Interest cost	1,154,537	1,798,078
Expected return on plan assets	(2,483,658)	(2,566,157)
Amortification of actuarial loss	971,872	623,556
Amortification of prior service cost	<u>35,455</u>	<u>35,527</u>
Net periodic pension cost	<u>□ 1,380,479</u>	<u>□ 1,111,230</u>
Accumulated benefit obligation	<u>□ 34,675,898</u>	<u>□ 36,832,025</u>

Included in unrestricted net assets are the following amounts that have not yet been recognized in net periodic cost:

	2013	2012
Unrecognized prior service cost	□ (156,531)	□ (191,986)
Unrecognized actuarial losses	<u>(14,772,799)</u>	<u>(15,640,839)</u>
Benefit obligation, end of year	<u>□ (14,929,330)</u>	<u>□ (15,832,825)</u>

Changes in benefit obligations recognized in unrestricted net assets include:

	2013	2012
Current year actuarial losses	□ (103,832)	□ (292,314)
Amortification of prior service cost	35,455	35,527
Amortification of net loss	<u>971,872</u>	<u>623,556</u>
	<u>□ 903,495</u>	<u>□ 366,769</u>

The prior service cost and actuarial losses included in unrestricted net assets and expected to be recognized in net periodic cost during the year ending September 30, 2014 are □5,455 and □816,016, respectively.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

ASSUMPTIONS

The weighted-average assumptions used to determine benefit obligations at September 30 are as follows:

	2013	2012
Discount rate	3.99%	3.17%
Expected return on plan assets	8.00%	8.00%
Rate of compensation increase	2% for 3 year select period, 3% ultimate	2% for 4 year select period, 3% ultimate

The weighted-average assumptions used to determine net periodic benefit cost for years ended September 30 are as follows:

	2013	2012
Discount rate	3.17%	5.07%
Expected return on assets	8.00%	8.00%
Rate of compensation increase	2% for 4 year select period, 3% ultimate	2% for 5 year select period, 3% ultimate

EXPECTED LONG-TERM RETURN ON PLAN ASSETS

To develop the expected long-term rate of return on assets assumptions, the Hospital considered the historical returns and the future expectations of returns for each asset class, as well as target asset allocations of the pension portfolio. This resulted in the selection of the 8.0% long-term rate of return.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

INVESTMENT POLICY

The Plan's weighted-average asset allocation at September 30, 2013, by asset category are as follows:

Asset Category	Plan Assets	Asset Allocation Policy	
		Target	Range
Global defense equity unhedged	10%	10%	5% - 15%
Custom fixed income	90%	90%	85% - 95%

The Plan's weighted-average asset allocation at September 30, 2012, by asset category are as follows:

Asset Category	Plan Assets	Asset Allocation Policy	
		Target	Range
Equity securities	44%	45%	40% - 50%
Debt securities	33%	35%	25% - 45%
Multi-strategy hedge fund of funds	20%	20%	15% - 25%
Cash and cash equivalents	3%		

The Pension Committee of the Board of Trustees (the Committee) is responsible for employee benefit program policies with respect to plan assets and the retention of qualified managers, consultants and trustee-custodians. The purpose of the Committee is to ensure the Plan assets accumulate monies required to meet the anticipated benefit payments of the Plan; contributions are made by the Hospital on a basis determined by the Plan's actuary to be adequate to fund the benefits. The investment objective of the Committee is to maximize total return after inflation within the limits of prudent risk taking by diversifying across asset classes and multiple managers. The Committee has established an asset allocation policy that sets a target and range for each asset class, as shown in the table above.

CONTRIBUTIONS

The Hospital expects to make \$1,500,000 in contributions to the Plan in 2014.

**GREATER WATERBURY HEALTH NETWORK, INC.
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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

ESTIMATED FUTURE BENEFIT PAYMENTS

The following benefit payments which reflect expected future service are expected to be paid as follows:

2014	□	3,702,000
2015		3,025,000
2016		3,414,000
2017		3,289,000
2018		3,512,000
2019-2023		<u>15,898,000</u>
	□	<u>32,840,000</u>

As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following tables set forth by level within the fair value hierarchy the investment assets and investment liabilities at fair value, as of September 30, 2013.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Commingled funds and private equity	<u>□</u> <u>--</u>	<u>□</u> <u>--</u>	<u>□27,201,671</u>	<u>□27,201,671</u>

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

The following tables set forth by level within the fair value hierarchy the investment assets and investment liabilities at fair value, as of September 30, 2012.

	Level 1	Level 2	Level 3	Total
Equities	□ 1,450,511	□ --	□ --	□ 1,450,511
Commingled funds and private equity	--	--	19,307,214	19,307,214
U.S. Government obligations	4,463,951	--	--	4,463,951
Corporate bonds	--	3,210,511	--	3,210,511
Distribution receivable	363,345	--	--	363,345
Interest and dividends	47,581	--	--	47,581
	<u>□ 6,325,388</u>	<u>□ 3,210,511</u>	<u>□ 19,307,214</u>	<u>□ 28,843,113</u>

The following is a reconciliation of Level 3 assets, collective investments and common trust funds, for which significant unobservable inputs were used to determine fair value:

	2013	2012
Balance as of September 30	□ 19,307,214	□ 17,038,042
Change in unrealized (depreciation) appreciation	(487,433)	2,362,257
Purchases	52,316,941	7,446,351
Sales	<u>(43,935,051)</u>	<u>(7,539,436)</u>
Balance as of September 30	<u>□ 27,201,671</u>	<u>□ 19,307,214</u>

OTHER BENEFIT PLANS

The Hospital participates in multi-employer pension plans that cover substantially all union employees. Contributions to the plans are based upon a percentage of each participant's total salary. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of another participating employer.
- If a participating employer stops contributing to the plan, the unfunded obligation of the plan may be borne by the remaining participating employers.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

- If the Hospital chose to stop participating in the multi-employer plans, the Hospital may be required to pay those plans an amount based on the underfunded status of the plans, referred to as a withdrawal liability.

The following table presents the Hospital's participation in these plans as of and for the years ended September 30, 2013 and 2012.

Pension Trust Fund	Pension Plan Employer Identification Number	Pension Protection Act ("PPA") Certified "One Status" ¹		FIP/ RP Status	Contributions		Surcharge Imposed	Expiration Date of Collection Bargaining Agreement ³
		2013	2012	Pending □ Implemented ²	2013	2012		September 30, 2013
Connecticut Health Care Associates Pension Fund	06-1313462	Green	Green	N/A	□ 2,077,612	□ 2,230,433	No	September 30, 2013
New England Health Care Employees Pension Fund	22-3071963	Green	Green	N/A	□ 783,235	□ 865,646	No	February 29, 2016
Total Contributions:					<u>□ 2,860,847</u>	<u>□ 3,096,079</u>		

¹ The most recent PPA "one status available in 2013 and 2012 is for the plan's year-ending during 2012 and 2011, respectively. The "one status is based on information received from the plan and is certified by the plan's actuary. Among other factors, plans in the red "one are generally less than 65 percent funded, plans in the orange "one are less than 80 percent funded and have an accumulated funding deficiency in the current year or projected in the next six years, plans in the yellow "one are less than 80 percent funded, and plans in the green "one are at least 80 percent funded.

² The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

³ Lists the expiration dates of the collective-bargaining agreements to which the plans are subject.

During the years ended September 30, 2013 and 2012, the Hospital's contributions to the Connecticut Health Care Associates Pension Plan represented approximately 96% of the total contributions made to the plan by all participating employers.

During the years ended September 30, 2013 and 2012, the Hospital's contributions to the New England Health Care Employees Pension Plan represented 3% of the total contributions made to the plan by all participating employers.

Governmental regulations impose certain requirements relative to union-sponsored pension plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Hospital has explored the costs to withdraw from the Connecticut Health Care Associates (CHCA) Pension Plan in the event that the Hospital enters into a joint venture (Note 1). As of September 30, 2013, it is estimated a withdrawal liability to exit this plan would be \$7,200,000. It is expected that CHCA will likewise withdraw from the pension plan making a total withdrawal liability for the Hospital of approximately \$27,700,000. Management expects that the costs to withdraw from the plan will be funded by the proceeds from the transaction and payable over time at the rate of \$2,400,000 per annum.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 9 – EMPLOYEE BENEFIT PLANS (CONTINUED)

The VNA has a defined contribution pension plan which covers substantially all full-time employees, in addition to a non-contributory discretionary pension plan for which contributions are made annually at the discretion of the VNA's Board of Directors.

In addition, the Hospital has a supplemental employee retirement plan for certain executives. The plan provides for a total benefit and is partially funded. As of September 30, 2013 and 2012, liabilities of \$240,869 and \$152,244, respectively, have been reflected in the consolidated balance sheets.

As noted above, the Hospital also has a noncontributory defined benefit cash balance plan covering substantially all non-union employees age 21 and older with one year of service. Total pension expense, relating to this plan, charged to operations during the years ended September 30, 2013 and 2012 was \$1,380,479 and \$1,111,230, respectively.

NOTE 10 – SELF INSURANCE CLAIMS

There have been medical malpractice and workers' compensation claims that fall within the Corporation's partially self-insured programs, which have been asserted against the Corporation. In addition, there are known incidents that have occurred through September 30, 2013 that may result in the assertion of claims. Corporation management has accrued its best estimate of these contingent losses. Other claims may be asserted arising from services provided to patients or workers' compensation incidents in the past. Corporation management has provided reserves for these contingent liabilities.

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Corporation is a party to various lawsuits incidental to its business.

**GREATER WATERBURY HEALTH NETWORK, INC.
AND SUBSIDIARIES**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEARS ENDED SEPTEMBER 30, 2013 AND 2012

NOTE 12 – DUE FROM (TO) AFFILIATES

The amounts due from affiliates of \$189,379 and \$195,978 at September 30, 2013 and 2012, respectively, represent receivables from and (payables) to affiliates that do not eliminate in consolidation. These balances are comprised of the following:

	2013	2012
Greater Waterbury Management Resources	\$ 197,863	\$ 204,462
Alliance Medical Group	(9,984)	(9,984)
GI Co-Management Company	1,500	1,500
	\$ 189,379	\$ 195,978

NOTE 13 – FUNCTIONAL EXPENSES

The Corporation provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	2013	2012
Health care services	\$ 198,516,495	\$ 207,955,761
General and administrative	65,059,933	67,298,685
Fundraising	360,831	288,795
	\$ 263,937,259	\$ 275,543,241

NOTE 14 – SUBSEQUENT EVENTS

The Network evaluates the impact of subsequent events, events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date or for disclosure in the notes to the financial statements. The Network evaluated events occurring subsequent to September 30, 2013 through January 10, 2014, the date on which the accompanying consolidated financial statements were available to be issued. During this period, there were no subsequent events that required recognition in the consolidated financial statements.

SCHEDULE 3.07

RECENT ACTIVITIES

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.09

EQUIPMENT DEPRECIATION SCHEDULE

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.10

TITLE TO ASSETS

See attached UCC report.

See Schedule 3.11(a).



SEARCH RESULTS

REPORT FOR: Marisol Skibicki at 561
REF. NO: 3274-1135
DATE: 06/30/16
INDEX DATE: 06/17/16
IRS INDEX DATE: 06/23/16
DRC REF. NO: 506518

REGARDING: THE WATERBURY HOSPITAL

JURISDICTION: Secretary of the State – Connecticut

A search has been conducted of the records of the Uniform Commercial Code Division to determine if there are presently effective UCC Financing Statements, Municipal Tax Liens, State Tax Liens, Federal Tax Liens, Judgment Notices or other filings of record which name the above-captioned.

There are 22 presently effective records under the debtor name.

See attached

If we may be of further assistance, please advise.

330 Roberts Street, Suite 203, East Hartford, CT 06108-3654

Email: datareporting@frontier.com

Tel 800-570-7750 Tel 860-282-0685 Fax 800-672-8635

The information contained in this report is strictly confidential. Although obtained from sources deemed reliable, the accuracy of same is not guaranteed. No liability is assumed by the searcher.

WATERBURY HOSPITAL

- 1) 2419467
2419587-Office Correction
2419604-Office Correction
- 2) 2828623
- 3) 2791044
- 4) 3067900
- 5) 2791045
- 6) 3067884
- 7) 3087067
- 8) 3094137
- 9) 2852974
- 10)2890181
- 11)2912417
- 12)2951331
- 13)2969025
- 14)3015083
- 15)3028590
- 16)3079617
- 17)3025143
- 18)3047052
- 19)3074593
- 20)3097903
- 21)3113081
- 22)3121843


UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address) LR1

Corporation Service Company
 801 ADLAI STEVENSON DRIVE
 Springfield, IL 62703



Waterbury Hospital
 513370-1

11:00

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
 Waterbury Hospital The

OR
 1b. INDIVIDUAL'S LAST NAME

1c. MAILING ADDRESS 64 Robbins St.	CITY Waterbury	STATE CT	POSTAL CODE 06721	COUNTRY USA
---------------------------------------	-------------------	-------------	----------------------	----------------

1d. <u>SEE INSTRUCTIONS</u>	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION CORP	1f. JURISDICTION OF ORGANIZATION CT	1g. ORGANIZATIONAL ID #, if any 0267808	<input type="checkbox"/> NONE
-----------------------------	-----------------------------------	----------------------------------	--	--	-------------------------------

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR
 2b. INDIVIDUAL'S LAST NAME

2c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
---------------------	------	-------	-------------	---------

2d. <u>SEE INSTRUCTIONS</u>	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any	<input type="checkbox"/> NONE
-----------------------------	-----------------------------------	--------------------------	----------------------------------	---------------------------------	-------------------------------

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
 Siemens Financial Services, Inc.

OR
 3b. INDIVIDUAL'S LAST NAME

3c. MAILING ADDRESS 170 Wood Avenue South	CITY Iselin	STATE NJ	POSTAL CODE 08830	COUNTRY USA
--	----------------	-------------	----------------------	----------------

4. This FINANCING STATEMENT covers the following collateral:

See Attached Exhibits for description of collateral. Schedule No. 319-000975-002.
 Exhibit A - Equipment
 Exhibit B - Chattel Paper

5. ALTERNATIVE DESIGNATION (if applicable):	LESSEE/LESSOR	CONSIGNEE/CONSIGNOR	BAILEE/BAI-LOR	SELLER/BUYER	AG. LIEN	NON-UCC FILING
6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS. Attach Addendum	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (if applicable) (ADDITIONAL FEE)		7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional)		<input type="checkbox"/> All Debtors	<input type="checkbox"/> Debtor 1 <input type="checkbox"/> Debtor 2

8. OPTIONAL FILER REFERENCE DATA 319-0050975-002

CT-Secretary Of State

EXHIBIT A

DESCRIPTION OF EQUIPMENT

Description:

As shown on Exhibit B to the Performance Service Agreement between
The Waterbury Hospital and Siemens Building Technologies, Inc. dated
July 14, 2006.

Approximate

Total Cost:

\$4,822,201.00

Exhibit A- Scope of Work

Exhibit A

Article 1: Scope of FIM Work

FIM#-1 Lighting and Lighting Controls

- Provide and install all lighting equipment and lighting occupancy sensors described in Exhibit D, "Lighting Retrofit Tables".
- The following table summarizes the lighting and control quantities by building:

Table 1.1 – Lighting Retrofits

Building	Quantity of Lighting Fixtures Retrofitted /Replaced	Quantity of Fixtures Controlled by Occupancy Sensors
Main Hospital	992	2,242
Merriman Hall	268	319
Children's Center	91	166
TOTALS	1,351	2,727

The scope of work *shall not include* the following;

- Repairing faulty ground wiring.
- Replacing retrofitted fixtures that have concealed damage.

FIM#-2 Install Variable Frequency Drives & Premium Efficiency Motors

- Provide and install Variable Frequency Drives (VFDs) for the motors listed in Table 1.2 below:

Table 1.2 – VFD Retrofits

Equipment ID	Location	Function	HP
P-1	Boiler House Basement	Boiler Feedwater Pump	30
P-2	Boiler House Basement	Boiler Feedwater Pump	30
P-3	Boiler House Basement	Boiler Feedwater Pump	30
CHWP-3	Chiller Room	Secondary CHW Pump	150
CHWP-4	Chiller Room	Secondary CHW Pump	150
RHP-7	Pomeroy MER-3	Pomeroy B-9 th Flr Reheat Pumps	5
RHP-8	Pomeroy MER-3	Pomeroy B-9 th Flr Reheat Pumps	5
BL-7A (SF)	Pomeroy MER-2	OR's, 1, 2, 3, 5 & 12	20
BL-9A (SF)	Pomeroy MER-2	OR's 4, 6-11, Cystology & Offices	20
BL-11 (SF)	Pomeroy MER-2	OR Hallways & Outer Offices	10
BL-12 (SF)	Pomeroy MER-2	OR Recovery Area	10

Exhibit A- Scope of Work

- Mount the VFD's either floor or wall mounted and located as close as possible to the associated pump or fan.
- Installation and mounting locations, including necessary clearances, shall meet the requirements of the National Electric Code, latest edition.
- Install control wiring to VFD's.
- Connect motors to new VFD and disconnect existing electrical motor starters from MCC.
- Startup of VFD's.
- Provide and install new premium efficiency motors for the units listed in Table 1.3 below.

Table 1.3 - Motor Replacements

Equipment ID	Location	Function	HP
CHWP-3	Chiller Room	Secondary CHW Pump	150
CHWP-4	Chiller Room	Secondary CHW Pump	150
BL-7A (SF)	Pomeroy MER-2	OR's, 1, 2, 3, 5 & 12	20
BL-9A (SF)	Pomeroy MER-2	OR's 4, 6-11, Cystology & Offices	20
BL-11 (SF)	Pomeroy MER-2	OR Hallways & Outer Offices	10
BL-12 (SF)	Pomeroy MER-2	OR Recovery Area	10

The scope of work *shall not include* the following;

- Balancing.
- Replacing bearings, belts, or sheaves if worn.

FIM#-3 Energy Management System (EMS) Installation

The scope of work shall include the following;

- Engineer, furnish and install a complete working Direct Digital Control System for the HVAC systems included in Exhibit E, "Controlled Equipment and Points List".
- The new control systems will include all required controls, sensors, relays, conduit and control wiring (except the communication link wiring between the BCUs and field panels and the BCUs and the Hospital Network).
- The new control system shall be comprised of two (2) Tracer Summit Building Control Units (BCUs), new unit controllers and sensors.
- The scope of work shall include integrating the new cooling tower controllers into the central control system.
- The scope of work shall include as-built engineered system drawings and system manuals.

Exhibit A- Scope of Work

- The Trane Rover Service Software Tool shall be provided along with 8 hours of related training.
- The scope of work shall include graphics for the new control points on the operator workstation.
- Following installation, a system operator training course shall be provided that will consist of 40 hours.
- The hospital will be upgraded to the latest version of Trane Tracer Summit software including any previously installed versions.
- Provide programming and/or equipment modifications to allow for the following energy savings control strategies:

Table 1.4 – EMS Control Strategies

Equipment ID	Unoccupied Setback	Economizer Control	Demand Control Vent.	Supply Air Temp. Reset	VAV Repair
Rehab Area AHU	√				
Old Dental RTU	√	√			
Catheter Lab AHU	√	√			
Lobby RTU	√	√			
Physical Med. RTU	√				
Library AHU	√				
Nursing Svc. RTU	√				
Dietary RTU	√				
1-Day Surgery AHU	√	√			
North-2 AHU	√				√
North-3 AHU	√	√			
North-4 RTU		√			
Special Care RTU		√			
Bizzozero Large RTU	√				
Bizzozero Small RTU	√				
BL-1				√	
BL-2	√			√	
BL-3				√	
BL-6	√				
BL-7A	√				
BL-9A	√				
BL-11	√			√	
BL-12	√			√	
BL-14				√	
BL-16			√		
Merriman Gym RTUs	√				
Child Care AHU-1	√				
Child Care AHU-2	√				

The scope of work shall not include the following;

Exhibit A- Scope of Work

- Control and/or monitoring of any equipment not specifically listed in Exhibit E, "Controlled Equipment and Points List".
- Labor outside of regular business hours of 7am to 3:30pm.
- Communications wiring between the BCUs and field panels, and between the BCUs and the Hospital network (To be provided by Waterbury Hospital).
- Existing valves, damper actuators and safety devices shall remain and be re-used. If an existing end device is found to be defective, SIEMENS shall inform Waterbury Hospital and replace the defective devices as an add to this contract. All pressure, flow and power inputs are considered existing and shall be re-used by the system.

FIM-4 Chiller Replacement

The scope of work shall include the following;

- Disconnect, remove, and properly dispose of (1) Centrifugal Chiller and (3) Chilled Water Pumps.
- Furnish and install (1) 1000 Ton Centrifugal Chiller and (3) Chilled Water Pumps.
- Furnish all labor, materials, and accessories required to reconnect the new chiller and pumps to the existing piping distribution system.
- Disconnect and reconnect electric power wiring to new equipment.
- Insulate new piping and accessories to match existing.
- Furnish and install (1) Automatic Transfer Switch and associated wiring modifications as shown on BVH Phase 2 drawings.
- Chiller replacement to take place in the fall when peak load drops enough to run the absorption chiller stand-alone.
- Pump replacements to take place during winter shut down.
- Furnish and install new refrigerant monitoring system.

The scope of work *shall not include* the following;

- Electrical items shown on BVH drawings related to future Cooling Tower CT-3.
- BVH contract administration fees.
- Exhaust fan and ductwork shown as Phase 2 Alternate on BVH drawings.
- Temporary cooling.

Exhibit A- Scope of Work

FIM-5 Water Conservation

Plumbing Fixtures:

- Install (216) new wall mounted, wall outlet, flushometer styled 1.6 gallon per flush toilets with extended tail pieces.
- Install (65) new floor mounted, wall outlet, flushometer styled 1.6 gallon per flush toilets with extended tail pieces.
- Install (78) new ADA wall mounted, wall outlet, flushometer styled 1.6 gallon per flush toilets with extended tail pieces.
- Install (2) new ADA floor mounted, wall outlet, flushometer styled 1.6 gallon per flush toilets with extended tail pieces.
- Install (21) new 1.6 gallons per flush tank-type toilets.
- Install urinal retrofit kits for (15) urinals. SIEMENS will install flushometer retrofit kits. The retrofit kits will reduce the water usage to only one gallon per flush. These kits are manufactured specifically for urinal applications.
- Install (449) low-flow faucet aerators. These engineered aerators break the water into fine droplets and entrain air while maintaining wetting effectiveness. The new aerators will have a flow rate of 0.5 gallons per minute.
- Replace (3) existing faucets with new faucets with the ability to accept faucet restrictors.
- Install (236) low flow showerheads.
- Replace approximately (94) broken flanges with new.
- Includes Procurement of all necessary permits
- Includes removal and proper disposal of existing fixtures.

The scope of work *shall not include* the following;

- Repairing existing plumbing isolation valves.

Process Equipment:

Vacuum Water Saver Systems:

Install Vacuum Water Saver Systems for the following sterilizer units;

Table 1.5 – Sterilizer Vacuum Water Saver Systems

Sterilizer Manufacturer	Sterilizer Model	Location	Quantity
Amsco	3043	Pomeroy CSD	1
Amsco	3043	Pomeroy CSD	1

Exhibit A-- Scope of Work

Each Vacuum Water Saver System will include the following components;

- New SIHI vacuum pump mounted beneath the sterilizer
- Controls and power wiring necessary for integration with sterilizer
- Solenoid valve, pressure regulator and backflow prevention device
- All necessary piping, valves and fittings necessary for a complete installation
- Commissioning and O&M manuals

Sterilizer Condensate Tempering Systems:

Install Condensate Tempering Systems for the following sterilizer units;

Table 1.6 – Sterilizer Condensate Tempering Systems

Sterilizer Manufacturer	Sterilizer Model	Location	Quantity
Amsco	3043	Pomeroy CSD	1
Amsco	2011	Pomeroy OR Core	1
Amsco	2011	Pomeroy OR Core	1

Each Condensate Tempering System will include the following components;

- Temperature controller set to 140 °F and mounted on wall within 5 feet of sterilizer
- Temperature sensing probe
- Solenoid valve, flow restrictor and backflow prevention device
- All necessary piping, valves and fittings necessary for a complete installation
- 120V electrical connection to wall outlet or sterilizer power
- Cut sheets and operating instructions

Kitchen Disposal/Trough Spray Control System:

- Install an inline 3 gpm adjustable flow restrictor on the city water feed to the existing nozzles that supply city water to the kitchen disposal/trough system.
- The new flow restrictor will be adjustable and will provide for adequate flow to propel waste down the trough to the basket strainer while eliminating the existing near overflow condition in the trough.
- If supplemental water flow is needed, the trough operators will continue to utilize the overhead sprays that are available.

Exhibit A- Scope of Work

Cafeteria Food Tray Conveyor – Rinse Control System:

- Install a 0.5 gpm flow restrictor together with an integral adjustable timer to control the run time of the tray conveyor rinse system. The new timer will be set to operate the conveyor rinse spray for a total period of 2 hours per day.
- Scope of work includes all ancillary piping and fittings for a complete installation

Laundry Ozone System:

Install an ozone generator system for the following washer systems located in the laundry room:

Table 1.7 – Laundry Washing Machine Equipment

Manufacturer	Model	Location	Capacity (Lbs)
Braun	600 NEUT TSL.P	Laundry	600
Braun	600 NEUT TSL.P	Laundry	600
Braun	400 NEUT TSL.P	Laundry	400
Braun	N/A	Laundry	100

The scope of work will include installation of the following equipment:

- (1) CD-25G Ozone Generator / Oxygen Generator
- (1) ORP Monitor / Controller, probe and cable
- (1) #1584 Venturi Injector
- (1) ON/OFF Power Control Box
- (2) 2", (1) 1-1/2" and (1) 1" ozone solenoid valves
- (1) 2-HP Booster Pump
- (1) Degas Valve
- (1) Ozone Destruct Module
- Pressure reducing valve, pressure relief valve and (3) PVC check valves
- PVC pressure fittings and PVC pipe
- System accessory package
- Turn-key installation
- Operation and maintenance manuals
- Training of laundry personnel
- Installation of water meters on the laundry equipment to measure and verify savings

Exhibit A- Scope of Work

Water Cooled Air Conditioning Equipment:

Install necessary equipment/connections to eliminate the once-through cooling applications included in the table below:

Table 1.8 – Once-Through Cooling Systems

Manufacturer	Model	Building	Room	City Water Flow (GPM)	Proposed System
Mammoth	D0131H1E0 1	North Wing – Basement	Rm #B057 (Steve J's Office)	Est. 1.0 gpm	Install New Air-Cooled Unit
N/A	N/A	Pomeroy – Ground	Rm #0202 (Chief Sec. of Rad.)	Est. 1.0 gpm	Install New Air-Cooled Unit
N/A	N/A	Pomeroy – Ground	Rm #0201 (Assist. Dir. of Rad.)	Est. 1.0 gpm	Install New Air-Cooled Unit
York/Borg Warner	D1030-6-A	North Wing – 1 st Floor	Rm #1303 (Office)	2.5	Connect to chilled & hot water loops. Includes ducting and controls to Rm #1128
York/Borg Warner	DW40-25B	Pomeroy - Ground	Rm #0231-1 (Rad. Work Rm.)	2.5	Install New Air-Cooled Unit

The scope of work will include the following:

- Provide and install new equipment as indicated in the table above
- All necessary piping, valves and fittings for a complete installation
- Insulation on all new piping
- Power and control wiring as required
- System start-up and operator training
- Asbestos removal not included

FIM-6 Plug Load Controls – Vending Machines

- Provide and install Vending Miser control systems and Snack Miser control systems as indicated in the table below:

Exhibit A- Scope of Work

Table 1.9 – Vending Machine Controllers

Building	# of Vending Miser Controllers for Cold Beverage Machines	# of Snack Miser Controllers for Snack Machines
Main Hospital	6	3
Merriman Hall	1	1
Children's Center	1	1
TOTALS	8	5

- Mounting of Vending/Snack Misers and motion sensors
- Install repeaters as necessary where vending machines are grouped together
- Check system performance
- Assumes access is available to all equipment

FIM-7 Steam System Improvements

As part of the detailed evaluation of the hospital, SIEMENS identified several opportunities related to the optimization of the hospital's steam delivery system. Each of these opportunities is briefly described below.

Replace Steam Traps

There is strong evidence that steam traps have failed throughout the hospital. This is primarily due to a lack of a steam trap maintenance program and the inherent failure rate of steam traps in general. SIEMENS has performed a detailed steam trap survey where all traps were physically tagged and data collected on all valves and steam using equipment throughout the Hospital. Condensate receivers with steam venting or hot return lines were identified and condensate receiver temperatures were measured. Based on some steam trap testing, on-site observations and discussions with staff we have made conservative estimates of steam trap failure.

We recommend a combination of new steam traps that are best suited for each application in the Hospital and will support the most reliable control of steam heating.

The following table identifies the quantity and type of steam traps that are included in this retrofit:

Exhibit A- Scope of Work

Table 1.10 – Steam Trap Replacements

Steam Trap Type	Quantity of Tubular Outlet Traps	Quantity of Float & Tubular Outlet Traps	Quantity of Bi-Metallic Traps	Totals
HP Drips	18		19	37
MP Drips	16		4	20
LP Drips	158		31	189
Unit Heaters	15	2		17
CI Rads/FT Conv	189			189
AHUs/RHs (15 psi)	8	6	2	16
AHUs/RHs	15	17		32
HEXs	10			10
DHWs	6			6
Chiller	1			1
Equip HP	16		1	17
Equip	11	3	2	16
HUMS	16			16
TOTAL	479	28	59	566

The scope of work will include the following:

- Provide and install new steam traps as indicated in the table above
- Install Y-Strainers and blow-down valves for each new steam trap
- Cleaning of mud legs associated with this project
- Installation will occur during normal working hours
- Steam system shut downs will be provided on a timely basis
- One complete inspection and blowdown of the "in-line" steam traps strainers
- Annual strainer blow-down program to ensure optimal steam system performance

Following the installation of the new steam traps, the hospital will be provided with a detailed steam trap inventory including the following information:

- Steam trap location
- Steam system equipment application
- Steam trap information (ID#, size, model#)
- Steam pressure

Steam Distribution Insulation:

Insulation is in relatively good condition at the hospital, however, there are some locations that are missing insulation. Insulation will be installed on bare steam piping as well as custom-fit removable insulation jackets on certain steam components such as valves. This will reduce energy losses, improve system operation and reduce high temperatures within the mechanical spaces.

The scope of work includes the following:

Exhibit A- Scope of Work

- Furnish and install all-purpose fiberglass jacket with taped joints. Seams shall be stapled; exposed insulation shall be sealed with white mastic.
- Only valves 2 1/2" diameter and greater to have removable jackets applied. All other valves to be incorporated in pipe covering or oversized. Only valves that need to be serviced regularly will receive removable jackets.
- Unions and strainers will not be insulated
- Removable and Re-useable Valve Covers shall be fabricated on-site according to the following scope:
 - Insulation shall be 1 1/2" thick, 1200°F temperature material. Hot side shall be 1000°F cloth. Finish on outside shall be gray silicon cloth. All valve covers shall be measured and cut to fit, fabricated with pneumatic staples and secured to valve with lacing hooks and stainless steel wire.

For bare pipes, insulation thickness will be as follows:

<u>Pipe Diameter</u>	<u>Insulation Thickness</u>
2" and less	1"
3" - 6"	1 1/2"
8" and greater	2"

The following table identifies the steam distribution components that were identified during the detailed study that have missing or ineffective insulation. These components will be insulated as part of this project.

Table 1.11 - Steam System Insulation Quantities

Nominal Pipe Size (Inches)	Total Pipe Length (ft)	Number of Valves and Fittings
1	0	7
1 ¼	10	9
1 ½	45	3
2	60	3
2 ½	75	0
3	25	2
4	0	3
5	0	0
6	45	2
TOTALS	260	29

Repair Steam & Condensate Leaks

- A total of seven (7) low pressure leaks and three (3) high pressure leaks were identified during the detailed survey. Leaking was observed including: high pressure steam flanges, packing leaks in high and medium pressure valves, holes in return lines, receiver pumps leaking, receiver tanks leaking through their fittings, etc. These leaks will be repaired as part of this project.

Exhibit A- Scope of Work

- It was also discovered that three (3) condensate return pumps have failed resulting in hot condensate leaking to the floor or drain. These pumps will be either repaired or replaced as part of this project.

Install Radiator Control Valves

The existing radiators and fin tube convectors have various types of control valves – manual, pneumatic and thermostatic. Most of the control valves are manual valves, which are typically left on all the time as occupants do not understand or know how to adjust them. We have found that a percentage of the valves with pneumatic controls are not operating properly due to failed valves, or problems with the compressed air system resulting in failed open valves. Many of the rooms and buildings in the hospital are overheating because they lack control. As a result, there are several areas that are grossly overheated with measured temperatures as high as 83 °F. As a result, patients and staff use windows to control heat resulting in wasted energy. In some cases air conditioners are being used to control the heat in winter. Installation of a reliable thermostatic radiator valve will improve the control of the heating system and reduce the need to open windows to control temperature in the buildings.

The scope of work will include the following:

- Install (179) new thermostatic radiator control valves on applicable radiation units
- The new valves shall have cartridge type packing and unions instead of the "throwaway" type.
- The new valves shall be serviceable in-line, when the steam or hot water is present
- The new valves will come with a minimum 5-year warranty.

FIM-8 Building Envelope Improvements

The air leakage points identified below will be mitigated by sealing gaps, cracks and holes, using appropriate materials and systems. A total of 15.5 square feet of crack area will be sealed as part of this measure, as described below.

Pomeroy Pavilion:

- Basement:
 - weather-strip 3 exterior doors
 - weather-strip 2 stairwell doors
 - weather-strip 1 set of double doors
 - weather-strip 1 (8'x8") overhead door
- Ground Floor:
 - weather-strip 2 exterior doors
 - weather-strip 2 stairwell doors
- 1st Floor:
 - weather-strip 3 stairwell doors

Exhibit A- Scope of Work

- 2nd Floor – 9th Floor (Typical)
 - weather-strip 2 stairwell doors per floor

Main Building

- Basement
 - weather-strip 8 doors including stairwells
- Ground Floor:
 - weather-strip 20 doors including stairwells
- Main Floor:
 - weather-strip 10 doors including stairwells
 - weather-strip 1 set of double doors
- 2nd Floor:
 - weather-strip 8 doors including stairwells
- 3rd Floor:
 - weather-strip 6 doors including stairwells
- 4th Floor:
 - weather-strip 9 doors including stairwells and parking lot link

Merriman Hall:

- Basement:
 - weather-strip 1 door
- Ground Floor:
 - weather-strip 2 doors
- 1st Floor:
 - weather-strip 1 door

Reed Surgery Center

- weather-strip 1 set of double doors

FIM-9 Power Factor Correction

Install a turnkey, facility-wide power factor correction system with harmonic filters. The new system will have a total system kVAr of 1175 at 480 volts with harmonic filtering utilizing both

Exhibit A- Scope of Work

fixed and automatic switching equipment. The project will include the equipment listed in the table below:

Table 1.12 - Power Factor Correction Equipment

Quantity	Model Number	Description
2	IDLP3300FA05W	Automatic 480 Volt, 300 kVAr w/ Reactors, Breaker & BFI
1	HSICS2200F333F	480 Volt, 200 kVAr Fixed Capacitor w/ 3 Fuses & No Lights
1	HSICS1100F333F	480 Volt, 100 kVAr Fixed Capacitor w/ 3 Fuses & No Lights
1	HSICS2175F333F	480 Volt, 175 kVAr Fixed Capacitor w/ 3 Fuses & No Lights
2	HSICS1050H333F	600 Volt, 50 kVAr Fixed Capacitor w/ 3 Fuses & No Lights
1	MHL36300 Square D	High Interrupt 300 Amp. - 600 Volt 3 Pole
1	8MA1000S	Square D Enclosure for 1000 Ampere Breaker NEMA 1

The total cost assumes the use of an existing 800 Ampere breaker in Side A of the main double ended switch gear. This system is designed to operate in either an open or closed tiebreaker position. This system is designed with harmonic filtering to allow its operation with the existing Simplex time clock system. Total cost assumes adequate space shall be allowed in the electrical rooms for the equipment listed in the table above.

Scope of work to include the following:

- Harmonic monitoring controller with alarm and corrective action programming
- 5-Year manufacturers warranty on high quality liquid filled capacitors
- Capacitor rated contractors
- Shipping to your dock
- Commissioning as needed by factory authorized representative
- Breaker equipment as listed
- Complete installation of the above which includes all materials, non-union labor rates, and insurance to form a complete, operable electrical installation in accordance with the National Electric Code and local authorities.

FIM-10 Install Off-Peak Boiler

This project has been removed from the scope of work.

FIM-11 Install Boiler Stack Economizer

Provide and install one (1) new boiler exhaust economizer and components to recover exhaust waste heat from the existing Cleaver Brooks #2 steam boiler (Serial # W-3507).

Exhibit A- Scope of Work

The scope of work is to include the following:

- Purchase and install new economizer.
- Remove existing economizer and related breeching, adapters, hangers and pipe.
- Disconnect and reconnect existing steam lines and gas vents as required for the installation.
- Dispose economizer off site.
- Connect new economizer with new breeching and transitions as needed.
- Connect new boiler feed pipe and isolation valves as needed.

The scope of work *shall not include* the following:

- Additional Overtime
- Standby boiler

FIM-12 Electric Meter Consolidation (Merriman Hall)

This project will eliminate the existing independent electric utility service at Merriman Hall (Rate 35) and add this load to the main hospital service (Rate 58).

The scope of work will include the following:

- Install new 225 amp 65k AIC 480 volt circuit breaker in main 480 volt switchboard.
- Run approximately 185 feet of 2.5 inch EMT conduit with corresponding wiring.
- Install appropriate sized junction box on the exterior of the building.
- Run approximately 185 feet of 2.5 inch PVC Schedule 80 conduit with corresponding wiring from the exterior junction box to the new transformer. Core-bore holes and fire-stop as needed.
- Dig hole into the side of the existing transformer pad to allow conduits to be installed
- Purchase and install 1-new 225KVA Nema 3R 480 volt primary/208 volt secondary transformer in the place of the existing CL&P transformer. Rig in the new transformer and remove the existing transformer.
- Make all terminations in the transformer for both the primary and secondary feeders
- Electrical Permit Fees

Exhibit A- Scope of Work

The scope of work *shall not include* the following;

- Standby generator

FIM-13 HVAC Recommissioning (BL-3)

Blower unit BL-3 is located in MER-1 and serves the Radiology Department on the ground floor of the Pomeroy Building. This unit was thoroughly inspected by SIEMENS technicians to identify any deficiencies that would result in inefficient or improper operation. As a result, the following deficiencies were identified and will be corrected as described below:

- The 1/2" one third steam valve was found to be leaking control air through the actuator diaphragm. As a result, the valve was unable to close even under full pneumatic pressure, therefore allowing steam to enter the steam coil on a continuous basis. This will result in unnecessary steam consumption during the non-heating season and will require additional chilled water consumption to overcome the additional heat load that is added to the unit. SIEMENS will provide materials and labor to install a new actuator and ensure proper valve operation.
- Air was found to be leaking around one of the access doors on the outlet (positive) side of the supply fan. This access door is located on the far side of the unit by wall. The gasketing around the door was found to be missing and/or ineffective, resulting in conditioned air being released to the mechanical space. SIEMENS will provide materials and labor to replace the door gasketing and ensure a tight seal.
- The unit was not equipped with a freeze protection system and the outdoor air dampers did not close completely when the unit was shut down. This could lead to freezing coil issues during the winter, especially during a planned or unplanned shutdown if the outdoor air dampers do not close properly. The risk of a freezing coil will also be increased following the repair of the leaking steam valve. SIEMENS will provide all labor and materials to install a freeze protection system for the unit and repair the outdoor air dampers so they close completely when commanded to do so.

Exhibit A- Scope of Work

Article 2: FIM Work Implementation Period

- 2.1 Commencement of Work:
- 2.1.1 SIEMENS shall commence the Work within 30 days of the Effective Contract Date. SIEMENS shall perform the Work diligently and shall complete the Work no later than 14 months from the Effective Contract Date.
- 2.2 *Milestones:* Within 30 days of the Effective Contract Date, SIEMENS will provide an implementation schedule showing ECM milestones.

Article 3: Scope of Performance Assurance Technical Support Program

SIEMENS will provide a Performance Assurance Report annually per the guidelines of Exhibit C, within ninety (90) days of the end of each Guarantee Year. The report will include a comparison of the Realized Annual Savings and the Guaranteed Savings.

Please reference Exhibit C for more detailed information on the Measurement and Verification procedures that will be performed under this Agreement.

Article 4: Scope of Maintenance Services Technical Support Program

The Maintenance Services Technical Support Program will include the following:

Energy Management System (EMS) Installation

Automation controls can drift out of calibration with changes in mechanical component performance characteristics, building use, and climatic conditions. We will provide technical expertise with respect to preventive maintenance in accordance with a program of standard maintenance routines as determined by our experience, equipment application and location. Through this service we'll extend equipment life, reduce energy waste, and reduce the risk of costly and disruptive breakdowns.

Specifically, we will provide the following related to preventive maintenance of the Trane Tracer Summit Energy Management System:

- On an annual basis, SIEMENS shall provide the services of a qualified controls technician to work with hospital facility personnel to provide preventive maintenance for the Energy Management System and related components
- This service shall be limited annually to 40 hours of on-site support during normal business hours (Monday through Friday, 8am – 5pm), and 20 hours of on-site support during premium hours.

Hospital Responsibilities:

The Hospital will be responsible for the day to day operation and full maintenance of the existing and new EMS systems (including Trane, Andover and Delta). This will include any preventive

Exhibit A- Scope of Work

maintenance (with support from SIEMENS as described above), and any repairs, software upgrades, etc. associated with the EMS.

Chiller Replacement

SIEMENS shall provide preventive maintenance services on the new 1000 ton centrifugal chiller described in Article 1 of this Exhibit. The services shall include the following annually:

- Seasonal start-up
- Six (6) total operating inspections (including start-up and shut-down)
- Annual condenser tube cleaning
- Filter changes
- Winter shut-down of chiller
- Emergency service response
 - Technicians shall respond around-the-clock to ensure proper and reliable operation of the chiller (24 Hours/Day – 7 Days/Week, including holidays)
 - The hospital will be separately invoiced for all labor and materials required for emergency services
- 1st through 5th year full unit parts and labor warranty (including refrigerant) is included in the base bid

Hospital Responsibilities:

The Hospital will be responsible for the day to day operations of the new chiller. Following the expiration of the 5-year warranty, the Hospital will also be responsible for any necessary repair work to the new chiller. The Hospital will continue to have full responsibility for the maintenance of the existing Trane absorber which will remain, as well as all the pumps and ancillary equipment associated with the chiller plant.

Laundry Ozone System

The preventive maintenance of your laundry ozone system is our utmost concern to ensure the Hospital is receiving the full benefits of the ozone system.

Maintenance: A minimum of three (3) annual site visits by qualified personnel will be provided to ensure all maintenance requirements from the ozone laundry system manufacturer are performed.

Maintenance Parts: Annual installation of the below maintenance parts are included in this agreement to handle the preventative maintenance of your ozone laundry system.

Exhibit A-- Scope of Work

- Generator filter
- Ozone tubing Check valve
- Tubing from Generator to injector

Hospital Responsibilities:

The Hospital will be responsible for daily monitoring of the ozone system for any alarm conditions, checking pressure levels for the venturi nozzle, and for powering the system on and off. Hospital personnel will be thoroughly trained to perform these tasks. The Hospital shall notify SIEMENS if any alarm conditions shall exist.

Steam Trap Replacement

Any steam system, whether a mechanical steam trap or the proposed SteamLoc® system, should have a program to "blow-down" strainers to remove dirt and scale from the steam distribution system. Dirt and Scale are one of the reasons the moving parts in mechanical steam traps fail. Also, the strainers may plug up causing system failure. We recommend an annual "blow-down" of the strainers to ensure optimal performance of the steam system. This is in addition to the cleaning of mud legs which will be performed during the initial installation.

The following tasks will be performed annually with respect to the new steam traps that will be installed as described in Article 1 of this Exhibit:

- In an effort to facilitate team coordination and maintain optimal system performance, SIEMENS will work with hospital personnel to perform an annual blow-down of all the new steam traps installed under this agreement. Blow-down includes briefly turning on the blow-down valve on each SteamLoc® strainer, under steam pressure, to remove material collected in the strainer. The Hospital will be responsible for an additional 6-month blow-down of the new traps to ensure optimal system performance throughout the year (Please reference *Hospital Responsibilities* section below).
- Screens in Thermostatic traps will be spot-checked.
- A written report of steam system issues will be provided.
- In addition, SIEMENS will work with Hospital staff including training of new personnel on trap operation and repair, blow-down procedure and steam "system" performance.

SteamLoc® Warranty:

SIEMENS has proposed the SteamLoc® Tubular Outlet Steam Traps for the Hospital along with other steam traps including Velan Bi-Metallic Steam Traps. SIEMENS will determine the best steam trap for each application. SIEMENS will take responsibility for applications where a SteamLoc® Tubular Outlet steam trap is sized incorrectly, if a SteamLoc® Tubular Outlet steam trap is misapplied on an application where it will not work as designed or if a steam trap becomes a consistent problem.

The determination of trap performance will be based on temperature readings before and after the steam trap. A steam trap is deemed to be working properly if the upstream temperature is close to the saturation temperature and the downstream temperature is less than 212 °F. This

Exhibit A- Scope of Work

indicates condensate has not backed up before the steam trap (a trap has failed closed) and steam is not passing into the condensate line (a trap has failed open).

If a steam trap installed under this Agreement fails closed on more than one occasion, the Hospital shall notify SIEMENS within 10 days of such occurrence. Following notification, SIEMENS will inspect the steam trap in question to determine the application is suitable and to confirm proper sizing for the application. SIEMENS will cover the cost of labor and materials to replace the steam trap if it is not sized correctly, is the wrong application or is a consistent problem. SIEMENS will install a new steam trap that is the best trap for the application.

It is understood that a steam system has many component parts that interact and can cause problems with the steam system including the steam traps. SIEMENS makes this offer in the spirit of cooperation to ensure the steam trap project is a success for both the Hospital and SIEMENS.

If the Hospital requires SIEMENS to make a site visit to replace a SteamLoc® trap that has "failed" and it is determined that it is functioning properly; or the Hospital requires SIEMENS to solve a problem, the cause of which is blamed on a SteamLoc® trap, but in fact is not caused by the SteamLoc® trap, then SIEMENS will be paid for the service work performed and travel time.

On the initial installation, SIEMENS is only responsible for faulty piping which is the least distance from the SteamLoc® trap of either three feet or to the first joint. After the initial installation, all piping is the responsibility of the Hospital.

Hospital Responsibilities:

The Hospital will be responsible for maintaining records of steam trap repair requirements, by tag number. As described above, if a steam trap installed under this Agreement fails closed on more than one occasion, the Hospital shall notify SIEMENS within 10 days of such occurrence.

The Hospital will also be responsible for an additional 6-month blow-down of all the new steam traps installed under this agreement. This blow-down will be in addition to the annual blow-down performed as part of the annual inspection.

The Hospital will also be responsible for replacing any mechanical non- SteamLoc® (non-tubular outlet) traps that may fail following the installation. SIEMENS will only be responsible for the failure of SteamLoc® traps as described in the *SteamLoc® Warranty* section above.

Power Factor Correction System

An annual preventive maintenance program will be provided for the new power factor correction equipment described in Article 1 of this Exhibit. The following tasks will be performed on an annual basis:

Shut-down and cleaning:

An initial recording of the vital information including Catalog # and serial number of the system will be documented on a field report form. The systems will be stepped down and the power

Exhibit A-- Scope of Work

shut off. A thorough vacuuming and cleaning inside and outside the enclosures of the system will be provided. During the cleaning process components will be visually inspected for any problems.

Torque adjustment of connections:

The tightness of Electrical power connections will be verified, beginning with the Main Breaker or Main Lug connections where the power source enters the power factor correction system. The tightening will be accomplished using torque wrenches and the appropriate socket heads to adjust all connections to precise torque settings recommended by the manufacturer.

Contactors and capacitor inspection:

After tightening all connections, the contactors will be disassembled and the load contacts inspected for arcing, alignment and wear. The mechanical integrity of the air coil inductors and their retention frames will be checked. Fuses will be checked for continuity, and each capacitor cell will be checked with a Fluke Digital Capacitance Meter to determine if any cells need replacement. The mechanical retention hardware will also be tightened and checked for integrity. Individual cells will be inspected for leaking and case swelling.

Inspection of control circuit components:

After all power components are checked, the control circuit fuses and connections to the controller will be checked for proper connection, torque, size, and integrity. In addition, ground circuit integrity and enclosure mechanical-electrical interlocking will be verified. Component identification will be checked with manufacturer's original drawings and marked accordingly.

Load and harmonics test:

Once the Cleaning, Inspecting, necessary repairs and tightening of all components has been completed, a three phase harmonics analyzer will be connected to the main power feed of the power factor correction system. Lock out/Tag out devices are removed, and power is restored to the system. Upon power up, the VAR Controller will be placed in program mode, and the nine adjustable control parameters will be checked, recorded and adjusted if necessary. The controller will then be placed in Manual mode and each capacitor step will be turned on individually. The current, voltage and Harmonic distortion for each phase will be recorded into a memory pack. Following the manual test, the controller will be placed in automatic mode, and the automatic operation will be observed and recorded. Once the system has stepped up to the Set point on the controller, the Harmonics analyzer will be set to record the Voltage Current and distortion for all three phases.

Comprehensive report and service card:

A comprehensive report will be compiled based on the field report and the tests recorded by the Harmonics analyzer. The report will consist of an Executive summary, System checklist, Load Test results, Harmonics Spectrum and Waveform graphs. A Preventive Maintenance Service Schedule Card will be placed on the door of the power factor correction system. This will record when the system was installed, and when it has been serviced.

Hospital Responsibilities:

The Hospital will be responsible for monitoring the new power factor correction systems for any alarm conditions. The alarm points can be monitored through the EMS since they will be picked up by the new controls. The Hospital shall notify SIEMENS if any alarm conditions shall exist.



Exhibit B-List of SBT Provided Equipment

Siemens Building Technologies, Inc.
 Technical Support Program

List of SBTI Provided Equipment

Qty	Equipment	Manufacturer	Model No.	Size	R&R Coverage See Code Key
1	VFD for Boiler Feed Water Pump #1	TBD	TBD	30 HP	
1	VFD for Boiler Feed Water Pump #2	TBD	TBD	30 HP	
1	VFD for Boiler Feed Water Pump #3	TBD	TBD	30 HP	
1	VFD for Secondary Chilled Water Pump CHWP-3	TBD	TBD	150 HP	
1	VFD for Secondary Chilled Water Pump CHWP-4	TBD	TBD	150 HP	
1	VFD for Hot Water Reheat Pump RHP-7	TBD	TBD	5 HP	
1	VFD for Hot Water Reheat Pump RHP-8	TBD	TBD	5 HP	
1	VFD for BL-7A	TBD	TBD	20 Hp	
1	VFD for BL-9A	TBD	TBD	20 HP	
1	VFD for BL-11	TBD	TBD	10 HP	
1	VFD for BL-12	TBD	TBD	10 HP	
1	Premium Efficiency Motor for Secondary Chilled Water Pump CHWP-3	TBD	TBD	150 HP	
1	Premium Efficiency Motor for Secondary Chilled Water Pump CHWP-4	TBD	TBD	150 HP	
1	Premium Efficiency Motor for BL-7A	TBD	TBD	20 HP	
1	Premium Efficiency Motor for BL-9A	TBD	TBD	20 HP	
1	Premium Efficiency Motor for BL-11	TBD	TBD	10 HP	
1	Premium Efficiency Motor for BL-12	TBD	TBD	10 HP	
1	Centrifugal Chiller	TBD	TBD	1000 Nominal Tons	
1	Secondary Chilled Water Pump CHWP-2	TBD	TBD	2000 GPM	
1	Secondary Chilled Water Pump CHWP-3	TBD	TBD	3780 GPM	
1	Secondary Chilled Water Pump CHWP-4	TBD	TBD	3780 GPM	
1	Sterilizer Vacuum Pump	SIHI	N/A	1.5 HP	
1	Ozone Generator System	Ozone Solutions	RC25-4	2 HP	
566	Steam Traps	Steamlock, Velan	Various	Various	
179	Thermostatic Radiator Control Valves	Istec	Various	Various	
1	Power Factor Correction System	GE	N/A	1175 kVAr	
1	Dual Fuel Steam Boiler	Cleaver Brooks	TBD	300 BHP	
1	Boiler Stack Economizer	TBD	TBD	TBD	
1	Power Transformer	TBD	TBD	225 KVA	



Exhibit B-List of SBT Provided Equipment

2	Above Ground Storage Tank	TBD	TBD	30,000 Nominal Gallons	
1	Above Ground Storage Tank	TBD	TBD	10,000 Nominal Gallons	
1	Electronic Tank Gauge System	Veederroot	TLS3000-1	N/A	
260	Linear Feet of Pipe Insulation	TBD	TBD	Varies	
29	Insulation Jackets for Valves & Fittings	TBD	TBD	Varies	
1351	Lighting Fixtures / Lamps / Ballasts	Sylvania	TBD	N/A	
2727	Fixtures Controlled By Occupancy Sensors	Sensor Switch	TBD	N/A	
382	Plumbing Fixtures	TBD	TBD	N/A	
15	Flushometers	TBD	TBD	N/A	
688	Plumbing Accessories	TBD	TBD	N/A	
2	Building Control Units	Trane	N/A	N/A	
500	Sensors & Wiring	Trane	N/A	N/A	
13	Vending Machine Controls	Bayview Tech	TBD	N/A	

EXHIBIT B

Contract Agreement between Siemens Financial Services and Waterbury Hospital, The.
Contract # 319-0050975-002, Equipment location: 64 Robbins Street, Waterbury, CT
06721

FILING OFFICER STATEMENT
INTERNAL USE ONLY

FILING #0002419587 PG 01 OF 01 VOL U-00345
FILED 10/16/2006 09:46 AM PAGE 01645
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

1. Identification of the Record to which this FILING OFFICER STATEMENT re

1a. INITIAL FINANCING STATEMENT FILE #

2419467

1b. RECORD # TO WHICH THIS STATEMENT RELATES

2419501

2. Describe the inaccuracy of the filing office index.

Correct File Time S/B 1:45 PM not 8:30 AM

3. Describe filing office action taken to correct index.

SUPERVISOR

Valerio Pares

FILING OFFICER STATEMENT
INTERNAL USE ONLY

FILING #0002419604 PG 01 OF 01 VOL U-00345
FILED 10/16/2006 10:31 AM PAGE 01668
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

1. Identification of the Record to which this FILING OFFICER STATEMENT relates

1a. INITIAL FINANCING STATEMENT FILE #

2419467

1b. RECORD # TO WHICH THIS STATEMENT RELATES

2419604

2. Describe the inaccuracy of the filing office index.

Correct File Time s/p 11:00 AM NOT 1:45 PM

incorrect information given on 1st
Correction

3. Describe filing office action taken to correct index.

SUPERVISOR

Valerie Reese

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
 Corporation Service Company 1-800-858-5294

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

59931696 - 356750 - 7/27/2011

Corporation Service Company
 801 Adlai Stevenson Drive
 Springfield, IL 62703

Filed In: Connecticut (S.O.S.)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #
 0002419467 10/11/2006

1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4. ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects Debtor or Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party. DELETE name: Give record name to be deleted in item 6a or 6b. ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME The Waterbury Hospital

OR

6b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

7d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 7e. TYPE OF ORGANIZATION 7f. JURISDICTION OF ORGANIZATION 7g. ORGANIZATIONAL ID #, if any NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral deleted or added, or give entire restated collateral description, or describe collateral assigned.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME Siemens Financial Services, Inc.

OR

9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

10. OPTIONAL FILER REFERENCE DATA 319-0050975-002 GdJ 07/25/11 59931696

10-300607

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Michael P. Botelho, Esq.
Updike, Kelly & Spellacy, P.C.
One State Street
Hartford, CT 06103

FILING #0002791044 PG 01 OF 05 VOL U-00430
FILED 12/22/2010 12:00 PM PAGE 02174
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME – insert only one debtor name (1a or 1b) – do not abbreviate or combine names

1a. ORGANIZATION'S NAME The Waterbury Hospital					
OR	1b. INDIVIDUAL'S LAST NAME				
	FIRST NAME	MIDDLE NAME	SUFFIX		
1c. MAILING ADDRESS 64 Robbins Street		CITY Waterbury	STATE CT	POSTAL CODE 06708	COUNTRY USA
1d. See Instructions	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION corporation	1f. JURISDICTION OF ORGANIZATION Connecticut	1g. ORGANIZATIONAL ID #, if any <input checked="" type="checkbox"/> None	

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – insert only one debtor name (2a or 2b) – do not abbreviate or combine names

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S LAST NAME				
	FIRST NAME	MIDDLE NAME	SUFFIX		
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
2d. See Instructions	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> None	

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) – insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME RBS Citizens, National Association					
OR	3b. INDIVIDUAL'S LAST NAME				
	FIRST NAME	MIDDLE NAME	SUFFIX		
3c. MAILING ADDRESS 63 Eugene O'Neill Drive		CITY New London	STATE CT	POSTAL CODE 06320	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:
The Debtor hereby grants to the Secured Party a security interest in the collateral described in Schedule A, attached hereto and made a part hereof.

5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum (if applicable) Check to REQUEST SEARCH REPORT(S) on Debtor(s) [All Debtors] Debtor 1 Debtor 2 [ADDITIONAL FEE] [optional]

8. OPTIONAL FILER REFERENCE DATA
582523 CT SOS (Bond Loan)

SCHEDULE A TO

UCC FINANCING STATEMENT

(Secretary of the State)

Debtor: The Waterbury Hospital
64 Robbins Street
Waterbury, CT 06708

Secured Party: RBS Citizens, National Association
63 Eugene O'Neill Drive
New London, CT 06320

Collateral:

(a) All that certain tract or parcel of land more particularly described and set forth in Schedule 1 attached hereto to this Schedule A and made a part hereof;

(b) All tenements, hereditaments, easements, appurtenances, passages (and all waters, water courses and riparian rights, if any), pipes, conduits, electrical and other utility lines, other rights, liberties and privileges thereof or in any way now or hereafter appertaining to the Mortgaged Property, including any other claim at law or in equity as well as any after acquired title, franchise or license and the reversion and reversions and remainder and remainders thereof, and all of the estate, right, title, claim or demand whatsoever of the Debtor therein and in the streets, ways and areas adjacent thereto;

(c) All buildings and other improvements of every kind and description now or hereafter erected or placed on the Mortgaged Property or any part thereof owned by the Debtor, and all of the right, title and interest of the Debtor in and to all materials intended for construction, reconstruction, alteration and repairs of such improvements now or hereafter erected thereon, all of which materials shall be deemed to be included within the Mortgaged Property immediately upon the delivery thereof to the Mortgaged Property, and all fixtures, Building Service Equipment, and all renewals or replacements thereof or articles in substitution therefor; it being mutually agreed that all the aforesaid property owned or to be owned by the Debtor and placed by it on the Mortgaged Property and such buildings and improvements shall, so far as permitted by law, be deemed to be affixed thereto and covered by the Mortgage;

(d) All of the estate, right, title and interest now owned or hereafter acquired by the Debtor in and to any and all sidewalks and alleys, and all strips and gores of land, adjacent to or in connection with the Mortgaged Property;

(e) All present and future leases and licenses of space in the buildings and improvements now or hereafter erected on the Mortgaged Property (collectively "leases", and individually "lease") and the rents, revenues, income, issues and profits thereunder subject, however, to the right of the Debtor to receive and use the same and to exercise all rights and privileges as landlord under all of the leases until an Event of Default shall have occurred and be continuing under the Mortgage, together with all the rights and privileges of the Debtor as landlord thereunder;

(f) All unearned premiums accrued, accruing or to accrue under any and all insurance policies now or hereafter obtained by the Debtor pursuant to the provisions of the Mortgage;

(g) All proceeds of the conversion, voluntary or involuntary, of any of the foregoing into cash or liquidated claims, including, but without limitation, proceeds of insurance provided for in the Mortgage and proceeds of condemnation awards and awards for restriction of access to, or change of grade of, streets;

(h) All transferable building service, building maintenance, construction, management and other similar agreements and contracts, written or oral, express or implied, now or hereafter entered into arising or in any manner related to the construction, design, improvement, use, operation, occupation, enjoyment, sale, conversion or other disposition (voluntary or involuntary) of the Mortgaged Property, or the buildings and improvements now or hereafter located thereon, or any other interest in the Mortgaged Property, or any combination thereof, including all property management agreements, sales contracts, contract deposits, earnest money deposits, prepaid items and payments due and to become due thereunder, and further including all payment and performance bonds, construction guaranties, warranties, construction contracts, architects' agreements, general contract agreements, design agreements, engineering agreements, technical service agreements, architectural plans and specifications, sewer and water and other utility agreements, permits, approvals, licenses, building permits, service contracts, advertising contracts, purchase orders and equipment leases; and

(i) All proceeds and products of the foregoing of every type.

All of the foregoing described property, rights, privileges, interests and franchises more particularly described in paragraphs (a) through (i) above herein granted are intended to be, and are collectively referred to herein as, the "Mortgaged Property."

All terms not otherwise defined herein shall have the meaning set forth in that certain Open-End Mortgage Deed, Security Agreement and Financing Statement dated as of December 22, 2010 by Debtor in favor of Secured Party.

SCHEDULE I TO

UCC FINANCING STATEMENT

Debtor: The Waterbury Hospital
64 Robbins Street
Waterbury, CT 06708

Secured Party: RBS Citizens, National Association
63 Eugene O'Neill Drive
New London, CT 06320

FIRST PARCEL: A certain tract of land with the Hospital and other buildings and improvements thereon standing, bounded:

NORTHERLY by land of The Waterbury Hospital, formerly of Loren Carter,
being the land hereafter described;
EASTERLY by Watertown Avenue;
SOUTHERLY by Robbins Street; and
WESTERLY by Grandview Avenue.

Containing twenty-four (24) acres, more or less.

Being the same premises conveyed to The Waterbury Hospital by Charles L. and Walter W. Holmes by deed dated February 18, 1907, recorded February 25, 1907, in Vol. 202, Page 553 of the Waterbury Land Records, excepting a portion conveyed by The Waterbury Hospital to the City of Waterbury for highway purposes by deed dated June 20, 1940, and recorded August 21, 1940, in Vol. 506, Page 191 of said land records.

SECOND PARCEL: Consisting of Five Pieces, being shown on a Map entitled "Map of Woodside, Waterbury, Conn. A.J. Patton, Surveyor", on file in the Waterbury Town Clerk's Office in Map Book 1, Page 25, and containing eighteen (18) acres, more or less, to wit:

First Piece: Lots Nos. 38, 41, 42, 43, 44, 45, 46, 47, 48, 49, 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, the southerly 40' of Lot 65, 66, 67, 68, 69, 70, 71, 72, 73, 74, 75, 76, 77, 78, 79, 80, 81, 82, 83, 84, 85, 86, 87, 88, 89 and 90, as shown on said Map.

Second Piece: The southerly 145 feet of Lots Nos. 39 and 40, as shown on said Map.

Third Piece: Being the Homestead as shown on said Map, bounded

NORTHERLY 135 feet on Hale Street, so-called;
EASTERLY 425.74 feet in curved line on Winthrop Terrace, so-called;
SOUTHERLY 143.46 feet on Carter Avenue, so-called; and
WESTERLY 341.76 feet on Lots Nos. 61 and 53, as shown on said Map.

Fourth Piece: Bounded:

NORTHERLY running to a point at the junction of Carter Avenue, so-called, and
 Watertown Avenue;
EASTERLY on Watertown Avenue;
SOUTHERLY on land of The Waterbury Hospital;
WESTERLY on Lot No. 90 as shown on said Map; and
NORTHWESTERLY and again WESTERLY on Carter Avenue, so-called.

Being the same land conveyed to The Waterbury Hospital by L. Russell Carter, Executor under the Will of Loren R. Carter by deed dated and recorded November 13, 1952, in Vol. 667, Page 49 of the Waterbury Land Records.

Together with any and all rights under easement from John W. Potter to Loren R. Carter dated May 14, 1917 recorded in Vol. 282, Page 177 of the Waterbury Land Records.

Excluding from said Parcels the properties described in a Certificate of Taking by the State of Connecticut, dated March 21, 1963 and recorded in Volume 842, Page 30 and in a Quit Claim Deed from Waterbury Hospital to the State of Connecticut dated June 7, 1963 recorded in Volume 847, Page 397, each of the Waterbury Land Records.

Together with the benefits of a certain Agreement by the City of Waterbury with Loren R. Carter dated December 10, 1907, recorded November 4, 1931 in Volume 450, Page 625 of the Waterbury Land Records. While this is appurtenant, if still valid, the location of the steps and wall is on property of The Waterbury Hospital.

FILING #0003067900 PG 01 OF 01 VOL U-00559
 FILED 07/22/2015 08:30 AM PAGE 02445
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
 Corporation Service Company 1-800-858-5294

B. E-MAIL CONTACT AT FILER (optional)
 SPRFiling@cscinfo.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

102414968 - 372200
 Corporation Service Company
 801 Adlai Stevenson Drive
 Springfield, IL 62703

Filed In: Connecticut
 (S.O.S.)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER
 0002791044 12/22/2010

1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:
 Check one of these two boxes: Debtor or Secured Party of record AND Check one of these three boxes to:
 CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME THE WATERBURY HOSPITAL

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY
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8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
 Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
 If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME Citizens Bank, N.A. Formally Known As RBS Citizens, N.A.

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA: Debtor: THE WATERBURY HOSPITAL 102414968

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Michael P. Botelho, Esq.
Updike, Kelly & Spellacy, P.C.
One State Street
Hartford, CT 06103

FILING #0002791045 PG 01 OF 02 VOL U-00430
FILED 12/22/2010 12:00 PM PAGE 02179
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME – insert only one debtor name (1a or 1b) – do not abbreviate or combine names

1a. ORGANIZATION'S NAME			
OR The Waterbury Hospital			
1b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
64 Robbins Street		Waterbury	CT	06708	USA

1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
		Corporation	Connecticut	<input checked="" type="checkbox"/> None

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME – insert only one debtor name (2a or 2b) – do not abbreviate or combine names

2a. ORGANIZATION'S NAME			
OR			
2b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				<input type="checkbox"/> None

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) – insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME			
OR RBS Citizens, National Association			
3b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX

3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY
63 Eugene O'Neill Drive		Hartford	CT	06103	USA

4. This FINANCING STATEMENT covers the following collateral:
The Debtor hereby grants to the Secured Party a security interest in the collateral described in Schedule A, attached hereto and made a part hereof.

5. ALTERNATIVE DESIGNATION [if applicable]: LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable] 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) All Debtors Debtor 1 Debtor 2 [optional] [ADDITIONAL FEE]

8. OPTIONAL FILER REFERENCE DATA
581355 CT SOS (Bond Loan)

SCHEDULE A TO

UCC FINANCING STATEMENT

(Secretary of the State – Gross Receipts)

Debtor: **THE WATERBURY HOSPITAL**
64 Robbins Street
Waterbury, CT 06708

Secured Party: RBS Citizens, National Association
63 Eugene O'Neill Drive
Hartford, CT 06103

Collateral: This financing statement covers the following properties, assets and rights of Debtor, wherever located, whether now owned or hereafter acquired or arising and all proceeds and products thereof:

(a) all Gross Receipts (as hereinafter defined) including, without limiting the generality of the foregoing, all rights to receive Gross Receipts whether in the form of accounts, accounts receivable, contract rights or other rights and to the proceeds of such rights; and

(b) all of Debtor's rights in and to all funds and accounts established and more particularly described, as the case may be, in that certain Loan Agreement (and Security Agreement) between the State of Connecticut Health and Educational Facilities Authority ("CHEFA"), Debtor and Secured Party dated as of December 1, 2010 ("Loan Agreement"), relating to the issuance of CHEFA's Revenue Bonds, Waterbury Hospital Issue, Series D (the "**Bonds**").

For purposes hereof "**Gross Receipts**" means all receipts, revenues, income and other moneys received by or on behalf of the Debtor, including, but without limiting the generality of the foregoing, revenues derived from the ownership or operation of the properties and assets of the Debtor, including insurance and condemnation proceeds with respect to such properties and assets, or any portion thereof; and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights and whether now owned or held or hereafter coming into existence; **provided, however** that Gross Receipts shall not include (i) gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on the Indebtedness (as that term is defined in the Loan Agreement) of the Debtor) and the income derived therefrom to the extent required by such designation or specification, and (ii) cash, cash equivalents, investment securities, endowment funds from time to time on hand with the Debtor, except to the extent derived from Gross Receipts after an Event of Default (as defined in the Loan Agreement).

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 1-800-858-5294
B. E-MAIL CONTACT AT FILER (optional) SPRfiling@cscinfo.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) 102415577 - 372200 Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 Filed In: Connecticut (S.O.S.)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 0002791045 12/22/2010	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: <u>attach</u> Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:
Check one of these two boxes: Debtor or Secured Party of record AND Check one of these three boxes to:
 CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME THE WATERBURY HOSPITAL

OR 6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR 7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME Citizens Bank, N.A. Formally Known As RBS Citizens, N.A.

OR 9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA Debtor: THE WATERBURY HOSPITAL 102415577

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Michelle Walters Fournier (860.240.2935)

B. E-MAIL CONTACT AT FILER (optional)
michelle.fournier@morganlewis.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

Michelle Walters Fournier
 Senior Paralegal
 Morgan, Lewis & Bockius LLP
 One State Street
 Hartford, CT 06103

FILING #0003087067 PG 01 OF 01 VOL U-00570
 FILED 11/05/2015 08:30 AM PAGE 01082
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER
0002791045

1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS
 Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 6
 For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:
 Check one of these two boxes: Debtor or Secured Party of record
 AND Check one of these three boxes to: CHANGE name and/or address: Complete item 8a or 8b; and item 7a or 7b and item 7c
 ADD name: Complete item 7a or 7b, and item 7c
 DELETE name: Give record name to be deleted in item 6a or 6b

8. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (8a or 8b)

8a. ORGANIZATION'S NAME
RBS Citizens, National Association

OR

8b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME
Citizens Bank, National Association

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS

100 Sockanosset Cross Road, RDC395B	CITY Cranston	STATE RI	POSTAL CODE 02920	COUNTRY US
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8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
 Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
 If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME
CITIZENS BANK, NATIONAL ASSOCIATION (formerly known as RBS Citizens, National Association)

OR

9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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10. OPTIONAL FILER REFERENCE DATA:
To be filed with the Secretary of the State of the State of Connecticut

FILING OFFICE COPY — UCC FINANCING STATEMENT AMENDMENT (Form UCC3) (Rev. 04/20/11) International Association of Commercial Administrators (IACA)
 DB1/85161912.1

FILING #0003094137 PG 01 OF 02 VOL U-00574
FILED 12/15/2015 08:30 AM PAGE 01244
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Michelle Walters Fournier (860.240.2935)
B. E-MAIL CONTACT AT FILER (optional) michelle.fournier@morganlewis.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) Michelle Walters Fournier Senior Paralegal Morgan, Lewis & Bockius LLP One State Street Hartford, CT 06103

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 0002791045	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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2. **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. **ASSIGNMENT** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. **PARTY INFORMATION CHANGE:**
Check one of these two boxes: Debtor or Secured Party of record AND Check one of these three boxes to:
 This Change affects CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 6a or 6b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME
The Waterbury Hospital

OR

6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
--------------------------	---------------------	-------------------------------	--------

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
----------------------------------	--	--------

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
---------------------	------	-------	-------------	---------

8. **COLLATERAL CHANGE:** Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
Indicate collateral:

See Schedule A attached hereto and incorporated herein.

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME
CITIZENS BANK, NATIONAL ASSOCIATION

OR

9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
--------------------------	---------------------	-------------------------------	--------

10. **OPTIONAL FILER REFERENCE DATA:**
To be filed with the Secretary of the State of the State of Connecticut Additional Pages - 1

SCHEDULE A TO
UCC AMENDMENT

Debtor: THE WATERBURY HOSPITAL
64 Robbins Street
Waterbury, CT 06708

Secured Party: CITIZENS BANK, NATIONAL ASSOCIATION
100 Sockanosset Cross Road
RDC395B
Cranston, RI 02920

Collateral: This financing statement covers the following properties, assets and rights of Debtor, wherever located, whether now owned or hereafter acquired or arising and all proceeds and products thereof:

(a) all Gross Receipts (as hereinafter defined) including, without limiting the generality of the foregoing, all rights to receive Gross Receipts whether in the form of accounts, accounts receivable, contract rights or other rights and to the proceeds of such rights; and

(b) all of Debtor's rights in and to all funds and all accounts established in and more particularly described, as the case may be, in that certain Loan Agreement (and Security Agreement) between the State of Connecticut Health and Educational Facilities Authority ("CHEFA"), Debtor and Secured Party dated as of December 1, 2010, as amended by that certain Forbearance and Modification Agreement between Debtor and Secured Party dated December 7, 2015 (collectively, the "Loan Agreement"), relating to the issuance of CHEFA's Revenue Bonds, Waterbury Hospital Issue, Series D.

For purposes hereof "Gross Receipts" means all receipts, revenues, income, cash, cash equivalents and investment securities and other moneys received by or on behalf of the Debtor, including, but without limiting the generality of the foregoing, contributions, donations and pledges, whether in the form of cash, securities, or other personal property, revenues derived from the ownership or operation of the properties and assets of the Debtor, including insurance and condemnation proceeds with respect to such properties and assets or any portion thereof, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence; provided, however, that Gross Receipts shall not include gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on the Indebtedness (as that term is defined in the Loan Agreement) of the Debtor) and the income derived therefrom to the extent required by such designation or specification or endowment funds or any other funds to the extent the granting of a security interest is prohibited by the terms of any agreement.

FILING #0003094137 PG 02 OF 02 VOL U-00574
FILED 12/15/2015 08:30 AM PAGE 01245
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional] Phone: (800) 331-3282 Fax: (818) 662-4141	
B. SEND ACKNOWLEDGEMENT TO: (Name and Address)	11522 OLYMPUS AMERIC
CT Lien Solutions P.O. Box 29071 Glendale, CA 91209-9071	31137177 CTCT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME WATERBURY HOSPITAL THE				
OR				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS 64 ROBBINS STREET		CITY WATERBURY	STATE CT	POSTAL CODE 06721
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION NPC	1f. JURISDICTION OF ORGANIZATION CT	1g. ORGANIZATIONAL ID #, if any 0267808 <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S /P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME Olympus America Inc.				
OR				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS 3500 Corporate Parkway		CITY Center Valley	STATE PA	POSTAL CODE 18034

4. This FINANCING STATEMENT covers the following collateral:

OTV-S7PROH-HD-12E: New - VISERA PRO 20,500.00 High-Definition, autoclavable camera head, 1.2x, eye-piece type A7505A: New - Telescope, autoclavable, 30° direction of view, wide angle field of view, 1.9 x 65mm working length OEP-5: New - HD Olympus Printer LTF-VP: New - Deflectable EndoEYE laparo-thoraco videoscope, 5 mm diameter, 370 mm working length, 80° field of view, 18-100 mm depth of field LF-GP: New - PortaView Tracheal Intubation Fiberscope 5 5,709.00 BF-UC180F-O: New - Curvilinear array (CLA) ultrasound bronchofibervideoscope compatible with the EU-C60 ultrasound processor. Specifications include: 6.2 mm insertion tube outer diameter, 2.2 mm working channel, 60 cm working length, angulation range 120° (up) 90° (down), 80° field of view and 35° forward oblique direction of view. Ultrasound functions include: 7.5 MHz, B-mode, color power Doppler mode, 50° scanning range. Includes a detachable cable. MAJ-1722 for connection to the EU-C60. Complete with standard accessories. OEV-261H: New - OLYMPUS 26" FULL HD LCD MONITO WA03210A: New - Light guide 7 mm x 3 m autoclave without condenser. CF compatible WA50374B: New - Laparoscope, full screen, autoclavable, 45° direction of view, 5.4 x 300mm working length A4672A: New - A4672A MICROLAPAROSCOPE 3MM OD AUTOCLAVABLE

5. ALTERNATIVE DESIGNATION [if applicable]	<input type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAILOR	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG. LIEN	<input type="checkbox"/> NON-UCC FILING
6. <input type="checkbox"/> This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [if applicable]		<input type="checkbox"/> All Debtors		<input type="checkbox"/> Debtor 1	<input type="checkbox"/> Debtor 2
8. OPTIONAL FILER REFERENCE DATA						

31137177

0009612-004

1:05p


UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address) SG3

Corporation Service Company
801 ADLAI STEVENSON DRIVE
Springfield, IL 62703



2 2 8 4 0 5 / C T
299869-1

FILING #0002890181 PG 01 OF 01 VOL U-00468
FILED 08/03/2012 01:05 PM PAGE 00488
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
WATERBURY HOSPITAL, THE

OR
1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
64 ROBBINS STREET WATERBURY CT 06798 USA

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any
CORP CT 0267808 NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR
2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

2c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any
 NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
JOHNSON & JOHNSON FINANCE CORPORATION

OR
3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
501 GEORGE ST NEW BRUNSWICK NJ 08901 USA

4. This FINANCING STATEMENT covers the following collateral:

All of Debtor's rights, title and interest of every kind now owned or hereafter acquired in and to the following: (1) EVOTECH EQUIPMENT KIT; CHEMCLEAN KIT; CHANNEL CONN TUBE; CONN BIOPSY, CHANNEL CONN TUBE-WHITE; YELLOW; BROWN; CHANNEL SEPARATOR; ADAPTER; STERRAD NX; STERRAD NX CART; CONNIUB INKT 09601 / CONTRACT NUMBER 228405; (2) all accessories, upgrades, installations, accessions, appurtenances, component and replacement parts, tools, and additions to and substitutions for the foregoing; (3) all products and proceeds of the foregoing; (4) all renewals and replacements of the foregoing; and (5) all accounts, instruments, notes, chattel paper, documents, contract rights and general intangibles relating to or arising in connection with the foregoing.

5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (for record) (or recorded) in the REAL ESTATE RECORDS Attach Addendum (if applicable) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (optional) All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

CT-Secretary of State

**STATE OF CONNECTICUT
UCC-1 FINANCING STATEMENT**

Follow Instructions Carefully

Requesting Party

Name : CT LIEN

Address : 2727 ALLEN PARKWAY SUITE 1000

City : HOUSTON

State : TX

Country :

Zip : 77010

Fee \$50.00 (Space for filing office use only)

FILING #0002912417 PG 1 OF 3

VOL 00477 PAGE 1325

FILED ON 12/24/2012 09:37 AM

CONNECTICUT SECRETARY OF THE STATE

1. DEBTOR NAMES AND ADDRESSES:

BUSINESS NAME : THE WATERBURY HOSPITAL
TYPE OF ORGANIZATION : CORPORATION
JURISDICTION OF ORGANIZATION : CT
ADDRESS1 : 64 ROBBINS STREET
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : WATERBURY , CT 06708
COUNTRY :

2. SECURED PARTY NAMES AND ADDRESSES:

BUSINESS NAME : ALLEGHENY VALLEY BANK OF PITTSBURGH
ADDRESS1 : 5137 BUTLER STREET
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : PITTSBURGH , PA 15201
COUNTRY :

3. ASSIGNOR NAMES AND ADDRESSES:

NONE

4. This FINANCING STATEMENT covers the following collateral:

AcuDose-RX Remote Refrigerator locks 7 8 drwr Auxilliary 2 Fast Entry Biometrics 3 1/2 Height Detecting Drawers 6 1/2 High Capacity Locking Drawers 20 8 drwr Main-Non-Profile 4 4 drwr Supply Tower 4 Bar Code Scanner 3 Bar Code Scanner Base 3 CarePoint Connect Software License 1 Implementation 1 Horizon MedComm Backbone HW (Standard Vol. Standalone) 1 Fax Server (08 Channel) (to utilize existing fax servers) 1 Order Review Hardware in Pharmacy 4 Order Review SW in Pharmacy (Local) 4 Order Review SW (Remote) 5 MedComm SW license 1 Implementation PIS Linking 9 Implementation 1 MedCarousel MedCarousel Implementation 1 Packaging Solutions PacMed Robot Ready 1 Tadpole Printer 1 PacMed implementation 1 FulFill-RX FulFill-Rx Software License 1 Cyclone Software License 1 Implementation 1

5. ALTERNATIVE DESIGNATION (if applicable) :

- LESSEE/LESSOR
- CONSIGNEE/CONSIGNOR
- BAILEE/BAILOR
- SELLER/BUYER
- NONE

6. DEBTOR IS (if applicable) :

- TRUST
- TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN TRUST
- DESCENDANT'S ESTATE
- NONE

7. Check only if applicable :

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with Public Finance Transaction
- NONE

8. OPTIONAL FILER REFERENCE DATA :

CT-0-36297036



SECRETARY OF THE STATE OF CONNECTICUT

MAILING ADDRESS: COMMERCIAL RECORDING DIVISION, CONNECTICUT SECRETARY OF THE STATE, P.O. BOX 150470, HARTFORD, CT 06115-0470

DELIVERY ADDRESS: COMMERCIAL RECORDING DIVISION, CONNECTICUT SECRETARY OF THE STATE, 30 TRINITY STREET, HARTFORD, CT 06106

PHONE: 860-509-6002

WEBSITE: [WWW.COMREC-D-SOS.CT.GOV](http://www.comrecd-sos.ct.gov)

STATE OF CONNECTICUT UCC-1 FINANCING STATEMENT

USE INK. COMPLETE ALL SECTIONS. PRINT OR TYPE. ATTACH 81/

FILING #0002951331 PG 01 OF 03 VOL U-00496
FILED 08/05/2013 02:28 PM PAGE 02479
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

FILING PARTY (CONFIRMATION WILL BE SENT TO THIS ADDRESS)

CUSTOMER ID:

NAME: Webster Bank, National Association

ADDRESS: 185 Asylum Street

Attention: Comm'l Healthcare Lending

CITY: Hartford

STATE: CT ZIP: 06103

EMAIL:

OF THE STATE"

1. DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY ONE DEBTOR NAME (1A OR 1B) - DO NOT ABBREVIATE OR COMBINE NAMES

OR	1A. ORGANIZATION'S NAME		
	THE WATERBURY HOSPITAL		
	1B. INDIVIDUAL'S		
	SURNAME		
	FIRST PERSONAL NAME	MIDDLE	SUFFIX

1C. MAILING ADDRESS:

ADDRESS: 64 ROBBINS STREET

CITY: WATERBURY

STATE: CT ZIP: 06708 COUNTRY: USA

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - INSERT ONLY ONE DEBTOR NAME (2A OR 2B) - DO NOT ABBREVIATE OR COMBINE NAMES

OR	2A. ORGANIZATION'S NAME		
	2B. INDIVIDUAL'S		
	SURNAME		
	FIRST PERSONAL NAME	MIDDLE	SUFFIX

2C. MAILING ADDRESS:

ADDRESS:

CITY:

STATE: ZIP: COUNTRY:

3. SECURED PARTY NAME (OR NAME OF ASSIGNEE OF ASSIGNOR S/P) - INSERT ONLY ONE SECURED

PARTY NAME (3A OR 3B)

OR	3A. ORGANIZATION'S NAME		
	WEBSTER BANK, NATIONAL ASSOCIATION		
	3B. INDIVIDUAL'S		
	SURNAME		
	FIRST PERSONAL NAME	MIDDLE	SUFFIX

3C. MAILING ADDRESS:

ADDRESS: 185 Asylum Street

CITY: Hartford

STATE: CT ZIP: 06103 COUNTRY: USA

4. THIS FINANCING STATEMENT COVERS THE FOLLOWING COLLATERAL:

All assets of the Debtor described on Exhibit A attached hereto

5. CHECK ONLY IF APPLICABLE AND CHECK ONLY ONE BOX: COLLATERAL IS HELD IN A TRUST (SEE UCC 1AD, ITEM 13 AND INSTRUCTIONS) BEING ADMINISTERED BY A DECEDENT'S PERSONAL REPRESENTATIVE.

6. CHECK ONLY IF APPLICABLE AND CHECK ONLY ONE BOX:

Public-Finance Transaction A Debtor is a Transmitting Utility

7. ALTERNATIVE DESIGNATION (if applicable):

Lessee / Lessor Consignee / Consignor Seller / Buyer Bailee / Bailor Licensee / Licensor

8. OPTIONAL FILER REFERENCE DATA:

FILING #0002951331 PG 02 OF 03 VOL U-00496
 FILED 08/05/2013 02:28 PM PAGE 02480
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

EXHIBIT A

DEBTOR:

THE WATERBURY HOSPITAL
64 Robbins Street
Waterbury, CT 06708

SECURED PARTY:

WEBSTER BANK
145 Bank Street
Waterbury, CT 06702

All right, title and interest of the Debtor in and to the Money Market Account (the "Account") identified as follows:

Webster Bank Certificate of Deposit

Number: 10105347659

Amount: \$1,000,000

Date Opened: July 30, 2013

Maturity Date: July 30, 2014

and all interest due or to become due on said Account, and all proceeds thereof, including, without limitation, all other Investment Property, Accounts, Deposit Accounts, Certificates of Deposit, Letter of Credit Rights and/or General Intangibles, and all Supporting Obligations relating thereto which may now or hereafter constitute Proceeds (as each such capitalized term is defined in the Uniform Commercial Code as in effect in Connecticut, as may be amended from time to time) of said Certificate of Deposit and each and every new Account, Deposit Account, Certificate of Deposit or other Investment Property which may be issued to the undersigned in renewal or replacement of the aforementioned Certificate of Deposit (herein the "Collateral").

FILING #0002951331 PG 03 OF 03 VOL U-00496
FILED 08/05/2013 02:28 PM PAGE 02481
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE



SECRETARY OF THE STATE OF CONNECTICUT
UCC-1 FINANCING STATEMENT

FILING #0002969025 PG 1 OF 3
VOL 00506 PAGE 0235
FILED ON 12/04/2013 01:19 PM
SECRETARY OF THE STATE OF CONNECTICUT

1. DEBTOR NAMES AND ADDRESSES:

BUSINESS NAME : WATERBURY HOSPITAL THE
ADDRESS1 : 64 ROBBINS STREET
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : WATERBURY , CT 06721
COUNTRY :

2. SECURED PARTY NAMES AND ADDRESSES:

BUSINESS NAME : OLYMPUS AMERICA INC.
ADDRESS1 : 3500 CORPORATE PARKWAY
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : CENTER VALLEY , PA 18034
COUNTRY :

3. ASSIGNOR NAMES AND ADDRESSES:

NONE

4. This FINANCING STATEMENT covers the following collateral:

Seller/Supplier: Olympus America Inc. Quote Number: 187026-10 Quantity Model Number Description Five (5) CF-HQ190L CF-HQ190L EVIS EXERA III HD COLONOSCOPE DUAL FOC SCPEGDE Six (6) PCF-H190L PCF-H190L EVIS EXERA III HD PEDIATRIC COLONOSCOPE Five (5) GIF-HQ190 GIF-HQ190 EVIS EXERA III HIGH DEFINITION DUAL FOCUSGASTROSCO One (1) TJF-Q180V VIDEO DUODENOSCOPE W/NBI, IMPROVED GUIDEWIRE LOCKING Five (5) CV-190 CV-190 EVIS EXERA III VIDEO PROCESSOR Five (5) CLV-190 CLV-190 EVIS EXERA III LIGHT SOURCE Five (5) MAJ-1430 MAJ-1430 VIDEOSCOPE CABLE EVIS EXERA II Five (5) MAJ-1916 MAJ-1916 CV INTERFACE CONVERTE DEVICE Five (5) MAJ-1918 MAJ-1918 REMOTE CABLE PERIPHER AL DEVICE 1.8M One (1) OEV-261H OLYMPUS 26 FULL HD LCD MONITOR One (1) OL-0015-07 GCX HD ROLLSTAND 47-61.5 23- 32# W/PWR SUP HOLSTER & CORD-W One (1) OL-0015-25 GCX ROLLSTAND AC ADAPTER KIT FOR OEV-261H One (1) OFP-2 OFP-2 FLUSHING PUMP One (1) MH-984 MH-984 RGB PRINTER CABLE FOR C V-160 RGB CABLE FOR OTV-S5C One (1) MAJ-854 MAJ-854 REMOTE CABLE CV-160 FOR SVR PRINTER One (1) OEP-4 OEP-4 OLYMPUS COLOR PRINTER Consumable Products: Seller/Supplier: Olympus America Inc. Quote Number: 187026-10 Quantity Model Number Description Five (5) G-240-2545S VISIGLIDE GUIDEWIRE .025, 450 CM, STRAIGHT TIP Five (5) G-240-3545S VISIGLIDE GUIDEWIRE .035, 450 CM, STRAIGHT TIP Five (5) B-V233P-A MULTI-3V PLUS 15 MM, OVER THE WIRE, ABOVE INJECTION Five (5) B-V243Q-A MULTI-3V PLUS 15 MM, DISTALLY WIREUIDED ABOVE INJECTION Five (5) BC-V600P-3010 BRUSHMASTER V CYTOLOGY BRUSH Five (5) KD-V411M-0725 CLEVERCUT3-V TRPL LUM SPHINCT 7MM TIP 25MM WIRE V-SYSTEM Five (5) KD-V431M-0720 CLEVERCUT3-V TRPL LUM TAPERED SPHINCT 7MM TIP 20MM WIRE V Five (5) FG-V421PR FLOWERBASKETV ROTATABLE RETRIEVAL BASKET, 8 WIRE Five (5) FG-V431P FLOWERBASKETV WIREGUIDED RETRIEVAL BASKET, 8 WIRE One (1) MAJ-441 LITHOCRSH V HNDL AUTOCLVABLE BML-V232/242/442QR Three (3) BML-V442QR-30 LITHOCRSH V WIRGUID LITHOTRIPT 30MM ROTBSKT 4.2MM CHNL DISP Seller/Supplier: Olympus America Inc. Rollover Equipment From Master Agreement Number 009612 (CPP Schedule 003) Quantity Model Number Description Serial Number One (1) OEP-4 OLYMPUS COLOR PRINTER A107234 One (1) GIF-1TQ160 THERAPEUTIC VIDEO GASTROSCOPE 2002193 Three (3) OEV-191H LCD HD TV FLAT PANEL MONITOR 7820184, 7820225, 7820289 One (1) FLP-0008-02 TABLE TOP STAND And all substitutions, replacements, additions, attachments & accessories thereto and proceeds thereof, now owned or hereafter acquired. This financing statement is filed for notice purposes only & the filing thereof shall not be deemed evidence of any intention to create a security interest under the Uniform Commercial Code.

5. ALTERNATIVE DESIGNATION (if applicable) :

- LESSEE/LESSOR
- CONSIGNEE/CONSIGNOR
- BAILEE/BAILOR
- SELLER/BUYER
- NONE

6. DEBTOR IS (if applicable) :

- TRUST
- TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN TRUST
- DESCENDANT'S ESTATE
- NONE

7. Check only if applicable :

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with Public Finance Transaction
- NONE

8. OPTIONAL FILER REFERENCE DATA :

CT-0-40889843

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 1-800-858-5294
B. E-MAIL CONTACT AT FILER (optional) SPRFiling@cscinfo.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) 90812284 - 346290 Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703 Filed In: Connecticut (S.O.S.)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME The Waterbury Hospital				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS	64 Robbins Street	CITY Waterbury	STATE CT	POSTAL CODE 06708
			COUNTRY USA	

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
			COUNTRY	

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME Mazuma Capital Corp				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS	12257 Business Park Drive, Suite 225	CITY Draper	STATE UT	POSTAL CODE 84020
			COUNTRY USA	

4. COLLATERAL: This financing statement covers the following collateral:
Medical equipment including but not limited to ultrasounds, imaging equipment and related software, pumps, monitors, lasers, C-arms, medical facility furnishings and other items of Property purchased or paid for by Mazuma Capital Corp and leased to Lessee under Lease Schedule No. 43-01 to Master Lease Agreement No. MCC1320 between The Waterbury Hospital, as Lessee and Mazuma Capital Corp, as Lessor, and any and all attachments, accessions, additions, enhancements and replacements thereto, and insurance, lease, sublease and other proceeds thereof.

THIS IS A "TRUE LEASE". FILING IS FOR INFORMATIONAL PURPOSES ONLY. THE PARTIES DO NOT BELIEVE THE LEASE IS SUBJECT TO UCC9. THE PROPERTY IS OWNED BY LESSOR AND LEASED TO LESSEE. LESSEE DOES NOT HAVE THE RIGHT TO SELL OR PLEDGE THE PROPERTY.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA: :MCC1320-43-01-KA

90812284



SECRETARY OF THE STATE OF
CONNECTICUT
UCC-3 FINANCING STATEMENT
AMENDMENT

FILING #0003028590 PG 1 OF 2
VOL 00538 PAGE 1609
FILED ON 11/24/2014 01:00 PM
SECRETARY OF THE STATE OF CONNECTICUT

1. INITIAL FINANCING STATEMENT FILE # :

0003015083

2. **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the secured party authorizing this termination statement.

3. **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the secured party authorizing this continuation statement is continued for the additional period provided by applicable law.

4. **ASSIGNMENT(full or partial):** Give name of assignor at point 7.

5. **AMENDMENT(PARTY INFORMATION) :**

5.1 This Amendment Affects :

Debtor Secured Party

Added Deleted Change

6. **AMENDMENT (COLLATERAL CHANGE):** (Check only one box)

Added Deleted Restated Assigned

7. **NAME OF PARTY OF RECORD AUTHORIZING THIS AMENDMENT :** ((name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor).

MAZUMA CAPITAL CORP

8. **OPTIONAL FILER REFERENCE DATA :**

9. ASSIGNEE NAMES AND ADDRESSES:

BUSINESS NAME : TRANSPORTATION ALLIANCE BANK INC.
ADDRESS1 : 4185 SOUTH HARRISON BLVD., SUITE 200
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : OGDEN , UT 84403
COUNTRY :



SECRETARY OF THE STATE OF
CONNECTICUT
UCC-3 FINANCING STATEMENT
AMENDMENT

FILING #0003079617 PG 1 OF 2
VOL 00566 PAGE 0223
FILED ON 09/30/2015 02:53 PM
SECRETARY OF THE STATE OF CONNECTICUT

1. INITIAL FINANCING STATEMENT FILE # :

0003015083

2. **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the secured party authorizing this termination statement.

3. **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to security interest(s) of the secured party authorizing this continuation statement is continued for the additional period provided by applicable law.

4. **ASSIGNMENT(full or partial):** Give name of assignor at point 7.

5. **AMENDMENT(PARTY INFORMATION) :**

5.1 This Amendment Affects :

Debtor Secured Party

Added Deleted Change

6. **AMENDMENT (COLLATERAL CHANGE):** (Check only one box)

Added Deleted Restated Assigned

7. **NAME OF PARTY OF RECORD AUTHORIZING THIS AMENDMENT :** ((name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor).

TRANSPORTATION ALLIANCE BANK INC.

8. **OPTIONAL FILER REFERENCE DATA :**

9. ASSIGNEE NAMES AND ADDRESSES:

BUSINESS NAME : PRIME ALLIANCE BANK, INC.
ADDRESS1 : 1868 S. 500 W.
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : WOODS CROSS , UT 84087
COUNTRY :

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
 Corporation Service Company 1-800-858-5294

B. E-MAIL CONTACT AT FILER (optional)
 SPRFiling@cscinfo.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

92770926 - 346290

Corporation Service Company
 801 Adlai Stevenson Drive
 Springfield, IL 62703

Filed In: Connecticut (S.O.)

FILING #0003025143 PG 01 OF 01 VOL U-00536
 FILED 10/31/2014 08:30 AM PAGE 01865
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME The Waterbury Hospital

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
--------------------------	---------------------	-------------------------------	--------

1c. MAILING ADDRESS 64 Robbins Street

CITY Waterbury	STATE CT	POSTAL CODE 06708	COUNTRY USA
----------------	----------	-------------------	-------------

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
--------------------------	---------------------	-------------------------------	--------

2c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY
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3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME Mazuma Capital Corp

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
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3c. MAILING ADDRESS 13997 South Minuteman Drive, Suite 200

CITY Draper	STATE UT	POSTAL CODE 84020	COUNTRY USA
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4. COLLATERAL: This financing statement covers the following collateral:
 Medical equipment including but not limited to ultrasounds, imaging equipment and related software, pumps, monitors, laser, C-arms, medical facility furnishings and other items of Property purchased or paid for by Mazuma Capital Corp and leased to Lessee under Lease Schedule No. 44-02 to Master Lease Agreement No. MCC1320 between The Waterbury Hospital, as Lessee and Mazuma Capital Corp, as Lessor, and any and all attachments, accessions, additions, enhancements and replacements thereto, and insurance, lease, sublease and other proceeds thereof.

THIS IS A "TRUE LEASE". FILING IS FOR INFORMATIONAL PURPOSES ONLY. THE PARTIES DO NOT BELIEVE THE LEASE IS SUBJECT TO UCC9. THE PROPERTY IS OWNED BY LESSOR AND LEASED TO LESSEE. LESSEE DOES NOT HAVE THE RIGHT TO SELL OR PLEDGE THE PROPERTY.

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA: :1320-4402-KA

92770926

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Phone: (800) 331-3282 Fax: (818) 662-4141	
B. E-MAIL CONTACT AT FILER (optional) CLS-CTLS_Glendale_Customer_Service@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) 13052 - Element Financial	
CT Lien Solutions P.O. Box 29071 Glendale, CA 91209-9071	47377591 CTCT

File with: Secretary of State, CT

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME WATERBURY HOSPITAL THE					
OR	1b. INDIVIDUAL'S SURNAME				
	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX		
1c. MAILING ADDRESS 64 Robbins Street		CITY Watrbury	STATE CT	POSTAL CODE 06708	COUNTRY USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME					
OR	2b. INDIVIDUAL'S SURNAME				
	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX		
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME ELEMENT FINANCIAL CORP.					
OR	3b. INDIVIDUAL'S SURNAME				
	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX		
3c. MAILING ADDRESS 655 Business Center Drive		CITY Horsham	STATE PA	POSTAL CODE 19044	COUNTRY USA

4. COLLATERAL: This financing statement covers the following collateral:
 All Equipment listed on Schedule A together with all proceeds from sale or disposition thereof, all proceeds of insurance thereon, all substitutions therefore and all additions thereto.

5. Check <u>only</u> if applicable and check <u>only</u> one box: Collateral is <input type="checkbox"/> held in a Trust (see UCC1Ad, item 17 and Instructions) <input type="checkbox"/> being administered by a Decedent's Personal Representative	
6a. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Public-Finance Transaction <input type="checkbox"/> Manufactured-Home Transaction <input type="checkbox"/> A Debtor is a Transmitting Utility	
6b. Check <u>only</u> if applicable and check <u>only</u> one box: <input type="checkbox"/> Agricultural Lien <input type="checkbox"/> Non-UCC Filing	
7. ALTERNATIVE DESIGNATION (if applicable): <input checked="" type="checkbox"/> Lessee/Lessor <input type="checkbox"/> Consignee/Consignor <input type="checkbox"/> Seller/Buyer <input type="checkbox"/> Bailee/Bailor <input type="checkbox"/> Licensee/Licenser	
8. OPTIONAL FILER REFERENCE DATA: 47377591 133290	

Schedule A

FILING #0003047052 PG 02 OF 02 VOL U-00547
 FILED 04/01/2015 08:30 AM PAGE 03579
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

TJ1641 WBG4500CARMAI	GOLD SOFTWARE SUPPORT & ADVANCED RMA HARDWARE SUPPORT EXTENDED SERVICE AGREEMENT - REPLACEMENT - 1 YEAR - SHIPMENT - RESPONSE TIME: SBD - GHE - ASSOCIATE - FOR P/N: WBG-4500-CI HW Warranty	2
TJ1641 WBG4500CARMAI	GOLD SOFTWARE SUPPORT & ADVANCED RMA HARDWARE SUPPORT EXTENDED SERVICE AGREEMENT - REPLACEMENT - 1 YEAR - SHIPMENT - RESPONSE TIME: SBD - GHE - ASSOCIATE - FOR P/N: WBG-4500-CI HW Warranty	2
FN8994 WRPCKE-AA-GI	MCAFFEE WEB REPORTER PREMIUM, GATEWAY EDITION SOFTWARE STANDARD OFFERING - PERPETUAL LICENSE WITH 1YR MCAFFEE GOLD SOFTWARE SUPPORT - 1001-2000 NODES E- CERTIFICATE GHE-levelG-LSA	1001
FN8003 WRPYCM-AA-GI	MCAFFEE WEB REPORTER PREMIUM, GATEWAY EDITION SOFTWARE STANDARD OFFERING - 1YR GOLD SOFTWARE SUPPORT - 1001-2000 NODES E-CERTIFICATE GHE-levelG-SA	1001
FN9003 WRPYCM-AA-GI	MCAFFEE WEB REPORTER PREMIUM, GATEWAY EDITION SOFTWARE STANDARD OFFERING - 1YR GOLD SOFTWARE SUPPORT - 1001-2000 NODES E-CERTIFICATE GHE-levelG-SA	1001
HH7415 PENYDM-AT-AI	PLATINUM TECHNICAL SUPPORT ENTERPRISE 1YR GOLD SOFTWARE SUPPORT - 1+ NODES E- CERTIFICATE GHE-levelA-SA	1
HH7415 PENYDM-AT-AI	PLATINUM TECHNICAL SUPPORT ENTERPRISE 1YR GOLD SOFTWARE SUPPORT - 1+ NODES E- CERTIFICATE GHE-levelA-SA	1
HH7415 PENYDM-AT-AI	PLATINUM TECHNICAL SUPPORT ENTERPRISE 1YR GOLD SOFTWARE SUPPORT - 1+ NODES E- CERTIFICATE GHE-levelA-SA	1
TH8592 EMG-4500-CI	MCAFFEE EMAIL GATEWAY SECURITY APPLIANCE SECURITY APPLIANCE - 10MB LAN, 100MS LAN, GIGE - 1U - GHE - ASSOCIATE - RACK- MOUNTABLE	2
TT1534 EMG4500CARMAI	GOLD SOFTWARE SUPPORT & ADVANCED RMA HARDWARE SUPPORT EXTENDED SERVICE AGREEMENT - REPLACEMENT - 1 YEAR - SHIPMENT - RESPONSE TIME: SBD - GHE - ASSOCIATE - FOR P/N: EMG-4500-CI HW Warranty	2
TT1534 EMG4500CARMAI	GOLD SOFTWARE SUPPORT & ADVANCED RMA HARDWARE SUPPORT EXTENDED SERVICE AGREEMENT - REPLACEMENT - 1 YEAR - SHIPMENT - RESPONSE TIME: SBD - GHE - ASSOCIATE - FOR P/N: EMG-4500-CI HW Warranty	2
TT1534 EMG4500CARMAI	GOLD SOFTWARE SUPPORT & ADVANCED RMA HARDWARE SUPPORT EXTENDED SERVICE AGREEMENT - REPLACEMENT - 1 YEAR - SHIPMENT - RESPONSE TIME: SBD - GHE - ASSOCIATE - FOR P/N: EMG-4500-CI HW Warranty	2
MQ3659 MFEFOCUSEBI	MCAFFEE FOCUS PASS EARLY BIRD - (PASS NO SUPPORT) GENERAL ITEM - STANDARD OFFERING E-DOWNLOAD Lic	6
NJ7005 TRN-SITE4A	SOLUTION SERVICES LECTURES AND LABS - 4 DAYS - ON-SITE (PROMOTIONAL)	1

Remit To: Scitholes Corporation
16809 Collections Center Drive
Chicago, IL 60693
Accounting Tel (888) 649-7638
Accounting Fax (888) 649-7639
Sales Tel (800) 288-7638

This invoice and the transaction to which it pertains are governed by the terms and conditions set out:
v1.6



SECRETARY OF THE STATE OF CONNECTICUT
UCC-1 FINANCING STATEMENT

FILING #0003074593 PG 1 OF 5
VOL 00563 PAGE 1360
FILED ON 09/02/2015 09:45 AM
SECRETARY OF THE STATE OF CONNECTICUT

1. DEBTOR NAMES AND ADDRESSES:

BUSINESS NAME : WATERBURY HOSP
ADDRESS1 : 64 ROBBINS ST
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : WATERBURY , CT 06708
COUNTRY :

2. SECURED PARTY NAMES AND ADDRESSES:

BUSINESS NAME : BAXTER HEALTHCARE CORPORATION
ADDRESS1 : ONE BAXTER PARKWAY
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : DEERFIELD , IL 60015
COUNTRY :

3. ASSIGNOR NAMES AND ADDRESSES:

NONE

4. This FINANCING STATEMENT covers the following collateral:

Asset(s) listed below: 35700BAX2 2010178 35700BAX2 2010333 35700BAX2 2013001 35700BAX2 2014085 35700BAX2 2014095
35700BAX2 2014097 35700BAX2 2014207 35700BAX2 2014408 35700BAX2 2014766 35700BAX2 2015365 35700BAX2 2015505
35700BAX2 2015563 35700BAX2 2016016 35700BAX2 2016439 35700BAX2 2017368 35700BAX2 2018146 35700BAX2 2018147
35700BAX2 2018307 35700BAX2 2018641 35700BAX2 2019152 35700BAX2 2019250 35700BAX2 2019279 35700BAX2 2019680
35700BAX2 2019874 35700BAX2 2019880 35700BAX2 2019961 35700BAX2 2020343 35700BAX2 2020981 35700BAX2 2021151
35700BAX2 2021276 35700BAX2 2021444 35700BAX2 2022441 35700BAX2 2022596 35700BAX2 2022606 35700BAX2 2022720
35700BAX2 2023453 35700BAX2 2023484 35700BAX2 2023485 35700BAX2 2023684 35700BAX2 2023750 35700BAX2 2023921
35700BAX2 2023969 35700BAX2 2024050 35700BAX2 2024343 35700BAX2 2025415 35700BAX2 2025612 35700BAX2 2025999
35700BAX2 2027227 35700BAX2 2027368 35700BAX2 2027788 35700BAX2 2028100 35700BAX2 2028839 35700BAX2 2029144
35700BAX2 2029788 35700BAX2 2029796 35700BAX2 2030515 35700BAX2 2030908 35700BAX2 2031017 35700BAX2 2031046
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35700BAX2 2031756 35700BAX2 2031946 35700BAX2 2032117 35700BAX2 2032172 35700BAX2 2032216 35700BAX2 2032369
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35700BAX2 2034329 35700BAX2 2034541 35700BAX2 2035003 35700BAX2 2035485 35700BAX2 2035771 35700BAX2 2035907
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35162 00409D8222AB 35162 00409D8222AC 35162 00409D8222AD 35162 00409D8222AF 35162 00409D8222B0 35162
00409D8222B1 35162 00409D8222B2 35162 00409D8222B3 35162 00409D8222B4 35162 00409D8222B5 35162 00409D8222B6
35162 00409D8222B7 35162 00409D8222B8 35162 00409D8222B9 35162 00409D8222BB 35162 00409D8222C0 35162
00409D8222F2 35162 00409D8222F8 35162 00409D8222F9 35162 00409D82389E 35162 00409D8238A2 35162 00409D8238A3
35162 00409D8238A5 35162 00409D8238B0 35162 00409D8238DF 35162 00409D823C0E 35162 00409D823D2D 35162
00409D823D33 35162 00409D823D3A 35162 00409D823D3F 35162 00409D823D40 35162 00409D823D41 35162 00409D823D45
35162 00409D823D46 35162 00409D823D48 35162 00409D823D4A 35162 00409D823D4C 35162 00409D823D4E 35162
00409D823E90 35162 00409D823E92 35162 00409D823E94 35162 00409D823EA7 35162 00409D823EB1 35162 00409D823EB2
35162 00409D823EB5 35162 00409D823EB6 35162 00409D823EB8 35162 00409D823EBB 35162 00409D823EBC 35162
00409D823EBD 35162 00409D823EBE 35162 00409D823EBF 35162 00409D823EC5 35162 00409D823EC8 35162
00409D823EC9 35162 00409D824058

5. ALTERNATIVE DESIGNATION (if applicable) :

- LESSEE/LESSOR
- CONSIGNEE/CONSIGNOR
- BAILEE/BAILOR
- SELLER/BUYER
- NONE

6. DEBTOR IS (if applicable) :

- TRUST
- TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN TRUST
- DESCENDANT'S ESTATE
- NONE

7. Check only if applicable :

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with Public Finance Transaction
- NONE

8. OPTIONAL FILER REFERENCE DATA :

CT-0-49597500

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Phone: (800) 331-3282 Fax: (818) 662-4141	
B. E-MAIL CONTACT AT FILER (optional) CLS-CTLS_Glendale_Customer_Service@wolterskluwer.com	
C. SEND ACKNOWLEDGMENT TO: (Name and Address) 11914 - GE Capital	
CT Lien Solutions P.O. Box 29071 Glendale, CA 91209-9071	51979804 CTCT
File with: Secretary of State, CT	

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 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME THE WATERBURY HOSPITAL				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS PO BOX 10016		CITY WATERBURY	STATE CT	POSTAL CODE 067250016
			COUNTRY USA	

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
			COUNTRY	

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME IKON FINANCIAL SVCS				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS 1738 BASS RD		CITY MACON	STATE GA	POSTAL CODE 312101043
			COUNTRY USA	

4. COLLATERAL: This financing statement covers the following collateral:
 The terms "Debtor" and "Secured Party" shall mean "Lessor" and "Lessee", respectively. This financing statement covers the following types (or items) of property: All equipment now or hereafter leased in an equipment leasing transaction in connection with that certain Master Agreement No. see below, Product Schedule No./Agreement No. see below ("Lease"), as amended from time to time, between IOS Capital, LLC as lessor, and the above referenced Lessee/Debtor, including, without limit, the equipment listed below, and all additions, improvements, attachments, accessories, accessions, upgrades and replacements related thereto, and any and all substitutions or exchanges, and any and all products, insurance and/or other proceeds (cash and non-cash) there from: The equipment location is as identified in the Lease. This is intended to be a true lease transaction. Neither the execution nor filing of this financing statement shall in any manner imply that the relationship between the parties to which this document applies is other than lessor and lessee, respectively. This financing statement is filed solely to protect the interests of the

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:
 51979804 1026936 1026936ML

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME
THE WATERBURY HOSPITAL

OR
9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)INITIAL(S) SUFFIX

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SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME

OR
10b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)INITIAL(S) SUFFIX

10c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME

OR
11b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)INITIAL(S) SUFFIX

11c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):
parties in the event of unwarranted assertions by any third party. This statement is filed in connection with a lease transaction and is filed for precautionary purposes only.

Product Schedule No./Agreement No. 1026936ML, Master Agreement/Lease No. 1026936. CUSTOMER: 103513 RISP4510DN C81074126 RISP4510DN C81074137 RISP4510DN C81075393 RISP4510DN C81074679 RISP4510DN C81074678 RISP4510DN C81074817 RISP4510DN C81074816 RISP4510DN C81074815 RISP4510DN C81074135 RISP4510DN C81074677 RISP4510DN C81073261 RISP4510DN C81074131 RISP4510DN C81075392 RISP4510DN C81074814 RISP4510DN C81074813 RISP4510DN C81074812 RISP4510DN C81074811 RISP4510DN C81074819 RISP4510DN C81074818 RISP4510DN C81074132 RISP4510DN C81074138 RISP4510DN C81074672 RISP4510DN C81076092 RISP4510DN C81074178 RISP4510DN C81074136 RISP4510DN C81074810 RISP4510DN C81073873 RISP4510DN C81073785 RISP4510DN

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME
THE WATERBURY HOSPITAL

OR
9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

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SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME

OR
10b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

10c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME

OR
11b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

11c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

C81074675 RISP4510DN C81074674 RISP4510DN C81074130 RISP5210DNHT C81073159 RISP4510DN C81074129 RISP4510DN C81074128 RISP4510DN C81074127 RISP4510DN C81074809 RISP4510DN C81076082 RISP4510DN C81073260 RISP4510DN C81074673 RISP4510DN C81074125 RISP4510DN C81074124 RISP4510DN C81075384 RISP4510DN C81075408 RISP4510DN C81075391 RISP4510DN C81075390 RISP4510DN C81075389 RISP4510DN C81076086 RISP4510DN C81076091 RISP4510DN C81074676 RISP4510DN C81075385 RISP4510DN C81075383 RISP4510DN C81074121 RISP4510DN C81076226 RISP4510DN C81074088 RISP4510DN C81074802 RISP4510DN C81074087 RISP4510DN C81074089 RISP5210DNHT C81074073 RISP5210DNHT C81074072 RISP5210DNHT C81074667 RISP5210DNHT C81074666 RISP5210DNHT C81074663 RISP5210DNHT C81073752 RISP5210DNHT C81074668 RISP5210DNHT C81074667 RISP5210DNHT C81074071 RISP5210DNHT C81074799 RISP5210DNHT C81074797 RISP5210DNHT C81073253 RISP5210DNHT C81074796 RISP5210DNHT C81074666 RISP5210DNHT C81074074 RISP5210DNHT C81076224 RISP5210DNHT C81076223 RISP5210DNHT C81076222 RISP5210DNHT C81076239

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:

covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS: 51979804-CT-0 11914 - GE Capital Informati IKON FINANCIAL SVCS File with: Secretary of State, CT 1026936 1026936ML

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

OR	9a. ORGANIZATION'S NAME THE WATERBURY HOSPITAL
	9b. INDIVIDUAL'S SURNAME
	FIRST PERSONAL NAME
	ADDITIONAL NAME(S)/INITIAL(S)

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SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

OR	10a. ORGANIZATION'S NAME				
	10b. INDIVIDUAL'S SURNAME				
	INDIVIDUAL'S FIRST PERSONAL NAME				
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX
10c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

OR	11a. ORGANIZATION'S NAME					
	11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX		
	11c. MAILING ADDRESS		CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

RISP5210DNHT C81073779 RISP5210DNHT C81075365 RISP5210DNHT C81075382 RISP5210DNHT C81074795 RISP5210DNHT C81073751
RISP5210DNHT C81075364 RISP5210DNHT C81073778 RISP5210DNHT C81073750 RISP5210DNHT C81073755 RISP5210DNHT C81073749
RISP5210DNHT C81075367 RISP5210DNHT C81076070 RISP5210DNHT C81074801 RISP5210DNHT C81074800 RISP5210DNHT C81075363
RISP5210DNHT C81075362 RISP5210DNHT C81075366 RISP5210DNHT C81076217 RISP5210DNHT C81076221 RISP5210DNHT C81076216
RISP5210DNHT C81076215 RISP5210DNHT C81076214 RISP5210DNHT C81076074 RISP5210DNHT C81076073 RISP5210DNHT C81076238
RISP5210DNHT C81076237 RISP5210DNHT C81076225 RISP4510DN C81074823 RISP4510DN C81075395 RISP4510DN C81074680 RISP4510DN
C81074134 RISP4510DN C81073792 RISP4510DN C81075394 RISP4510DN C81074821 RISP4510DN C81073791 RISP4510DN C81073790
RISP4510DN C81074820 RISP4510DN C81073789 RISP4510DN C81073788 RISP4510DN C81074133 RISP4510DN C81074123 RISP4510DN
C81074681 RISP4510DN C81074825 RISP4510DN C81073793 RISP4510DN C81074122 RISP4510DN C81074824 RISP4510DN C81073262

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable) 14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):	16. Description of real estate:
---	---------------------------------

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME	THE WATERBURY HOSPITAL
OR	9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	

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 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME	
OR	10b. INDIVIDUAL'S SURNAME
	INDIVIDUAL'S FIRST PERSONAL NAME
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)
	SUFFIX

10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11. ADDITIONAL SECURED PARTY'S NAME *or* ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME	
OR	11b. INDIVIDUAL'S SURNAME
	FIRST PERSONAL NAME
	ADDITIONAL NAME(S)/INITIAL(S)
	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

RISP4510DN C81074822 RISP4510DN C81073787 RISP4510DN C81075388 RISP4510DN C81075387 RISP4510DN C81075386 RISP4510DN C81073786 RISP4510DN C81076258 RISP4510DN C81076257 RISP4510DN C81076245 RISP4510DN C81076244 RISP4510DN C81076243 RISP4510DN C81076084 RISP4510DN C81076083 RISP4510DN C81076081 RISP4510DN C81076080 RISP4510DN C81076108 RISP4510DN C81076242 RISP4510DN C81076256 RISP4510DN C81076255 RISP4510DN C81076246 RISP4510DN C81076090 RISP4510DN C81076089 RISP4510DN C81076088 RISP4510DN C81076087 RISP4510DN C81076106 RISP4510DN C81076085 RISP4510DN C81076241

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:



SECRETARY OF THE STATE OF CONNECTICUT
UCC-1 FINANCING STATEMENT

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VOL 00584 PAGE 2769
FILED ON 04/11/2016 04:14 PM
SECRETARY OF THE STATE OF CONNECTICUT

1. DEBTOR NAMES AND ADDRESSES:

BUSINESS NAME : WATERBURY HOSPITAL
ADDRESS1 : 64 ROBBINS ST.
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : WATERBURY , CT 16721
COUNTRY :

2. SECURED PARTY NAMES AND ADDRESSES:

BUSINESS NAME : TERUMO CARDIOVASCULAR SYSTEMS
ADDRESS1 : 6200 JACKSON ROAD
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : ANN ARBOR , MI 48103
COUNTRY :

3. ASSIGNOR NAMES AND ADDRESSES:

NONE

4. This FINANCING STATEMENT covers the following collateral:

3005-001-110-CL (Qty 2) Spectrum M2 Monitor 3003-010-020-CK (Qty 2) Spectrum S02-HCT Sensor 3/8

5. ALTERNATIVE DESIGNATION (if applicable) :

- LESSEE/LESSOR
- CONSIGNEE/CONSIGNOR
- BAILEE/BAILOR
- SELLER/BUYER
- NONE

6. DEBTOR IS (if applicable) :

- TRUST
- TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN TRUST
- DESCENDANT'S ESTATE
- NONE

7. Check only if applicable :

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with Public Finance Transaction
- NONE

8. OPTIONAL FILER REFERENCE DATA :

:16891892

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME THE WATERBURY HOSPITAL	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX	
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

parties in the event of unwarranted assertions by any third party. This statement is filed in connection with a lease transaction and is filed for precautionary purposes only.

Product Schedule No./Agreement No. 1026936A1, Master Agreement/Lease No. 1026936. CUSTOMER: 103513 RIMP301SPF C81074828 RIMP301SPF C81074804 RIMP301SPF C81074829 RIMP5054SP C81074807 RIMPC3003 C81075398 RIMPC3003 C81075396 RIMPC3003 C81075397 RISP5200SHT S9049400318 RISP5200SHT S9039600900 RISP5200SHT S9058500312 RISP5200SHT S9058500201 RISP5200SHT S9058500334 RISP5200SHT S9058500110 RISP5200SHT S9058500155 RISP5200SHT S9059100196 RIMPC305SPF C81074159 RIMPC305SPF C81073845 RIMP7502SP C81076250 RIMPC401SR C81075411 RIMPC401SR C81075369 RIMP301SPF C81075375 RIMP301SPF C81074827 RIMP301SPF C81074805 RIMP301SPF C81074806 RIMP301SPF C81076230 RIMP301SPF C81076227 RIMP301SPF C81076261 RISP5200SHT

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:

covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME THE WATERBURY HOSPITAL	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				
SUFFIX				
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME *or* ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME			
OR			
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE
COUNTRY			

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):
 S9059100182 RISP5200SHT S9058500089 RISP5200SHT S9059100137 RISP5200SHT S9048700011 RISP5200SHT S9059100200 RISP5200SHT
 S9059100192 RISP5200SHT S9059100183 RISP5200SHT S9059100198 RISP5200SHT S9059100195 RISP5200SHT S9058500120 RISP5200SHT
 S9048800484 RIMPC5503 C81074808 RISP5200SHT S9039601053 RISP5200SHT S9048800335 SAMP4054SP C81076249 RIMP301SPF
 C81076228 RIMP301SPF C81076260 RIMP301SPF C81076259 RIMP301SPF C81076078 RISP5210SR C81076247 RISP5210SR C81076253
 RISP5210SR C81076252 RISP5210SR C81076107 RISP5210SR C81075407 RISP5210SR C81075406 RISP5210SR C81075404 RISP5210SR
 C81075405 RIMP301SPF C81076079 RIMP301SPF C81074170 RIMP301SPF C81074111 RIMP301SPF C81074169 RIMP301SPF C81074168
 RIMP301SPF C81073768 RIMP301SPF C81073863 RIMP301SPF C81073869 RISP5210SR C81075403 RISP5210SR C81074798 RISP5210SR
 C81074685 RIMPC5503 C81076077 RISP5210SR C81074684 RIMP301SPF C81073864 RIMP301SPF C81073770 RIMP301SPF C81073867
 RIMPC305SPF C81074158 RIMPC401SR C81076076 RIMPC3503 C81074803 RISP5210SR C81073841 RIMP6002SP C81076240 RISP5210SR

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable) 14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):	16. Description of real estate:
---	---------------------------------

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME THE WATERBURY HOSPITAL	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME	
OR	
10b. INDIVIDUAL'S SURNAME	
INDIVIDUAL'S FIRST PERSONAL NAME	
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)	
SUFFIX	

10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME			
OR			
11b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

C81073840 RISP5210SR C81073842 RISP5210SR C81073757 RISP5210SR C81073756 RISP5210SR C81073758 RISP5210SR C81073158 RISP5210SR C81074662 RIMPC6003 C81074683 RIMP6002SP C81074670 RIMP5054SP C81074110 RIMP5054SP C81076300 RIMP5054SP C81076324 RISP5210SR C81075371 RISP5210SR C81075372 RISP5210SR C81076071 RIMPC3503 C81074669 RIMPC4503 C81074119 RIMPC305SPF C81073759 RIMP5054SP C81075401 RIMPC305SPF C81076109 RIMPC4503 C81074142 RIMPC4503 C81074140 RIMPC4503 C81074141 RIMPC4503 C81076248 RIMP5054SP C81075400 SAMP4054SP C81074830 SAMP4054SP C81076251 RIMPC4503 C81074165 RIMPC4503 C81074118 RIMPC4503 C81076069 RIMPC401SR C81076218 RISP5200SHT S9058500310 RIMPC4503 C81074826 RIMP301SPF C81073866 RIMP301SPF C81073865 RIMP301SPF C81073769 RIMPC3003 C81074682 RIMP301SPF C81073160 RIMP301SPF C81076234 RIMP301SPF C81076236 RIMP301SPF C81076233 RIMPC4503 C81073807 RIMPC4503 C81073808 RIMP6002SP C81073777 RIMP5054SP C81075402 RIMP5054SP C81075399 RIMP5054SP C81073838 SAMP4054SP C81076254 RIMP301SPF C81076235 RIMP301SPF C81076110

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME THE WATERBURY HOSPITAL	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				
SUFFIX				
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

RIMP301SPF C81075377 RIMP301SPF C81076229 RIMP301SPF C81076008 RIMP301SPF C81076231 RIMP301SPF C81076232 RIMP301SPF C81075378 RIMP301SPF C81075373 SAMP4054SP C81074172 SAMP4054SP C81074173 SAMP4054SP C81075410 SAMP4054SP C81075409 SAMP4054SP C81073858 RIMP6002SP C81075381 RIMP301SPF C81075380 RIMP301SPF C81075376 RIMP301SPF C81075374 RIMP301SPF C81075379 RIMP301SPF C81074671 RIMP301SPF C81074114 RIMP301SPF C81074113 RIMP301SPF C81074115 RIMP301SPF C81074167 RIMP301SPF C81074112 RIMP301SPF C81073772 RIMP301SPF C81073868 RIMP301SPF C81073771 SAMP4054SP C81073857 SAMP4054SP C81076262 RISP5200SHT S9058500307 RISP5200SHT S9048800221 RISP5200SHT S9058500121 RISP5200SHT S9048800485 RISP5200SHT S9058500136 RISP5200SHT S9048700044 RISP5200SHT S9058500337 RIMPC305SPF C81074686 RIMPC305SPF C81073760 RIMPC401SR C81075370 RIMPC401SR C81076220 RIMPC401SR C81076219 RIMPC401SR C81074086 RIMPC401SR C81075368

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:



SEARCH RESULTS

REPORT FOR: Marisol Skibicki at 561
REF. NO: 3274-1135
DATE: 06/30/16
INDEX DATE: 06/17/16
IRS INDEX DATE: 06/23/16
DRC REF. NO: 506518

REGARDING: GREATER WATERBURY HEALTH NETWORK

JURISDICTION: Secretary of the State – Connecticut

A search has been conducted of the records of the Uniform Commercial Code Division to determine if there are presently effective UCC Financing Statements, Municipal Tax Liens, State Tax Liens, Federal Tax Liens, Judgment Notices or other filings of record which name the above-captioned.

There are 5 presently effective records under the debtor name.

See attached

- 1) 2791046
- 2) 3087055
- 3) 3087102
- 4) 3094138
- 5) 3043716

If we may be of further assistance, please advise.

330 Roberts Street, Suite 203, East Hartford, CT 06108-3654

Email: datareporting@frontier.com

Tel 800-570-7750 Tel 860-282-0685 Fax 800-672-8635

The information contained in this report is strictly confidential. Although obtained from sources deemed reliable, the accuracy of same is not guaranteed. No liability is assumed by the searcher.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

Michael P. Botelho, Esq.
Updike, Kelly & Spellacy, P.C.
One State Street
Hartford, CT 06103

FILING #0002791046 PG 01 OF 02 VOL U-00430
FILED 12/22/2010 12:00 PM PAGE 02183
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME -- insert only one debtor name (1a or 1b) -- do not abbreviate or combine names

1a. ORGANIZATION'S NAME				
OR Greater Waterbury Health Network, Inc.				
1b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
64 Robbins Street		Waterbury	CT	06708
1d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION	1f. JURISDICTION OF ORGANIZATION	1g. ORGANIZATIONAL ID #, if any
		Corporation	Connecticut	<input checked="" type="checkbox"/> None

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME -- insert only one debtor name (2a or 2b) -- do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR				
2b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
2d. TAX ID #: SSN OR EIN	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any
				<input type="checkbox"/> None

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) -- insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME				
OR RBS Citizens, National Association				
3b. INDIVIDUAL'S LAST NAME		FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
63 Eugene O'Neill Drive		Hartford	CT	06103

4. This FINANCING STATEMENT covers the following collateral:

The Debtor hereby grants to the Secured Party a security interest in the collateral described in Schedule A, attached hereto and made a part hereof.

5. ALTERNATIVE DESIGNATION [if applicable]: LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable] 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) All Debtors Debtor 1 Debtor 2 [ADDITIONAL FEE] (optional)

8. OPTIONAL FILER REFERENCE DATA
581356 CT SOS (Bond Loan)

**SCHEDULE A TO
UCC FINANCING STATEMENT**

(Secretary of the State – Gross Receipts)

Debtor: **GREATER WATERBURY HEALTH NETWORK, INC.**
64 Robbins Street
Waterbury, CT 06708

Secured Party: RBS Citizens, National Association
63 Eugene O'Neill Drive
Hartford, CT 06103

Collateral: This financing statement covers the following properties, assets and rights of Debtor, wherever located, whether now owned or hereafter acquired or arising and all proceeds and products thereof:

(a) all Gross Receipts (as hereinafter defined) including, without limiting the generality of the foregoing, all rights to receive Gross Receipts whether in the form of accounts, accounts receivable, contract rights or other rights and to the proceeds of such rights; and

(b) all of Debtor's rights in and to all funds and all accounts established in and more particularly described, as the case may be, in that certain Loan Agreement (and Security Agreement) between the State of Connecticut Health and Educational Facilities Authority ("CHEFA"), Debtor and Secured Party dated as of December 1, 2010 ("Loan Agreement"), relating to the issuance of CHEFA's Revenue Bonds, Waterbury Hospital Issue, Series D (the "**Bonds**").

For purposes hereof "**Gross Receipts**" means all receipts, revenues, income and other moneys received by or on behalf of the Debtor, including, but without limiting the generality of the foregoing, revenues derived from the ownership or operation of the properties and assets of the Debtor, including insurance and condemnation proceeds with respect to such properties and assets, or any portion thereof; and all rights to receive the same, whether in the form of accounts; accounts receivable, contract rights or other rights, and the proceeds of such rights and whether now owned or held or hereafter coming into existence; **provided, however** that Gross Receipts shall not include (i) gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on the Indebtedness (as that term is defined in the Loan Agreement) of the Debtor) and the income derived therefrom to the extent required by such designation or specification, and (ii) cash, cash equivalents, investment securities, endowment funds from time to time on hand with the Debtor, except to the extent derived from Gross Receipts after an Event of Default (as defined in the Loan Agreement).

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Michelle Walters Fournier (860.240.2935)
B. E-MAIL CONTACT AT FILER (optional) michelle.fournier@morganlewis.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) Michelle Walters Fournier Senior Paralegal Morgan, Lewis & Bockius LLP One State Street Hartford, CT 06103

FILING #0003087055 PG 01 OF 01 VOL U-00570
 FILED 11/05/2015 08:30 AM PAGE 01054
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

1a. INITIAL FINANCING STATEMENT FILE NUMBER 0002791046	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
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- 2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
- 3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 8
For partial assignment, complete items 7 and 8 and also indicate affected collateral in item 8
- 4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:
 Check one of these two boxes: Debtor or Secured Party of record AND Check one of these three boxes to:
 CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME RBS Citizens, National Association	OR		
6b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME Citizens Bank, National Association	OR		
7b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7c. MAILING ADDRESS

100 Sockanosset Cross Road, RDC395B	CITY Cranston	STATE RI	POSTAL CODE 02920	COUNTRY US
--	-------------------------	--------------------	-----------------------------	----------------------

8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
 Indicate collateral:

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
 If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME CITIZENS BANK, NATIONAL ASSOCIATION (formerly known as RBS Citizens, National Association)	OR		
9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. OPTIONAL FILER REFERENCE DATA:
To be filed with the Secretary of the State of the State of Connecticut

FILING #0003087102 PG 01 OF 01 VOL U-00570
FILED 11/06/2015 08:30 AM PAGE 01157
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Michelle Walters Fournier (860.240.2935)
B. E-MAIL CONTACT AT FILER (optional) michelle.fournier@morganlewis.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) Michelle Walters Fournier Senior Paralegal Morgan, Lewis & Bockius LLP One State Street Hartford, CT 06103

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER 0002791046	1b. <input type="checkbox"/> This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13
--	---

- 2. **TERMINATION:** Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement
- 3. **ASSIGNMENT:** (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 8
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8
- 4. **CONTINUATION:** Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. **PARTY INFORMATION CHANGE:**
 Check one of these two boxes: Debtor or Secured Party of record
 AND Check one of these three boxes to: CHANGE name and/or address: Complete item 8a or 8b; and item 7a or 7b and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 8a or 8b

6. **CURRENT RECORD INFORMATION:** Complete for Party Information Change - provide only one name (8a or 8b)

8a. ORGANIZATION'S NAME Greater Waterbury Health Network, Inc.				
OR	8b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

7. **CHANGED OR ADDED INFORMATION:** Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME				
OR	7b. INDIVIDUAL'S SURNAME			
	INDIVIDUAL'S FIRST PERSONAL NAME			
	INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)			
				SUFFIX

7c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY
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8. **COLLATERAL CHANGE:** Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
Indicate collateral:

9. **NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT:** Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME CITIZENS BANK, NATIONAL ASSOCIATION				
OR	9b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

10. **OPTIONAL FILER REFERENCE DATA:**
To be filed with the Secretary of the State of the State of Connecticut

FILING #0003094138 PG 01 OF 02 VOL U-00574
FILED 12/15/2015 08:30 AM PAGE 01246
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Michelle Walters Fournier (860.240.2935)
B. E-MAIL CONTACT AT FILER (optional) michelle.fournier@morganlewis.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) <div style="border: 1px solid black; padding: 5px;"> <p>Michelle Walters Fournier Senior Paralegal Morgan, Lewis & Bockius LLP One State Street Hartford, CT 06103</p> </div>

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE NUMBER

0002791046

1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS
Filer: attach Amendment Addendum (Form UCC3Ad) and provide Debtor's name in item 13

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to the security interest(s) of Secured Party authorizing this Termination Statement

3. ASSIGNMENT (full or partial): Provide name of Assignee in item 7a or 7b, and address of Assignee in item 7c and name of Assignor in item 9
For partial assignment, complete items 7 and 9 and also indicate affected collateral in item 8

4. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to the security interest(s) of Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law

5. PARTY INFORMATION CHANGE:

Check one of these two boxes:

AND Check one of these three boxes to:

This Change affects Debtor or Secured Party of record CHANGE name and/or address: Complete item 6a or 6b; and item 7a or 7b and item 7c ADD name: Complete item 7a or 7b, and item 7c DELETE name: Give record name to be deleted in item 6a or 6b

6. CURRENT RECORD INFORMATION: Complete for Party Information Change - provide only one name (6a or 6b)

6a. ORGANIZATION'S NAME

Greater Waterbury Health Network, Inc.

OR

6b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7. CHANGED OR ADDED INFORMATION: Complete for Assignment or Party Information Change - provide only one name (7a or 7b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name)

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S SURNAME

INDIVIDUAL'S FIRST PERSONAL NAME

INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

7c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

8. COLLATERAL CHANGE: Also check one of these four boxes: ADD collateral DELETE collateral RESTATE covered collateral ASSIGN collateral
Indicate collateral:

See Schedule A attached hereto and incorporated herein.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT: Provide only one name (9a or 9b) (name of Assignor, if this is an Assignment)
If this is an Amendment authorized by a DEBTOR, check here and provide name of authorizing Debtor

9a. ORGANIZATION'S NAME

CITIZENS BANK, NATIONAL ASSOCIATION

OR

9b. INDIVIDUAL'S SURNAME

FIRST PERSONAL NAME

ADDITIONAL NAME(S)/INITIAL(S)

SUFFIX

10. OPTIONAL FILER REFERENCE DATA:

To be filed with the Secretary of the State of the State of Connecticut

Additional Pages - 1

FILING OFFICE COPY — UCC FINANCING STATEMENT AMENDMENT (Form UCC3) (Rev. 04/20/11) International Association of Commercial Administrators (IACA)
DB1/85132448.1

**SCHEDULE A TO
UCC AMENDMENT**

Debtor: GREATER WATERBURY HEALTH NETWORK, INC.
64 Robbins Street
Waterbury, CT 06708

Secured Party: CITIZENS BANK, NATIONAL ASSOCIATION
100 Sockanosset Cross Road
RDC395B
Cranston, RI 02920

Collateral: This financing statement covers the following properties, assets and rights of Debtor, wherever located, whether now owned or hereafter acquired or arising and all proceeds and products thereof:

(a) all Gross Receipts (as hereinafter defined) including, without limiting the generality of the foregoing, all rights to receive Gross Receipts whether in the form of accounts, accounts receivable, contract rights or other rights and to the proceeds of such rights; and

(b) all of Debtor's rights in and to all funds and all accounts established in and more particularly described, as the case may be, in that certain Loan Agreement (and Security Agreement) between the State of Connecticut Health and Educational Facilities Authority ("CHEFA"), Debtor and Secured Party dated as of December 1, 2010, as amended by that certain Forbearance and Modification Agreement between Debtor and Secured Party dated December 7, 2015 (collectively, the "Loan Agreement"), relating to the issuance of CHEFA's Revenue Bonds, Waterbury Hospital Issue, Series D.

For purposes hereof "Gross Receipts" means all receipts, revenues, income, cash, cash equivalents and investment securities and other moneys received by or on behalf of the Debtor, including, but without limiting the generality of the foregoing, contributions, donations and pledges, whether in the form of cash, securities, or other personal property, revenues derived from the ownership or operation of the properties and assets of the Debtor, including insurance and condemnation proceeds with respect to such properties and assets or any portion thereof, and all rights to receive the same, whether in the form of accounts, accounts receivable, contract rights or other rights, and the proceeds of such rights, and whether now owned or held or hereafter coming into existence; provided, however, that Gross Receipts shall not include gifts, grants, bequests, donations and contributions heretofore or hereafter made and designated or specified by the granting authority, donor or maker thereof as being for specified purposes (other than payment of debt service on the Indebtedness (as that term is defined in the Loan Agreement) of the Debtor) and the income derived therefrom to the extent required by such designation or specification or endowment funds or any other funds to the extent the granting of a security interest is prohibited by the terms of any agreement.

FILING #0003094138 PG 02 OF 02 VOL U-00574
FILED 12/15/2015 08:30 AM PAGE 01247
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

DB3/200554869.9



SECRETARY OF THE STATE OF CONNECTICUT
UCC-1 FINANCING STATEMENT

FILING #0003043716 PG 1 OF 3
VOL 00546 PAGE 1216
FILED ON 03/13/2015 04:27 PM
SECRETARY OF THE STATE OF CONNECTICUT

1. DEBTOR NAMES AND ADDRESSES:

BUSINESS NAME : GREATER WATERBURY HEALTH NETWORK, INC.
ADDRESS1 : 64 ROBBINS ST
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : WATERBURY , CT 06708
COUNTRY :

2. SECURED PARTY NAMES AND ADDRESSES:

BUSINESS NAME : STRYKER FINANCE, A DIVISION OF STRYKER SALES CORPORATION
ADDRESS1 : 1111 OLD EAGLE SCHOOL ROAD
ADDRESS2 :
ADDRESS3 :
CITY/STATE/ZIP : WAYNE , PA 19087
COUNTRY :

3. ASSIGNOR NAMES AND ADDRESSES:

NONE

4. This FINANCING STATEMENT covers the following collateral:

One (1) Toshiba Aquilion Prime Fast Whole Body CT Scanner w/AIRD 3D INCLUDING ALL COMPONENTS, ADDITIONS, UPGRADES, ATTACHMENTS, ACCESSIONS, SUBSTITUTIONS, REPLACEMENTS AND PROCEEDS OF SUCH COLLATERAL. THIS FILING IS FOR PRECAUTIONARY PURPOSES IN CONNECTION WITH AN EQUIPMENT LEASING TRANSACTION AND IS NOT TO BE CONSTRUED AS INDICATING THAT THE TRANSACTION IS OTHER THAN A TRUE LEASE.

5. ALTERNATIVE DESIGNATION (if applicable) :

- LESSEE/LESSOR
- CONSIGNEE/CONSIGNOR
- BAILEE/BAILOR
- SELLER/BUYER
- NONE

6. DEBTOR IS (if applicable) :

- TRUST
- TRUSTEE ACTING WITH RESPECT TO PROPERTY HELD IN TRUST
- DESCENDANT'S ESTATE
- NONE

7. Check only if applicable :

- Debtor is a TRANSMITTING UTILITY
- Filed in connection with Public Finance Transaction
- NONE

8. OPTIONAL FILER REFERENCE DATA :



SEARCH RESULTS

REPORT FOR: Marisol Skibicki at 561
REF. NO: 3274-1135
DATE: 06/30/16
INDEX DATE: 06/17/16
IRS INDEX DATE: 06/23/16
DRC REF. NO: 506518

REGARDING: WATERBURY HOSPITAL HEALTH CENTER

JURISDICTION: Secretary of the State – Connecticut

A search has been conducted of the records of the Uniform Commercial Code Division to determine if there are presently effective UCC Financing Statements, Municipal Tax Liens, State Tax Liens, Federal Tax Liens, Judgment Notices or other filings of record which name the above-captioned.

There is 1 presently effective record under the debtor name.

See attached
1) 3063468

If we may be of further assistance, please advise.

330 Roberts Street, Suite 203, East Hartford, CT 06108-3654
Email: datareporting@frontier.com
Tel 800-570-7750 Tel 860-282-0685 Fax 800-672-8635

The information contained in this report is strictly confidential. Although obtained from sources deemed reliable, the accuracy of same is not guaranteed. No liability is assumed by the searcher.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Corporation Service Company 1-800-858-5294

B. E-MAIL CONTACT AT FILER (optional)
SPRFiling@cscinfo.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

101263126 - 359880

Corporation Service Company
801 Adlai Stevenson Drive
Springfield, IL 62703

FILING #0003063468 PG 01 OF 04 VOL U-00557
FILED 06/24/2015 08:30 AM PAGE 00735
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

Filed In: Connecticut
(S.O.S.)

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME **Waterbury Hospital Health Center**

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS **PO Box 10016**

CITY Waterbury	STATE CT	POSTAL CODE 06725-0016	COUNTRY USA
--------------------------	--------------------	----------------------------------	-----------------------

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME **Draeger Medical, Inc.**

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS **3135 Quarry Road**

CITY Telford	STATE PA	POSTAL CODE 18969	COUNTRY USA
------------------------	--------------------	-----------------------------	-----------------------

4. COLLATERAL: This financing statement covers the following collateral:

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, Item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA:

101263126



Confirmation Order

Customer no.
91047213

Our order Date
219917730 06/09/2015

Please reference on inquiries

Customer
WATERBURY HOSP HEALTH CTR
ATTN: FRANK VENSEL
DIRECTOR OF CLINICAL ENGINEERING
64 ROBBINS ST
WATERBURY CT 06708-2613

Payer 91046333
WATERBURY HOSP HEALTH CTR
ATTN: FRANK VENSEL
DIRECTOR OF CLINICAL ENGINEERIN
PO BOX 10016
WATERBURY CT 06725-0016

Your order dated
05/12/2015
363548B

Ship to 91047213
WATERBURY HOSP HEALTH CTR
ATTN: FRANK VENSEL
DIRECTOR OF CLINICAL ENGINEERIN
64 ROBBINS ST
WATERBURY CT 06708-2613

Your contact person

SUSY MCLAUGHLIN
Tel.: 215-660-2464
Fax : 215-721-5811

Page 1 / 3 Full delivery / Direct Delivery

Line	Quant.	Part no.	Description	Unit price USD	Total price USD
			National account: Novation NCT T1		
			Shipping Charges per above National Account Confirmation no. to customer: Date confirmation to customer: Order-No. from customer: Date order from customer:		
			STANDARD DEL DATE		
			CONTACT INFO LISA 203-573-7335		
0010	1 EA	2M22380	L Babytherm 8010 System		
			Specif.national properties Target country USA 120 V		

Draeger Medical, Inc.
Our Tax ID: 23-1699096
3136 Quarry Road, Telford, PA 18969
An Equal Opportunity Employer M / F / V / H
Telephone 800-437-2437
<http://www.draeger.com>

FILING #0003063468 PG 02 OF 04 VOL U-00557
FILED 06/24/2015 08:30 AM PAGE 00736
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE



Confirmation Order

Customer no.
91047213

Our order 219917730 Date 06/09/2015

Please reference on inquiries

Payer
91046333

Page 2 / 3

FILING #0003063468 PG 03 OF 04 VOL U-00557
 FILED 06/24/2015 08:30 AM PAGE 00737
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

Line	Quant.	Part no.	Description	Unit price USD	Total price USD
			*** Basic unit ***		
	1 EA	OPC6507	Babytherm 8010 Side walls white 15 CM	11,335.20	11,335.20
			See accessories		
	1 EA	OPC6501	Trolley, flexible height US Fairfield rail	2,068.80	2,068.80
	1 EA	OPC0372	With integrated Phototherapy	1,975.20	1,975.20
			With set hooked rail		
	1 EA	OPC0365	With swivel cupboard, right	709.60	709.60
			Value Babytherm 8010 System		16,088.80
0020	1 EA	MX11000	L ThermoTrace Core (5pcs)	51.00	51.00
0030	1 EA	MX11001	L ThermoTrace_Peripheral_5pcs	62.39	62.39
0040	1 EA	MX11002	L ThermoPad (50St)	38.17	38.17
			Net value excl. Sales Tax		16,240.36
			Final amount		16,240.36

The sale of the products identified herein is expressly subject to the Draeger Medical, Inc. - Terms and Conditions of Sale which are attached hereto and which may also be found at:
<http://www.draeger.com/termsandconditions>.

Customer is hereby informed that section 1128B(b) of the Social Security Act requires that discounts and other reductions in price or the existence of discount programs be properly disclosed and reflected in the costs claimed or charges made by a provider under Medicare or a Federal or State Health Program.

PLEASE CHECK THIS ORDER CAREFULLY FOR ACCURACY IN PRICING, PART # AND



Confirmation Order

Customer no.
91047213

Our order 219917730 Date 06/09/2015

Please reference on inquiries

Payer
91046333

Page 3 / 3

FILING #0003063468 PG 04 OF 04 VOL U-00557
FILED 06/24/2015 08:30 AM PAGE 00738
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

Line	Quant.	Part no.	Description	Unit price USD	Total price USD
			<p>DESCRIPTION. Contact Customer Service immediately if there are any discrepancies. This acknowledgement and note constitutes the entire agreement with respect to the contemplated transaction and supersedes all previous negotiations, proposals, writings, advertisements, or publications.</p> <p>Terms of delivery: On day w/o unpacking</p> <p>Arrival date 06/22/2015</p> <p>Payment terms: 30 days after invoice date</p> <p>Remit to: Draeger Medical Inc. PO Box 536432 Pittsburgh, PA 15253-5906</p> <p>L = Positions delivered/dispatched</p>		



SEARCH RESULTS

REPORT FOR: Marisol Skibicki at 561
REF. NO: 3274-1135
DATE: 06/30/16
INDEX DATE: 06/17/16
IRS INDEX DATE: 06/23/16
DRC REF. NO: 506518

REGARDING: WATERBURY GASTROENTEROLOGY
CO-MANAGEMENT COMPANY, LLC

JURISDICTION: Secretary of the State – Connecticut

A search has been conducted of the records of the Uniform Commercial Code Division to determine if there are presently effective UCC Financing Statements, Municipal Tax Liens, State Tax Liens, Federal Tax Liens, Judgment Notices or other filings of record which name the above-captioned.

There are no presently effective records under the debtor name.

If we may be of further assistance, please advise.

330 Roberts Street, Suite 203, East Hartford, CT 06108-3654

Email: datareporting@frontier.com

Tel 800-570-7750 Tel 860-282-0685 Fax 800-672-8635

The information contained in this report is strictly confidential. Although obtained from sources deemed reliable, the accuracy of same is not guaranteed. No liability is assumed by the searcher.



SEARCH RESULTS

REPORT FOR: Marisol Skibicki at 561
REF. NO: 3274-1135
DATE: 06/30/16
INDEX DATE: 06/17/16
IRS INDEX DATE: 06/23/16
DRC REF. NO: 506519

REGARDING: ALLIANCE MEDICAL GROUP, INC.

JURISDICTION: Secretary of the State – Connecticut

A search has been conducted of the records of the Uniform Commercial Code Division to determine if there are presently effective UCC Financing Statements, Municipal Tax Liens, State Tax Liens, Federal Tax Liens, Judgment Notices or other filings of record which name the above-captioned.

There are 7 presently effective records under the debtor name.

- See attached
- 1) 2608645
 - 2) 2655720
 - 3) 2768312
 - 4) 2906100
 - 5) 2893406
 - 6) 2961680
 - 7) 2962368

If we may be of further assistance, please advise.

330 Roberts Street, Suite 203, East Hartford, CT 06108-3654
Email: datareporting@frontier.com
Tel 800-570-7750 Tel 860-282-0685 Fax 800-672-8635

The information contained in this report is strictly confidential. Although obtained from sources deemed reliable, the accuracy of same is not guaranteed. No liability is assumed by the searcher.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional] CSC Diligenz, Inc. 1-800-858-5294
B. SEND ACKNOWLEDGMENT TO: (Name and Address) 30909477 CSC Diligenz, Inc. 6500 Harbour Heights Pkwy, Suite 400 Mukilteo, WA 98275 Filed in: Connecticut (S.O.S.)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME Greater Waterbury Management Resources, Inc.				
OR	1b. INDIVIDUAL'S LAST NAME			
	FIRST NAME	MIDDLE NAME	SUFFIX	
1c. MAILING ADDRESS 1625 Straits Turnpike				
	CITY Middlebury	STATE CT	POSTAL CODE 06762	COUNTRY USA
1d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION Inc.	1f. JURISDICTION OF ORGANIZATION CT	1g. ORGANIZATIONAL ID #, if any 0161215 <input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S LAST NAME			
	FIRST NAME	MIDDLE NAME	SUFFIX	
2c. MAILING ADDRESS				
	CITY	STATE	POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS	ADD'L INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION	2g. ORGANIZATIONAL ID #, if any <input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of TOTAL ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME Mazuma Capital Corp				
OR	3b. INDIVIDUAL'S LAST NAME			
	FIRST NAME	MIDDLE NAME	SUFFIX	
3c. MAILING ADDRESS 12257 Business Park Drive, Suite 225				
	CITY Draper	STATE UT	POSTAL CODE 84020	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:
 Computer Hardware & Software along with all other Property leased under Lease Schedule No. 74-01 to Master Lease Agreement No. MCC1029 between Greater Waterbury Management Resources, Inc., as Lessee and Mazuma Capital Corp, as Lessor.

THIS IS A "TRUE LEASE". FILING IS FOR INFORMATIONAL PURPOSES ONLY. THE PARTIES DO NOT BELIEVE THE LEASE IS SUBJECT TO UCC9. THE PROPERTY IS OWNED BY LESSOR AND LEASED TO LESSEE. LESSEE DOES NOT HAVE THE RIGHT TO SELL OR PLEDGE THE PROPERTY.

5. ALTERNATIVE DESIGNATION [if applicable]:	<input checked="" type="checkbox"/> LESSEE/LESSOR	<input type="checkbox"/> CONSIGNEE/CONSIGNOR	<input type="checkbox"/> BAILEE/BAILOR	<input type="checkbox"/> SELLER/BUYER	<input type="checkbox"/> AG. LIEN	<input type="checkbox"/> NON-UCC FILING	
6. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS. Attach Addendum [if applicable]	7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [if applicable]		ADDITIONAL FEE [optional]		All Debtors	Debtor 1	Debtor 2
8. OPTIONAL FILER REFERENCE DATA CTSOS-121207-TD							

30909477

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

CSC Diligenz, Inc. 1-800-858-5294

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

36990110

CSC Diligenz, Inc.
6500 Harbour Heights Pkwy, Suite 400
Mukilteo, WA 98275

Filed In: Connecticut (S.O.S.)

FILING #0002655720 PG 01 OF 01 VOL U-00389
FILED 09/18/2008 08:30 AM PAGE 02136
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #
0002608645 12/14/2007

1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement

3. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4. ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects Debtor or Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address; Please refer to the detailed instructions in regards to changing the name/address of a party.

DELETE name: Give record name to be deleted in item 6a or 6b.

ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME

Greater Waterbury Management Resources, Inc.

OR 6b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

TCF Equipment Finance, Inc.

OR 7b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

7c. MAILING ADDRESS

11100 Wayzata Blvd, Ste 801

CITY

Minnentonka

STATE

MN

POSTAL CODE

55305

COUNTRY

USA

7d. SEE INSTRUCTIONS

ADDL INFO RE ORGANIZATION DEBTOR

7e. TYPE OF ORGANIZATION

7f. JURISDICTION OF ORGANIZATION

7g. ORGANIZATIONAL ID #, if any

NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral deleted or added, or give entire restated collateral description, or describe collateral assigned.

Full Assignment

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME

Mazuma Capital Corp

OR 9b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

10. OPTIONAL FILER REFERENCE DATA

CTSOS-121207-TD

36990110

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]
 Corporation Service Company 1-800-858-5294

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

50822802 - 346290

Corporation Service Company
 801 Adlai Stevenson Drive
 Springfield, IL 62703-4261

Filed In: Connecticut (S.O.S.)

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1a. INITIAL FINANCING STATEMENT FILE #
 0002608645 12/14/2007

1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4. ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects Debtor or Secured Party of record. Check only one of these two boxes.
 Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party. DELETE name: Give record name to be deleted in item 6a or 6b. ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME Greater Waterbury Management Resources, Inc.

OR

6b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME Alliance Medical Group, Inc.

OR

7b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

7c. MAILING ADDRESS 1625 Straits Turnpike, Suite 211 CITY Middlebury STATE CT POSTAL CODE 06762 COUNTRY USA

7d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 7e. TYPE OF ORGANIZATION Corporation 7f. JURISDICTION OF ORGANIZATION CT 7g. ORGANIZATIONAL ID #, if any 0942851 NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.
 Describe collateral deleted or added, or give entire restated collateral description, or describe collateral assigned.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME Mazuma Capital Corp

OR

9b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

10. OPTIONAL FILER REFERENCE DATA CTSOS-121207-KJ 50822802

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER [optional]

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

70896198 - 346290

Prepared By:
 Corporation Service Company
 801 Adlai Stevenson Drive
 Springfield, IL 62703-4261

Filed In: Connecticut (S.O.S.)

FILING #0002906100 PG 01 OF 01 VOL U-00474
 FILED 11/13/2012 08:30 AM PAGE 00948
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

1a. INITIAL FINANCING STATEMENT FILE #
 0002608645 12/14/2007

1b. This FINANCING STATEMENT AMENDMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS.

2. TERMINATION: Effectiveness of the Financing Statement identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3. CONTINUATION: Effectiveness of the Financing Statement identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4. ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects Debtor or Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

CHANGE name and/or address: Please refer to the detailed instructions in regards to changing the name/address of a party. DELETE name: Give record name to be deleted in item 6a or 6b. ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7e-7g (if applicable).

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME **Greater Waterbury Management Resources, Inc.**

OR

6b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
----------------------------	------------	-------------	--------

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR

7b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
----------------------------	------------	-------------	--------

7c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY
------	-------	-------------	---------

7d. SEE INSTRUCTIONS

ADD'L INFO RE ORGANIZATION DEBTOR	7e. TYPE OF ORGANIZATION	7f. JURISDICTION OF ORGANIZATION	7g. ORGANIZATIONAL ID #, if any	<input type="checkbox"/> NONE
-----------------------------------	--------------------------	----------------------------------	---------------------------------	-------------------------------

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral deleted or added, or give entire restated collateral description, or describe collateral assigned.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME **Mazuma Capital Corp**

OR

9b. INDIVIDUAL'S LAST NAME	FIRST NAME	MIDDLE NAME	SUFFIX
----------------------------	------------	-------------	--------

10. OPTIONAL FILER REFERENCE DATA

70896198

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY.

A. NAME & PHONE OF CONTACT AT FILER(optional)
Tim Farina 610-386-5000 Ext-3028

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

**Lease Direct
 PO Box 4000
 Johnston, IA 50131-9854**

*2893406 pg. 1 of 1
 08/27/2012*

FILING #0000093406 PG 01 OF 01 VOL U-00469
 FILED 08/27/2012 08:30 AM PAGE 01015
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name(1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME
ALLIANCE MEDICAL GROUP, INC.

OR

1b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
1625 STRAITS TPKE STE 211 MIDDLEBURY CT 06762-1836 USA

1d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 1e. TYPE OF ORGANIZATION 1f. JURISDICTION OF ORGANIZATION 1g. ORGANIZATIONAL ID #, if any
CORPORATION CT NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name(2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

1c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

2d. SEE INSTRUCTIONS ADD'L INFO RE ORGANIZATION DEBTOR 2e. TYPE OF ORGANIZATION 2f. JURISDICTION OF ORGANIZATION 2g. ORGANIZATIONAL ID #, if any
 NONE

3. SECURED PARTY'S NAME (or NAME of Total ASSIGNEE of ASSIGNOR S/P) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME
CISCO SYSTEMS CAPITAL CRP

OR

3b. INDIVIDUAL'S LAST NAME FIRST NAME MIDDLE NAME SUFFIX

3c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY
1111 OLD EAGLE SCHOOL ROAD WAYNE PA 19087 USA

4. This FINANCING STATEMENT covers the following collateral:

ALL EQUIPMENT LEASED OR FINANCED BY SECURED PARTY TO OR FOR DEBTOR PURSUANT TO SECURED PARTY'S CONTRACT NUMBER **25048119**, TOGETHER WITH ALL ADDITIONS, ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS TO OR FOR THE SAME, AND ALL PROCEEDS OF THE FOREGOING.

THIS FILING RELATES ONLY TO THE AFOREMENTIONED COLLATERAL, AND IS NOT INTENDED TO CREATE OR PERFECT A LIEN ON ALL OF THE DEBTOR'S ASSETS.

5. ALTERNATIVE DESIGNATION(if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (or recorded in the REAL ESTATE RECORDS - Attach Addendum (if applicable)) 7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) [ADDITIONAL FEE] [optional] All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

SOS: 50.00(filing fee)

013303305

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional)
Corporation Service Company 1-866-484-2382

B. E-MAIL CONTACT AT FILER (optional)
SPRFiling@cscinfo.com

C. SEND ACKNOWLEDGMENT TO: (Name and Address)

80749198 - 378250
 Corporation Service Company
 801 Adlai Stevenson Drive
 Springfield, IL 62703

Filed In: Connecticut
 (S.O.S.)

FILING #0002961680 PG 01 OF 02 VOL U-00502
 FILED 10/16/2013 08:30 AM PAGE 00674
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME **ALLIANCE MEDICAL GROUP, INC.**

OR

1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

1c. MAILING ADDRESS **1625 STRAITS TURNPIKE**

CITY MIDDLEBURY	STATE CT	POSTAL CODE 06762	COUNTRY USA
---------------------------	--------------------	-----------------------------	-----------------------

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME

OR

2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

2c. MAILING ADDRESS

CITY	STATE	POSTAL CODE	COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME **EverBank Commercial Finance, Inc.**

OR

3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

3c. MAILING ADDRESS **10 Waterview Blvd**

CITY Parsippany	STATE NJ	POSTAL CODE 07054	COUNTRY USA
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4. COLLATERAL: This financing statement covers the following collateral:
All items of personal property leased pursuant to that certain Lease Agreement dated 10/14/2013, by and between EverBank Commercial Finance, Inc. as lessor, rentor or owner and ALLIANCE MEDICAL GROUP, INC. as lessee or customer, as more specifically described below and/or in attachments hereto, together with all related software (embedded therein or otherwise), all additions, attachments, accessories and accessions thereto, whether or not furnished by the supplier thereof; and any and all substitutions, replacements or exchanges for any such item of equipment and any and all insurance and/or other proceeds thereof.

- (1) Refurbished FlexFocus 400 Ultrasound System- 19" Monitor; Quantum Basic Software
- (1) Power Cable Holder; Endo Transducer Holder; Endo Transducer Holder Mount
- (2) Extra Battery Rechargeable
- (1) Quantum Basic Upgrade; Dicom Option; 3D Professional; Anorectal 3d Transducer

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Baitor Licensee/Licenser

8. OPTIONAL FILER REFERENCE DATA: **41002964 - 5 - Healthcare** 80749198

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME ALLIANCE MEDICAL GROUP, INC.	
OR	
9b. INDIVIDUAL'S SURNAME	
FIRST PERSONAL NAME	
ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX

THE ABOVE SPACE IS FOR FILING OFFICE USE ONLY

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME				
OR				
10b. INDIVIDUAL'S SURNAME				
INDIVIDUAL'S FIRST PERSONAL NAME				
INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S)				SUFFIX
10c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME				
OR				
11b. INDIVIDUAL'S SURNAME		FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
11c. MAILING ADDRESS	CITY	STATE	POSTAL CODE	COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):

- (1) Mobile Keyboard Dock w/Battery for Flex Focus w/2 rechargeable batteries, backpack; illuminated control panel keys; sealed control panel
- (1) Water standoff collar; Rectosigmoidoscope w/Obturator for Welch Allyn
- (1) Digital B/W Printer Start up Kit - Sony Printer, Printer Paper, USB Cable All additional accessories and services included

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable)

14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest):

16. Description of real estate:

17. MISCELLANEOUS:

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS

A. NAME & PHONE OF CONTACT AT FILER (optional) Corporation Service Company 1-866-484-2382
B. E-MAIL CONTACT AT FILER (optional) SPRFiling@cscinfo.com
C. SEND ACKNOWLEDGMENT TO: (Name and Address) 80841667 - 378250 Corporation Service Company 801 Adlai Stevenson Drive Springfield, IL 62703

FILING #0002962368 PG 01 OF 02 VOL U-00502
 FILED 10/18/2013 08:30 AM PAGE 01811
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

Filed In: Connecticut
(S.O.S.)

1. DEBTOR'S NAME: Provide only one Debtor name (1a or 1b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 1b, leave all of item 1 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

1a. ORGANIZATION'S NAME ALLIANCE MEDICAL GROUP, INC.				
OR	1b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
1c. MAILING ADDRESS	1625 STRAITS TURNPIKE	CITY MIDDLEBURY	STATE CT	POSTAL CODE 06762
				COUNTRY USA

2. DEBTOR'S NAME: Provide only one Debtor name (2a or 2b) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name); if any part of the Individual Debtor's name will not fit in line 2b, leave all of item 2 blank, check here and provide the Individual Debtor information in item 10 of the Financing Statement Addendum (Form UCC1Ad)

2a. ORGANIZATION'S NAME				
OR	2b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
2c. MAILING ADDRESS		CITY	STATE	POSTAL CODE
				COUNTRY

3. SECURED PARTY'S NAME (or NAME of ASSIGNEE of ASSIGNOR SECURED PARTY): Provide only one Secured Party name (3a or 3b)

3a. ORGANIZATION'S NAME EverBank Commercial Finance, Inc.				
OR	3b. INDIVIDUAL'S SURNAME	FIRST PERSONAL NAME	ADDITIONAL NAME(S)/INITIAL(S)	SUFFIX
3c. MAILING ADDRESS	10 Waterview Blvd	CITY Parsippany	STATE NJ	POSTAL CODE 07054
				COUNTRY USA

4. COLLATERAL: This financing statement covers the following collateral:
 All items of personal property leased pursuant to that certain Lease Agreement dated October 14, 2013, by and between EverBank Commercial Finance, Inc. as lessor, rentor or owner and Alliance Medical Group, Inc. as lessee or customer, as more specifically described below and/or in attachments hereto, together with all related software (embedded therein or otherwise), all additions, attachments, accessories and accessions thereto, whether or not furnished by the supplier thereof; and any and all substitutions, replacements or exchanges for any such item of equipment and any and all insurance and/or other proceeds thereof.

- (1) Refurbished FlexFocus 400 Ultrasound System- 19" Monitor; Quantum Basic Software
- (1) Power Cable Holder; Endo Transducer Holder; Endo Transducer Holder Mount
- (2) Extra Battery Rechargeable
- (1) Quantum Basic Upgrade; Dicom Option; 3D Professional; Anorectal 3d Transducer

5. Check only if applicable and check only one box: Collateral is held in a Trust (see UCC1Ad, item 17 and Instructions) being administered by a Decedent's Personal Representative

6a. Check only if applicable and check only one box:
 Public-Finance Transaction Manufactured-Home Transaction A Debtor is a Transmitting Utility

6b. Check only if applicable and check only one box:
 Agricultural Lien Non-UCC Filing

7. ALTERNATIVE DESIGNATION (if applicable): Lessee/Lessor Consignee/Consignor Seller/Buyer Bailee/Bailor Licensee/Licensor

8. OPTIONAL FILER REFERENCE DATA: 41002964 - 5 - Healthcare

80841667

UCC FINANCING STATEMENT ADDENDUM

FOLLOW INSTRUCTIONS

9. NAME OF FIRST DEBTOR: Same as line 1a or 1b on Financing Statement; if line 1b was left blank because Individual Debtor name did not fit, check here

9a. ORGANIZATION'S NAME
ALLIANCE MEDICAL GROUP, INC.

OR
 9b. INDIVIDUAL'S SURNAME
 FIRST PERSONAL NAME
 ADDITIONAL NAME(S)/INITIAL(S)

FILING #0002962368 PG 02 OF 02 VOL U-00502
 FILED 10/18/2013 08:30 AM PAGE 01812
 SECRETARY OF THE STATE
 CONNECTICUT SECRETARY OF THE STATE

10. DEBTOR'S NAME: Provide (10a or 10b) only one additional Debtor name or Debtor name that did not fit in line 1b or 2b of the Financing Statement (Form UCC1) (use exact, full name; do not omit, modify, or abbreviate any part of the Debtor's name) and enter the mailing address in line 10c

10a. ORGANIZATION'S NAME
 OR
 10b. INDIVIDUAL'S SURNAME
 INDIVIDUAL'S FIRST PERSONAL NAME
 INDIVIDUAL'S ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

10c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

11. ADDITIONAL SECURED PARTY'S NAME or ASSIGNOR SECURED PARTY'S NAME: Provide only one name (11a or 11b)

11a. ORGANIZATION'S NAME
 OR
 11b. INDIVIDUAL'S SURNAME FIRST PERSONAL NAME ADDITIONAL NAME(S)/INITIAL(S) SUFFIX

11c. MAILING ADDRESS CITY STATE POSTAL CODE COUNTRY

12. ADDITIONAL SPACE FOR ITEM 4 (Collateral):
 (1) Mobile Keyboard Dock w/Battery for Flex Focus w/2 rechargeable batteries, backpack; illuminated control panel keys; sealed control panel
 (1) Water standoff collar; Rectosigmoidoscope w/Obturator for Welch Allyn
 (1) Digital B/W Printer Start up Kit - Sony Printer, Printer Paper, USB Cable All additional accessories and services included

13. This FINANCING STATEMENT is to be filed [for record] (or recorded) in the REAL ESTATE RECORDS (if applicable) 14. This FINANCING STATEMENT:
 covers timber to be cut covers as-extracted collateral is filed as a fixture filing

15. Name and address of a RECORD OWNER of real estate described in item 16 (if Debtor does not have a record interest): 16. Description of real estate:

17. MISCELLANEOUS:



SEARCH RESULTS

REPORT FOR: Marisol Skibicki at 561
REF. NO: 3274-1135
DATE: 06/30/16
INDEX DATE: 06/17/16
IRS INDEX DATE: 06/23/16
DRC REF. NO: 506519

REGARDING: CARDIOLOGY ASSOCIATES OF GREATER WATERBURY

JURISDICTION: Secretary of the State – Connecticut

A search has been conducted of the records of the Uniform Commercial Code Division to determine if there are presently effective UCC Financing Statements, Municipal Tax Liens, State Tax Liens, Federal Tax Liens, Judgment Notices or other filings of record which name the above-captioned.

There are no presently effective records under the debtor name.

Similar Name Found: Cardiology Associates of Waterbury, P.C. – Waterbury, CT

If we may be of further assistance, please advise.

330 Roberts Street, Suite 203, East Hartford, CT 06108-3654
Email: datareporting@frontier.com
Tel 800-570-7750 Tel 860-282-0685 Fax 800-672-8635

The information contained in this report is strictly confidential. Although obtained from sources deemed reliable, the accuracy of same is not guaranteed. No liability is assumed by the searcher.



SEARCH RESULTS

REPORT FOR: Marisol Skibicki at 561
REF. NO: 3274-1135
DATE: 06/30/16
INDEX DATE: 06/17/16
IRS INDEX DATE: 06/23/16
DRC REF. NO: 506519

REGARDING: IMAGING PARTNERS LLC

JURISDICTION: Secretary of the State – Connecticut

A search has been conducted of the records of the Uniform Commercial Code Division to determine if there are presently effective UCC Financing Statements, Municipal Tax Liens, State Tax Liens, Federal Tax Liens, Judgment Notices or other filings of record which name the above-captioned.

There are no presently effective records under the debtor name.

If we may be of further assistance, please advise.

330 Roberts Street, Suite 203, East Hartford, CT 06108-3654
Email: datareporting@frontier.com
Tel 800-570-7750 Tel 860-282-0685 Fax 800-672-8635

The information contained in this report is strictly confidential. Although obtained from sources deemed reliable, the accuracy of same is not guaranteed. No liability is assumed by the searcher.



SEARCH RESULTS

REPORT FOR: Marisol Skibicki at 561
REF. NO: 3274-1135
DATE: 06/30/16
INDEX DATE: 06/17/16
IRS INDEX DATE: 06/23/16
DRC REF. NO: 506519

REGARDING: VALLEY IMAGING PARTNERS

JURISDICTION: Secretary of the State – Connecticut

A search has been conducted of the records of the Uniform Commercial Code Division to determine if there are presently effective UCC Financing Statements, Municipal Tax Liens, State Tax Liens, Federal Tax Liens, Judgment Notices or other filings of record which name the above-captioned.

There are no presently effective records under the debtor name.

If we may be of further assistance, please advise.

330 Roberts Street, Suite 203, East Hartford, CT 06108-3654

Email: datareporting@frontier.com

Tel 800-570-7750 Tel 860-282-0685 Fax 800-672-8635

The information contained in this report is strictly confidential. Although obtained from sources deemed reliable, the accuracy of same is not guaranteed. No liability is assumed by the searcher.

UCC FINANCING STATEMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional) Tim Farina 610-386-5000 Ext-3028
B. SEND ACKNOWLEDGMENT TO: (Name and Address) Lease Direct PO Box 4000 Johnston, IA 50131-9854

FILING #0002852266 PG 01 OF 01 VOL U-00453
FILED 12/27/2011 08:30 AM PAGE 01515
SECRETARY OF THE STATE
CONNECTICUT SECRETARY OF THE STATE

1. DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (1a or 1b) - do not abbreviate or combine names

1a. ORGANIZATION'S NAME VNA HEALTH AT HOME, INCORPORATED			
OR	1b. INDIVIDUAL'S LAST NAME		
	FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS 27 SIEMON COMPANY DR STE 101W		CITY WATERTOWN	STATE CT
		POSTAL CODE 06795-2654	COUNTRY USA
1d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	1e. TYPE OF ORGANIZATION CORPORATION	1f. JURISDICTION OF ORGANIZATION CT
		1g. ORGANIZATIONAL ID #, if any 62526	<input type="checkbox"/> NONE

2. ADDITIONAL DEBTOR'S EXACT FULL LEGAL NAME - insert only one debtor name (2a or 2b) - do not abbreviate or combine names

2a. ORGANIZATION'S NAME			
OR	2b. INDIVIDUAL'S LAST NAME		
	FIRST NAME	MIDDLE NAME	SUFFIX
1c. MAILING ADDRESS		CITY	STATE
		POSTAL CODE	COUNTRY
2d. SEE INSTRUCTIONS	ADDL INFO RE ORGANIZATION DEBTOR	2e. TYPE OF ORGANIZATION	2f. JURISDICTION OF ORGANIZATION
		2g. ORGANIZATIONAL ID #, if any	<input type="checkbox"/> NONE

3. SECURED PARTY'S NAME (or NAME of Total ASSIGNEE of ASSIGNOR SP) - insert only one secured party name (3a or 3b)

3a. ORGANIZATION'S NAME PHILIPS MEDICAL CAPITAL, LLC.			
OR	3b. INDIVIDUAL'S LAST NAME		
	FIRST NAME	MIDDLE NAME	SUFFIX
3c. MAILING ADDRESS 1111 OLD EAGLE SCHOOL ROAD		CITY WAYNE	STATE PA
		POSTAL CODE 19087	COUNTRY USA

4. This FINANCING STATEMENT covers the following collateral:

ALL EQUIPMENT LEASED OR FINANCED BY SECURED PARTY TO OR FOR DEBTOR PURSUANT TO SECURED PARTY'S CONTRACT NUMBER 101336, TOGETHER WITH ALL ADDITIONS, ATTACHMENTS, ACCESSORIES AND SUBSTITUTIONS TO OR FOR THE SAME, AND ALL PROCEEDS OF THE FOREGOING.

THIS FILING RELATES ONLY TO THE AFOREMENTIONED COLLATERAL, AND IS NOT INTENDED TO CREATE OR PERFECT A LIEN ON ALL OF THE DEBTOR'S ASSETS.

5. ALTERNATIVE DESIGNATION (if applicable): LESSEE/LESSOR CONSIGNEE/CONSIGNOR BAILEE/BAILOR SELLER/BUYER AG. LIEN NON-UCC FILING

6. This FINANCING STATEMENT is to be filed (or recorded in the REAL ESTATE RECORDS - Attach Addendum (if applicable))

7. Check to REQUEST SEARCH REPORT(S) on Debtor(s) (ADDITIONAL FEE) (optional) All Debtors Debtor 1 Debtor 2

8. OPTIONAL FILER REFERENCE DATA

SOS 50.00 (filing fee)

SCHEDULE 3.11(a)

PERMITTED ENCUMBRANCES

- A. Waterbury Hospital Main Campus □ 64 Robbins Street, 134 Grandview Avenue, 140 Grandview Avenue, 170 Grandview Avenue, Waterbury

Said premises are subject to:

1. a. Real Estate taxes on the October 1, 2015 Grand List, not yet due or payable, and subsequent Grand Lists, as to property known as 64 Robbins Street, which Grantee assumes and agrees to pay as of date of Closing.
b. Real Estate taxes on the October 1, 2015 Grand List, second installment not yet due and payable, and subsequent Grand Lists, as to property located at 134 Grandview Avenue, 140 Grandview Avenue, and 170 Grandview Avenue, which Grantee assumes and agrees to pay as of date of Closing.
2. Water and Sewer use charges as may be due and payable to City of Waterbury.
3. Notice of Lease between Mattatuck Medical Associates and the Waterbury Hospital dated November 21, 1973 and recorded in Volume 1120 at Page 260; as modified by Amendment to Notice of Lease dated February 15, 1974 and recorded in Volume 1133 at Page 48; as further modified by Second Amendment to Notice of Lease dated January 1, 1977 and recorded in Volume 1308 at Page 120; as further modified by Third Amendment dated December 4, 2001 and recorded in Volume 4272 at Page 344; as further modified by Fourth Amendment dated January 27, 2006 and recorded in Volume 5681 at Page 102 of the Waterbury Land Records.
4. Notice of Sublease from Mattatuck Medical Associates, L.L.P. to Waterbury Hospital dated February 23, 2006 and recorded in Volume 5681 at Page 106 of the Waterbury Land Records.
5. Notice of Lease between Waterbury Medical Associates N/A Waterbury Medical Associates, L.L.P. and The Waterbury Hospital dated November 1, 1977 and recorded in Volume 1308 at Page 124; as modified by Corrected Notice of Lease dated September 30, 1986 and recorded in Volume 1962 at Page 337 of the Waterbury Land Records.
6. Notice of Lease from the Waterbury Hospital to Cellco Partnership dated February 7, 1997 and recorded in Volume 3481 at Page 62 of the Waterbury Land Records.
7. Notice of Lease from Waterbury Hospital to The Children's Center of Greater Waterbury Health Network, Inc. dated August 1, 2000 and recorded in Volume 4016 at Page 131 of the Waterbury Land Records.
8. Notice of Lease from Waterbury Hospital to WPA Properties, LLC dated October 3, 2000 and recorded in Volume 4042 at Page 334 of the Waterbury Land Records.

9. Open-End Leasehold Mortgage from WPA Properties, LLC to Naugatuck Savings Bank in the original principal amount of \$535,000.00, dated October 6, 2000 and recorded in Volume 4043 at Page 1; as modified by Loan Modification Agreement dated May 21, 2001 and recorded in Volume 4172 at Page 66; as further modified by Second Loan Modification Agreement dated February 5, 2002 and recorded in Volume 4323 at Page 74 of the Waterbury Land Records.
10. Assignment of Leases and Rents to Naugatuck Savings Bank dated October 3, 2000 and recorded in Volume 4043 at Page 22 of the Waterbury Land Records.
11. Notice of Lease from Mattatuck Medical Associates, L.L.P. to Waterbury Hospital dated November 1, 2001 and recorded in Volume 4273 at Page 42 of the Waterbury Land Records.
12. Lease Ratification, Cure, Attornment, Subordination and Non-Disturbance Agreement dated December 7, 2001 and recorded in Volume 4273 at Page 45 of the Waterbury Land Records.
13. Easement to The Connecticut Light and Power Company dated June 21, 1974 and recorded in Volume 1148 at Page 235 of the Waterbury Land Records.
14. Declaration of Easements, Rights and Restrictions dated November 1, 1977 and recorded in Volume 1308 at Page 130 of the Waterbury Land Records.
15. Easement to The Connecticut Light and Power Company dated June 30, 1978 and recorded in Volume 1332 at Page 168 of the Waterbury Land Records.
16. Special Exception dated March 23, 1988 and recorded in Volume 2264 at Page 218 of the Waterbury Land Records.
17. Easement to the City of Waterbury dated October 13, 1993 and recorded in Volume 3021 at Page 216 of the Waterbury Land Records.
18. Variance dated September 16, 1997 and recorded in Volume 3527 at Page 137 of the Waterbury Land Records.
19. Special Exception dated June 22, 1999 and recorded in Volume 3839 at Page 343 of the Waterbury Land Records.
20. Special Exception dated April 18, 2000 and recorded in Volume 3987 at Page 44 of the Waterbury Land Records.
21. Variances dated June 22, 2000 and recorded in Volume 3993 at Page 25 and 26 of the Waterbury Land Records.
22. Special Exception dated June 22, 2000 and recorded in Volume 4005 at Page 209 of the Waterbury Land Records.

23. Variance dated June 22, 2000 and recorded in Volume 4005 at Page 210 of the Waterbury Land Records.
24. Site Plan dated August 3, 2000 and recorded in Volume 4043 at Page 329 of the Waterbury Land Records.
25. Easement dated May 14, 1917 and recorded in Volume 282 at Page 177 of the Waterbury Land Records.
26. Rights set forth in a Deed dated October 15, 1925 and recorded in Volume 372 at Page 445 of the Waterbury Land Records.
27. Rights and Right-of-Way set forth in a Deed dated November 12, 1952 and recorded in Volume 667 at Page 445 of the Waterbury Land Records.
28. Right-of-Way in favor of the City of Waterbury dated November 3, 1928 and recorded in Volume 412 at Page 697 of the Waterbury Land Records.
29. Right-of-Way in favor of the City of Waterbury dated April 19, 1944 and recorded in Volume 533 at page 421 of the Waterbury Land Records.
30. Rights of others to pass and repass over property located within the limits of so-called Carter Avenue, Hale Street and Winthrop Terrace, as said Streets are shown on a certain map entitled "Map of Woodside, Waterbury, Conn. dated at Waterbury, Ct. March 1, 1902," prepared by A.J. Patton, Surveyor; which map is recorded in the Waterbury Town Clerk's Office as Map Book 1 Page 25.
31. Rights set forth in a certain Certificate of Taking, State of Connecticut, dated March 21, 1963 and recorded in Volume 842 at Page 30 of the Waterbury Land Records, and set forth in a Deed dated June 7, 1963 and recorded in Volume 847 at Page 397 of the Waterbury Land Records. (Note: The maps recited in these instruments are not filed of record.)
32. Matters as shown on a certain unfiled map entitled "Site Development Plan For Medical Building Land of Waterbury Hospital Grandview Ave. Waterbury, Conn. Scale 1" = 40' Date 3/29/77 (with five revisions to 12/22/77)," prepared by Paul Associates and recorded in the Waterbury Land Records in Volume 1308 at Page 152 of the Waterbury Land Records.
33. Rights of others to pass and repass over property which may be located in an area shown as "Drive" and rights of others to park on property which may be located within an area shown as "Parking Lot," as shown on a map entitled "Map Showing Land to be Leased by Waterbury Hospital Waterbury, Conn. Aug. 17, 1973 Revised Sept. 4, 1973;" which map is not on file in the Waterbury Town Clerk's Office.
34. Certificate of Approval issued by the Waterbury Zoning Board of Appeals dated April 27, 2010 and recorded in Volume 6693 at Page 166 of the Waterbury Land Records.

35. Leasehold Mortgage from Waterbury Medical Associates, L.L.P. to Wells Fargo Bank, National Association in the original principal amount of \$1,139,027.95, dated August 29, 2014 and recorded in Volume 7215 at Page 88 of the Waterbury Land Records.
36. UCC Financing Statement in favor of Wells Fargo Bank, National Association recorded May 12, 2014 in Volume 7215 at Page 116 of the Waterbury Land Records.
37. Leasehold Mortgage from Mattatuck Medical Associates, LLP to Berkshire Bank in the original principal amount of \$1,850,000.00, dated June 16, 2015 and recorded in Volume 7361 at Page 1 of the Waterbury Land Records.
38. UCC Financing Statement in favor of Berkshire Bank recorded June 23, 2015 in Volume 7361 at Page 43 of the Waterbury Land Records.
39. Unrecorded leases and tenants in possession.
40. Matters as shown by survey:
 - a. Certain retaining walls meander along and over boundary lines at various points.
 - b. Fencing crosses boundary lines at various points.
 - c. Improvements located within limits of so-called Carter Avenue, Hale Street, and Winthrop Terrace (also known as Winfield Terrace).

B. 36 Grandview Avenue, Waterbury

Property is subject to:

1. Real Estate taxes on the October 1, 2015 Grand List, not yet due or payable, and subsequent Grand Lists, which Grantee assumes and agrees to pay as of date of Closing.
2. Water and Sewer use charges as may be due and payable to the City of Waterbury.
3. The following matter as shown by survey:
 - a. Garage encroachment over easterly boundary line onto abutting property.

C. 305 Church Street Condominium, Unit 7, 305 Church Street, Naugatuck

Said premises are subject to:

1. Real Estate taxes to the Town of Naugatuck, on the Grand List of October 1, 2015. First half paid, second half not yet due and payable, and subsequent Grand Lists, which the Grantee assumes and agrees to pay as of date of Closing.
2. Water and sewer use charges as may be due.
3. Terms, Conditions, Agreements, Covenants, Restrictions, Obligations and Easements contained in the Declaration of Condominium described herein and the By-laws and Exhibits made a part of said Declaration of Condominium, and any amendments or modifications subsequently made thereto.

4. Assessments for common expenses or common charges assessed as provided for in Section 59 of the Common Interest Act against the herein described premises. Payments are current.
5. Passway rights over a 5 foot wide strip of land located southernmost described herein, and the right of the Goodyear India Rubber Glove Manufacturing Co. as set forth in deed to Patrick Brennan, dated and recorded December 29, 1888 in Volume 21 at Page 561 of the Naugatuck Land Records.
6. Easement from Harris Whittemore to United Electric Light and Water Company dated June 25, 1914 and recorded July 24, 1914 in Volume 56 at Page 137 of the Naugatuck Land Records.
7. Possible Storm Sewer Easement (not of record) mentioned in deed from Estate of Harris Whittemore to The Colonial Bank and Trust Company, Trustee, dated January 5, 1929 and recorded January 9, 1929 in Volume 78 at Page 290 of the Naugatuck Land Records.
8. An easement from Uniroyal, Inc. to Professional Park, Inc. recorded on October 20, 1970 in Volume 161 at Page 140 of the Naugatuck Land Records.
9. Restrictions as to use as set forth in a certain Warranty Deed from Professional Park to Greater Waterbury Management Resources, Inc. dated and recorded January 13, 1989 in Volume 326 at Page 646 of the Naugatuck Land Records.
10. Matters shown by survey:
 - a. Building on First Piece of 305 Church Street Condominium encroaches slightly on the south side thereof onto strip of land affected by passway rights per Volume 21, Page 561 of the Naugatuck Land Records.
 - b. Building referenced in a. above crosses over street and rear setback lines.
 - c. Rock xeriscaping along Church Street frontage crosses into Church Street right of way.
 - d. Asphalt on southerly side of First Piece of 305 Church Street Condominium encroaches over adjoining parcel and asphalt on easterly side of Second Piece of 305 Church Street Condominium encroaches into Water Street right of way.
 - e. Curbing and gravel beds on southerly side of Second Piece of 305 Church Street Condominium cross over boundary line.
 - f. Dirt drive on northerly side of Second Piece of 305 Church Street Condominium crosses over boundary line from adjoining parcel.
 - g. 4-foot high metal fence at northwesterly corner of First Piece of 305 Church Street Condominium crosses over boundary line.

SCHEDULE 3.11(b)

REAL PROPERTY DISCLOSURES

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.12

ENVIRONMENTAL CLAIMS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.13

INTELLECTUAL PROPERTIES AND INFORMATION SYSTEMS

See Schedule 2.01(h)

SCHEDULE 3.14

INSURANCE

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.15

PERMITS NOT IN GOOD STANDING

For Greater Waterbury Health Network, Inc.:

None.

For Waterbury Hospital:

None.

For Alliance Medical Group:

None.

For Cardiology Associates of Greater Waterbury, LLC:

None.

For VNA Health at Home, Inc.:

None.

For Greater Waterbury Management Resources, Inc.:

None.

SCHEDULE 3.16(a)

GOVERNMENT PAYMENT PROGRAMS AND ACCREDITATION

For The Waterbury Hospital:

The Joint Commission accreditation from June 14, 2016 - June 13, 2019

Greater Waterbury Health Network, Inc.

None.

For Alliance Medical Group, Inc.

None.

For Cardiology Associates of Greater Waterbury, LLC

None.

For VNA Health at Home, Inc.

None.

For Greater Waterbury Management Resources, Inc.

None.

SCHEDULE 3.16(b)

COST REPORTS

For The Waterbury Hospital

See attached.

Greater Waterbury Health Network, Inc.

None.

For Alliance Medical Group, Inc.

None.

For Cardiology Associates of Greater Waterbury, LLC

None.

For VNA Health at Home, Inc.

None.

For Greater Waterbury Management Resources, Inc.

None.

**Waterbury Hospital
Closing Documents**

Schedule 3.16(b)-Cost Reports

Medicare

Medicaid

FY 2016 To be filed 5 months after closing date

Not applicable-payments now under APR-DRGs

	IP and OP Settlement	Meaningful Use Monies	Total
FY 2015 Filed 02/26/2016	\$747,347	\$600,563	\$1,347,910
Tentative settlement issued 03/30/2016	\$747,347		\$747,347
MU monies received April 2016		\$600,563	\$600,563
Current balance based on filing	\$0	\$0	\$0

Medicaid cost report for the period of 10/1/14 to 12/31/14 filed on 06/17/2016. Amount due hospital is \$433,851.

No cost report settlement after 12/31/14, due to APR-DRG.

FY 2014 Filed 02/26/2015	\$1,389,935	\$152,874	\$1,542,809
Tentative settlement 04/24/2015	\$1,349,460		\$1,349,460
MU monies received 03/27/2015		\$152,874	\$152,874
			\$0
Adjustment to bad debts as part of the initial desk review notification (12/22/2015)*	-\$237		-\$237
Current balance based on filings	\$40,475	\$0	\$40,475

Medicaid cost reports prior to FY 2015 have been filed and monies received. The State has not in the past "settled" the cost reports once the Medicare cost report has been finalized.

*Received desk review letter dated 12/01/2015.
No review work has commenced yet, to our knowledge

Appeals See separate listing attached regarding appeal items
All the listed appeals are being handled by Quality Reimbursement Services, Inc.

See separate listing attached regarding appeal items

NPR	Appeal	Est'd \$ Impact	Provider Position Paper	NGS Position Case # Paper	FYE	Group appeal	Issue # Issues	
10/27/2014 11/11/2014 (revised)	4/21/2015	772,000	12/21/2015	4/27/2016 15-2391	9/30/2011	transfer to group appeal 15-3037G transfer to group appeal 15-3032G transfer to group appeal 15-3039G transfer to group appeal 15-3038G transfer to group appeal 15-3031G transfer to group appeal 15-3032G and 15-3038G transfer to group appeal 15-3039G and 15-3031G transfer to group appeal 15-2667G	72,000 359,000	1 Disproportionate Share Hospital Payment/Supplemental Security Income Percentage (Provider Specific) 2 Disproportionate Share Hospital ("DSH")/Supplemental Security Income ("SSI") 3 Disproportionate Share Hospital Payment – SSI Fraction/Medicare Managed Care Part C Days 4 Disproportionate Share Hospital Payment – SSI Fraction/Dual Eligible Days (Exhausted Part A Benefit Days, Medicare Secondary Payor Days, and No-Pay Part A Days) 5 Disproportionate Share Hospital Payment – Medicaid Fraction/Medicare Managed Care Part C Days 6 Disproportionate Share Hospital Payment – Medicaid Fraction/Dual Eligible Days (Exhausted Part A Benefit Days, Medicare Secondary Payor Days, and No-Pay Part A Days) 7 Disproportionate Share Hospital Payment – Medicaid Eligible Days 8 Disproportionate Share Hospital Payment – Medicare Managed Care Part C Days 9 Disproportionate Share Hospital Payment - Dual Eligible Days (Exhausted Part A Benefit Days, Medicare Secondary Payor Days, and No-Pay Part A Days) 10 Disproportionate Share – Medicaid Eligible Patient Days – Connecticut State Administered General Assistance: DSH Payment Adjustment
3/30/2015	9/18/2015	766,000	5/24/2016 Due from FI	10/1/16 15-3409	9/30/2012	transfer to group appeal 15-1416G transfer to group appeal 15-1423G transfer to group appeal 15-1419G transfer to group appeal 15-0020G transfer to group appeal 15-0018G transfer to group appeal 15-0020G transfer to group appeal 15-0018G transfer to group appeal 16-0628G	69,000 370,000	1 Disproportionate Share Hospital Payment/Supplemental Security Income Percentage (Provider Specific) 2 Disproportionate Share Hospital ("DSH")/Supplemental Security Income ("SSI") 3 Disproportionate Share Hospital Payment – SSI Fraction/Medicare Managed Care Part C Days 4 Disproportionate Share Hospital Payment – SSI Fraction/Dual Eligible Days (Exhausted Part A Benefit Days, Medicare Secondary Payor Days, and No-Pay Part A Days) 5 Disproportionate Share Hospital Payment – Medicaid Fraction/Medicare Managed Care Part C Days 6 Disproportionate Share Hospital Payment – Medicaid Fraction/Dual Eligible Days (Exhausted Part A Benefit Days, Medicare Secondary Payor Days, and No-Pay Part A Days) 7 Disproportionate Share Hospital Payment – Medicaid Eligible Days 8 Disproportionate Share Hospital Payment – Medicare Managed Care Part C Days 9 Disproportionate Share Hospital Payment - Dual Eligible Days (Exhausted Part A Benefit Days, Medicare Secondary Payor Days, and No-Pay Part A Days) 10 Disproportionate Share – Medicaid Eligible Patient Days – Connecticut State Administered General Assistance: DSH Payment Adjustment
12/28/2015	6/17/2016	709,000	Not Filed Yet	Not assigned yet	9/30/2013		29,000 30,000 29,000 29,000 29,000 29,000 349,000 69,000 36,000 18,000	1 Disproportionate Share Hospital Payment/Supplemental Security Income Percentage (Provider Specific) 2 Disproportionate Share Hospital ("DSH")/Supplemental Security Income ("SSI") 3 Disproportionate Share Hospital Payment – SSI Fraction/Medicare Managed Care Part C Days 4 Disproportionate Share Hospital Payment – SSI Fraction/Dual Eligible Days (Exhausted Part A Benefit Days, Medicare Secondary Payor Days, and No-Pay Part A Days) 5 Disproportionate Share Hospital Payment – Medicaid Fraction/Medicare Managed Care Part C Days 6 Disproportionate Share Hospital Payment – Medicaid Fraction/Dual Eligible Days (Exhausted Part A Benefit Days, Medicare Secondary Payor Days, and No-Pay Part A Days) 7 Disproportionate Share Hospital Payment – Medicaid Eligible Days 8 Disproportionate Share Hospital Payment – Medicare Managed Care Part C Days 9 Disproportionate Share Hospital Payment - Dual Eligible Days (Exhausted Part A Benefit Days, Medicare Secondary Payor Days, and No-Pay Part A Days) 10 Disproportionate Share – Medicaid Eligible Patient Days – Connecticut State Administered General Assistance: DSH Payment Adjustment

* Letters filed 7/18/14 responding to PRRB Alert 10 where the Board requested that the Provider demonstrate practical impediments as to why all DSH/Medicaid Eligible Days could not be claimed in the Provider's cost report.

Waterbury Hospital
Medicaid Appeals

Initial Notice	Detail	\$ amount
4/29/2014	<p>7/18/2014 Rate Appeal -IP FY14 -OP 7/12 to 6/13</p> <p>State filed a motion to dismiss on 9/28/15 (IP appeal) State filed a motion to dismiss on 9/21/15 (OP appeal). Waterbury filed a request for partial reconsideration regarding the motion to dismiss 10/05/15</p>	
12/15/2014	3/5/2015 IP APR-DRG appeal (effective 1/1/15)	
1/5/2015	<p>3/26/2015 OP Rate appeal -OP 7/13 to 6/14 -OP 7/14 to 6/15</p> <p>State filed a motion to dismiss on 10/20/15 (OP appeal), Waterbury filed a request for reconsideration regarding the motion to dismiss on 12/7/15</p>	
7/14/2015	10/5/2015 OP rate appeal 7/15 to 6/16	
9/2/2015	11/19/2015 Contested Hearing-Dual eligible deductible/copay partial payment recoupment (7/11 to 6/14)	385,044
10/15/2015	1/6/2016 Request for hearing-State withhold of DSH/Supplemental payments for SFY16	11,139,267
10/23/2015	Request for hearing-Tax determination (as it relates to taxes due even after the state DSH payments recinded)	12,421,400
10/29/2015	<p>1/13/2016 Full Tax refund claim for 3 years (10/12 to 10/15) State issued a Notice of Proposed Disallowance 1/28/16. Waterbury filed a protest of the disallowance on 3/23/16- requested a full refund, but at a minimum a refund of \$1,546,212 for services that should not have been taxed</p> <p>CHA filed a petition for declaratory ruling to the State 11/15/15 CHA filed a memorandum in support of petition for declaratory ruling 06/15/2016</p>	27,968,558

SCHEDULE 3.17

CONTRACTS RELATED TO THE HOSPITAL BUSINESSES

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.18

CONSENT, ASSIGNMENT AND PROHIBITIONS ON COMPETITION

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.19

TRANSACTIONS WITH AFFILIATES

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.20(a)

PENDING LABOR DISPUTES

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.20(b)

COLLECTIVE BARGAINING AGREEMENTS

For The Waterbury Hospital:

Nurses CBA □ between Seller and Connecticut Health Care Associates covering registered nurses and licensed practical nurses □ effective October 1, 2013 through September 30, 2017.

Technical Unit CBA □ between Seller and Connecticut Health Care Associates covering technical employees □ effective December 9, 2015 through September 30, 2018.

Service & Maintenance CBA □ between Seller and New England Health Care Employees Union, District 1199 □ effective May 23, 2016 through February 28, 2017.

SCHEDULE 3.20(c)

EMPLOYMENT MATTERS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.20(d)

RECENTLY TERMINATED EMPLOYEES

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.20(f)

PENDING IMMIGRATION PROCEEDINGS

For Greater Waterbury Health Network, Inc.:

None.

For Waterbury Hospital:

None.

For Alliance Medical Group:

None.

For Cardiology Associates of Greater Waterbury, LLC:

None.

For VNA Health at Home, Inc.:

None.

For Greater Waterbury Management Resources, Inc.:

None.

SCHEDULE 3.21(a)

EMPLOYEE BENEFIT PLANS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.21(c)

EMPLOYEE BENEFIT PLANS COMPLIANCE AND ISSUES

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.22

PROCEEDINGS AND CLAIMS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.24

MATERIAL MEDICAL STAFF DISPUTES

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.25

RESTRICTED ASSETS

For Greater Waterbury Health Network, Inc.:

None.

For Waterbury Hospital:

None.

For Alliance Medical Group:

None.

For Cardiology Associates of Greater Waterbury, LLC:

None.

For VNA Health at Home, Inc.:

None.

For Greater Waterbury Management Resources, Inc.:

None.

SCHEDULE 3.28

JOINT VENTURES AND CONVERTED VENTURES

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 3.29

MATERIAL TANGIBLE ASSETS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

SCHEDULE 6.03

EXCEPTIONS TO NON-COMPETES

For Greater Waterbury Health Network, Inc.:

None.

For Waterbury Hospital:

None.

For Alliance Medical Group:

None.

For Cardiology Associates of Greater Waterbury, LLC:

None.

For VNA Health at Home, Inc.:

None.

For Greater Waterbury Management Resources, Inc.:

None.

SCHEDULE 6.09

CHARITY CARE AND COMMUNITY OBLIGATIONS

See attached.

WATERBURY HOSPITAL
ADMINISTRATIVE POLICY & PROCEDURE MANUAL

POLICY: CHARITY CARE		
CATEGORY: MANAGEMENT OF INFORMATION		PAGE (s): 3
OWNER: DIRECTOR, PATIENT ACCOUNTS & FINANCIAL SERVICES		ORIGINATED: 12/5/97 (From PAFS manual)
LAST REVIEWED: 8/15	LAST REVISED: 8/13	RETIRED:

SCOPE: Determination of when charity care is appropriate.

PURPOSE: To make provisions for situations in which charity care is appropriate based on aggregate balance and Encounter review.

POLICY: It is the policy of Waterbury Hospital to appropriately offer charity care in situations where the responsible party for the balance due does not have the financial resources necessary to satisfy their obligation within a reasonable period of time.

1. All patients who request consideration for charity care will be required to apply for public assistance in addition to completing a charity care application unless identified as ineligible by a qualified case worker.
2. In order to be considered for charity care, full financial disclosure is required including:
 - a. All sources of income available at the time of application;
 - b. Assets excluding:
 - i. Primary Residence;
 - ii. Vehicles required for commuting to or facilitating employment;
 - iii. Retirement Accounts.
3. Responsible parties with assets of \$7,500 or less (\$15,000 for a couple) will receive the following discounts based on their annual household income and the published federal poverty guidelines in effect at the date of application:

Income as a % of FPL	Discount
≤200%	100%
≤225%	60%
≤275%	40%
≤300%	20%
≤400%	10%

4. Charity care discounts are to be applied after the 50% uninsured discount from charges.
5. Documentation required to validate declarations made on the charity care application shall include:
 - a. A credit report;
 - b. Most recent 1040 tax return;
 - c. Copies of all bank statements to include but not limited to:
 - i. Checking accounts;
 - ii. Savings accounts;
 - iii. Investment accounts;
 - iv. Certificates of deposit
 - d. Proof of income for the immediate 12 months preceding the application date.
 - e. Public assistance determination.

PROCEDURE:

1. The availability of charity care will be disclosed on all dunning notices issued prior to bad debt assignment.
2. Patients who indicate they are unable to pay for services rendered will be offered charity care;
3. Financial Counselors shall evaluate each applicant's eligibility.
4. Accounts determined to be eligible for charity care discounts shall require the following authorization based on amount to be adjusted:
 - a. PAFS Manager □ ≤5,000
 - b. PAFS Director □5,000 or more
 - c. Chief Financial Officer □10,000 or more
5. Patients shall be issued a determination letter within 30 days of receipt of a completed charity care application.
6. Patients who do not apply for or do not qualify for charity care will be expected to pay the balance due. For uninsured patients, this will be equivalent to 50% of charges. Insured patients will be expected to pay any deductible or co-payment due in addition to 50% of non-covered charges.
7. Patient who do not enter into a payment plan or pay satisfy the balance due will be placed with a collection agency for further collection efforts. The collection agency may report the balance due to credit reporting bureaus and/or initiate legal action to resolve the debt.

WATERBURY HOSPITAL
ADMINISTRATIVE POLICY & PROCEDURE MANUAL

Approved:

Mark Sammartano
Director, PAFS

Date

Approved:

Jim Moylan
CFO □ VP Finance

Date

SCHEDULE 8.02(e)

GRANTS

For Greater Waterbury Health Network, Inc.:

None.

For Waterbury Hospital:

None.

For Alliance Medical Group:

None.

For Cardiology Associates of Greater Waterbury, LLC:

None.

For VNA Health at Home, Inc.:

None.

For Greater Waterbury Management Resources, Inc.:

None.

SCHEDULE 8.06

CONSENTS TO ASSIGNMENT OF ASSUMED CONTRACTS

[REDACTED PER CONN. GEN. STAT. §1-210(b)(5)]

Annex A

Calculation Methodology for Net Working Capital

Annex A
An example of the methodology for calculating the net working capital (Greater Waterbury Health Network, Inc.)

	Balance Sheet as of 8/31/2016 (Ownership Adjusted)		Pro Forma			
			Retained by Surviving Entity	Purchased/ Assumed by Prospect		
WC Current Assets						
Cash and Cash Equivalents	\$	24,213,063	\$	24,204,984	\$	8,079
Short-term Investments	\$	1,614,621	\$	1,614,621	\$	-
Net Accounts Receivable - Patients	\$	29,795,257	\$	118,304	\$	29,676,953
Accounts Receivable - Malpractice	\$	143,176	\$	143,176	\$	-
Grants Receivable	\$	2,127,270	\$	-	\$	2,127,270
Unexpended Grants	\$	(3,849,276)	\$	-	\$	(3,849,276)
Workers' Comp Excess Receivable	\$	3,762,073	\$	3,762,073	\$	-
Other Accounts Receivable	\$	1,439,580	\$	-	\$	1,439,580
Inventories	\$	3,405,527	\$	-	\$	3,405,527
Prepaid Insurance	\$	530,246	\$	385,025	\$	145,221
Prepaid Other Expense	\$	1,788,118	\$	16,010	\$	1,772,108
Due From Affiliates	\$	(717,423)	\$	(717,423)	\$	-
Total WC Current Assets	\$	64,252,232	\$	29,526,770	\$	34,725,462
WC Current Liabilities						
CP of Sodexo Liability	\$	184,674	\$	184,674	\$	-
CP of Accrued Workers' Comp	\$	2,411,328	\$	2,411,328	\$	-
CP of Accrued Malpractice	\$	9,636	\$	8,576	\$	1,060
CHCA Pension Contribution ⁽¹⁾	\$	(3,000,000)	\$	-	\$	(3,000,000)
CP of Accrued Pension Liability ⁽²⁾	\$	(3,867,000)	\$	-	\$	(3,867,000)
Other Accounts Payable and Accrued Expenses	\$	26,618,260	\$	139,480	\$	26,478,780
Total WC Current Liabilities	\$	22,356,899	\$	2,744,059	\$	19,612,840
Net Working Capital					\$	15,112,622

Source: Excel File "GWHN-Net Proceeds Opening BS - August 2016.xlsx"
 Tab 2 "Net Proceeds - 08.31.2016"

(1) Not included in source file listed above

(2) Included in Other Accounts Payable and Accrued Expenses

**BYLAWS
OF
PROSPECT WATERBURY, INC.**

(a Connecticut corporation)

Adopted October 1, 2016

ARTICLE I

APPLICABILITY

Section 1. **APPLICABILITY OF BYLAWS.** These Bylaws govern, except as otherwise required by statute or provided in its Certificate of Incorporation, the management of the business and the conduct of the affairs of Prospect Waterbury, Inc. (the "Corporation").

Section 2. **CORPORATE PURPOSE.** The Corporation's purposes shall include, without limitation, the ownership and operation of a general acute care hospital, known as the Waterbury Hospital (the "Hospital"), and to undertake all activities related thereto. The Hospital shall support, manage and furnish facilities, personnel and services, provide diagnosis, medical, surgical and hospital care, outpatient care and other hospital and medically related services to sick, injured or disabled persons, and to provide well care programs as appropriate and feasible, without regard to patients' race, color, sex, age, national origin or disability, or in any other manner in violation of applicable law.

ARTICLE II

OFFICES

The registered office of the Corporation shall be in the City of Hartford, County of Hartford, State of Connecticut or such other place within the State of Connecticut as the Board of Directors of the Corporation (the "Board") may designate. The Corporation may also establish and have other offices within or without the State of Connecticut, as the Board may designate or its business may require. The Board may change any office from one location to another or eliminate any office or offices.

ARTICLE III

SHAREHOLDERS

Section 1. **LOCATION OF MEETINGS.** Meetings of the shareholders shall be held at the registered office of the Corporation in Connecticut, or at such other place, within or without the State of Connecticut, as may be designated by the Board and stated in the notice of the meeting.

Section 2. ANNUAL MEETINGS. The annual meeting of the shareholders of the Corporation shall be held for the purpose of electing directors and for the transaction of all other business that is properly brought before the meeting in accordance with these Bylaws on such date and at such time as shall be designated by the Board and as stated in the notice of meeting.

Section 3. SPECIAL MEETINGS. Special meetings of the shareholders may be called by the CEO, a majority of the Board, or, upon written request to the Secretary as set forth below, by the holder or holders of not less than ten percent (10%) of all the shares of common stock ("Shares") entitled to vote at a meeting. Any such special meeting of shareholders may be held at the principal business office of the Corporation or at such other place or places, either within or without the State of Connecticut, as may be specified in the notice. Business transacted at any special meeting of shareholders of the Corporation shall be limited to the purpose stated in the notice.

(a) SPECIAL MEETINGS REQUESTED BY SHAREHOLDERS. The written request to the Secretary for a special meeting by the holder or holders of not less than ten percent (10%) of all the Shares entitled to vote at a meeting shall be signed by each shareholder, or duly authorized agent, requesting the special meeting and shall set forth: (i) the name and address of the shareholder or shareholders; (ii) the number of Shares held by the shareholder or shareholders; (iii) the name in which all such Shares are registered on the stock transfer books of the Corporation; (iv) a brief description of the business desired to be brought before the meeting and the reasons therefore; (v) any personal or other material interest of any such shareholder in the business to be submitted; and (vi) all other information relating to the proposed business which may be required to be disclosed under applicable law. In addition, a shareholder seeking to submit such business at an annual meeting shall promptly provide any other information reasonably requested by the Corporation. A shareholder may revoke the request for a special meeting at any time by written revocation delivered to the Secretary, and if, following such revocation, there are un-revoked requests from shareholders holding in the aggregate less than the requisite number of Shares entitling the shareholders to request the calling of a special meeting, the Board, in its discretion, may cancel the special meeting.

Section 4. NOTICE OF MEETINGS. Written notice of all meetings shall be given, which shall state the place, if any, date, and hour of the meeting, the means of remote communication, if any, by which shareholders and proxy holders may be deemed to be present in person and vote at such meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called in accordance with Article III, Section 3(a) above. The notice of an annual meeting shall state that the meeting is called for the election of directors and for the transaction of other business which may properly come before the meeting, and shall (if any other action which could be taken at a special meeting is to be taken at such annual meeting) state the purpose or purposes. The notice of any meeting shall also include, or be accompanied by, any additional statements, information, or documents prescribed by the law. Written notice of all meetings of the shareholders shall be mailed to a delivered to each of shareholder by the Corporation, not less than ten (10) days and not more than sixty (60) days prior to the meeting.

(a) SERVICE OF NOTICE. Notice by paper mail shall be deemed to be given when deposited, with postage thereon prepaid, in a post office or official depository under the exclusive care and custody of the United States post office department, FedEx, UPS, DHL or

a similarly categorized delivery agent. Notice by electronic mail (e-mail) shall be deemed to be given when the message is dispensed from the sender's computer. If mailed, either by paper or electronically, the notice shall be directed to the shareholder at his or her address as it appears on the records of the stock transfer agent.

(b) **ACTUAL OR CONSTRUCTIVE WAIVER OF NOTICE.** Notice of a meeting need not be given to any shareholder who submits a signed waiver of notice before or after the meeting. The attendance of a shareholder at a meeting without protesting prior to the conclusion of the meeting the lack of notice of such meetings shall constitute a waiver of notice by him.

Section 5. FIXING DATE FOR DETERMINATION OF SHAREHOLDERS OF RECORD. The Board may fix in advance, a date, not less than ten (10) but not more than sixty (60) days preceding the date of any meeting as the record date for determining the shareholders entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, notwithstanding any transfer of any stock in the stock records of the Corporation after any such record date designated as aforesaid.

(a) In the event no record date is fixed: (i) the record date for determining the shareholders entitled to notice of or to vote at a meeting of shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held; (ii) the record date for determining shareholders entitled to give consent to corporate action in writing without a meeting, when no prior action by the Board has been taken, shall be the day on which the first written consent is given, and (iii) the record date for determining shareholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the 60th day prior to the date of such other action, whichever is later.

(b) Only shareholders of record on the close of business on the record date are entitled to notice and to vote, to give written consent or to receive a dividend, distribution or allotment of rights or to exercise the rights, as the case may be, notwithstanding any transfer of any Shares on the books of the Corporation after the record date.

(c) A determination of shareholders of record entitled to notice of or to vote at a meeting of shareholders shall apply to any adjournment of the meeting unless the Board fixes a new record date for the adjourned meeting, but the Board shall fix a new record date if the meeting is adjourned for more than forty-five (45) days from the date set for the original meeting.

Section 6. LIST OF SHAREHOLDERS. The Secretary shall prepare and make a complete list of the shareholders entitled to vote at a shareholders' meeting, arranged in alphabetical order and showing the address of each shareholder and the number of Shares registered in the name of each shareholder. The list shall be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any shareholder who is present.

Section 7. QUORUM; PARTICIPATION.

(a) The presence, in person or by proxy, of the shareholders representing a majority of the votes entitled to be cast at a meeting shall constitute a quorum. Any one or more shareholders may participate in a meeting by means of telephone, video conference, Skype or similar communication equipment, provided that all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person or by proxy at a meeting.

(b) The shareholders present in person or by proxy at a duly organized meeting may continue to do business until adjournment, notwithstanding the withdrawal of enough shareholders to leave less than a quorum. If a quorum is not present or represented at any meeting, the remaining shareholders shall have power to adjourn the meeting without notice until the required Shares shall be represented. At any adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally called.

Section 8. ADJOURNMENT. Any meeting of the shareholders may be adjourned from time to time whether or not a quorum is present by the vote of a majority of the Shares represented thereat either in person or by proxy. At the adjourned meeting the Corporation may transact any business which might have been transacted at the original meeting.

Section 9. VALIDATION OF ACTIONS TAKEN AT DEFECTIVELY CALLED, NOTICED, OR HELD MEETINGS.

(a) The transactions of any meeting of the shareholders, however called and noticed, and wherever held, are as valid as though had at a meeting duly held after regular call and notice, if a quorum is present either in person or by proxy, and if either before or after the meeting, each of the persons entitled to vote thereat, not present in person or by proxy, signs a written waiver of notice or a consent to the holding of the meeting or an approval of the minutes thereof. Any written waiver of notice shall comply with subdivision (a) of Section 700 of the Connecticut Business Corporations Code. All such waivers, consents and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

(b) Attendance of a person at a meeting shall constitute a waiver of notice of and presence at such meeting, except (1) when the person objects, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened and (2) that attendance at a meeting is not a waiver of any right to object to the consideration of any matter required by the Connecticut Corporations Code to be included in the notice but not so included, if such objection is expressly made at the meeting.

Section 10. ORGANIZATION. The CEO, or in the absence or disability of the CEO, a director or officer designated by the Board shall preside at all meetings of the shareholders. The Secretary, or in his or her absence or disability one of the Assistant Secretaries, if one has been elected and appointed, shall act as secretary of the meeting. In case none of the officers above designated to act as secretary of the meeting shall be present, a secretary of the meeting shall be chosen by the Board.

Section 11. VOTING.

(a) GENERALLY. At all meetings of the shareholders, each holder of common stock, and present at the meeting in person or by proxy, shall be entitled to one vote for each full Share of the Corporation registered in his or her name. Directors shall be elected by a plurality of the votes of the Shares present in person or represented by proxy at the meeting. Any other action shall be authorized by a majority of the votes cast, except where the law prescribes a different percentage of votes and/or a different exercise of voting power, and except as may be otherwise prescribed by the provisions of the Certificate of Incorporation or these Bylaws. In the election of directors, and for any other action, voting need not be by ballot.

(b) PROXY. Any shareholder of record may be represented at any annual or special meeting of the shareholders by a duly appointed proxy either by instrument in writing subscribed by such shareholder, or by his or her duly authorized attorney or agent, or by any means of electronic communication, such as e-mail or fax, which results in a writing from such shareholder or his or her duly authorized attorney or agent, and delivered to the Secretary or to the inspectors at or before the meeting. Unless the proxy is irrevocable, a proxy shall be revocable at will, provided the shareholder files written notice of the revocation with the Secretary prior to the voting of the proxy.

(c) INSPECTORS. In advance of any meeting of the shareholders, if the Board so directs or if the shareholders consent in writing, one or more inspectors shall be appointed. The inspectors, if any, shall determine the number of Shares outstanding and the voting power of each, the Shares represented at the meeting, the existence of a quorum, the validity and effect of proxies, and shall receive votes or consents, hear and determine all challenges and questions arising in connection with the right to vote, count and tabulate all votes or consents, determine the result, and do such acts as are proper to conduct the election or vote with fairness to all shareholders. At the request of the officer presiding at the meeting, the inspector or inspectors, if any, shall make a report in writing of any challenge, question, or matter determined by such inspector or inspectors. Each inspector, if any, before entering upon the discharge of duties of inspector, shall take and sign an oath faithfully to execute the duties of inspector at such meeting with strict impartiality and according to the best of such inspector's ability.

Section 12. SHAREHOLDER ACTION WITHOUT A MEETING. Any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting if all of the shareholders consent in writing and (except for the annual election of directors) may also be taken without a meeting, without prior notice, and without a vote, by no less than all of the shareholders who would have been entitled to cast the minimum number of votes which would be necessary to authorize any such action at a meeting at which all shareholders thereon were present and voting. Whenever any action is taken pursuant to the foregoing provisions, the written consents of the shareholders consenting thereto or the written report of inspectors appointed to tabulate such consents shall be filed with the minutes of proceedings of shareholders.

ARTICLE IV

BOARD OF DIRECTORS

Section 1. **POWERS OF THE BOARD.** Subject only to the powers of or reserved to the shareholders by law, the Certificate of Incorporation or these Bylaws, the Board shall have the general direction and control of the activities of the Corporation, and shall have and may exercise all of the powers of the Corporation, including the powers reserved to or of the Corporation with respect to corporations of which the Corporation is a member or stockholder or for which the Corporation otherwise possesses a controlling voting interest.

Section 2. **NUMBER OF DIRECTORS.** The number of directors on the Board may be fixed or changed from time to time by its shareholders. If not so fixed, the number shall be two (2). The number of directors shall never be less than one (1) and at such times as there is one (1) shareholder of the Corporation, the number of directors of the Corporation may be one (1), as determined and fixed by the shareholder, but shall be two (2) in the absence of such determination.

Section 3. **ELECTION; TERM OF OFFICE; VACANCIES.** At each annual meeting of the shareholders, the shareholders shall elect the number of directors, as fixed by the Board. Such directors shall hold office until the next annual meeting of the shareholders and until their successors are elected and qualified, or until any such director sooner dies, resigns, is removed, or becomes disqualified to serve as a director, if that should occur prior to the next annual meeting of the shareholders. Any director may be removed from office, with or without cause, by the affirmative vote of the majority of the shareholders present in person or represented by proxy at any meeting of the shareholders at which a quorum is present. Vacancies of the directors shall be filled by election of the remaining directors, and the individuals so elected shall hold office until the next annual meeting of the shareholders and until their successors are elected and qualified.

Section 4. **MEETINGS.**

(a) **ANNUAL MEETINGS.** There shall be an annual meeting of the Board held on the date of the annual meeting of shareholders, or as soon thereafter as convenient, at the same place as the annual meeting of shareholders unless some other location is designated by the CEO.

(b) **REGULAR MEETINGS.** Regular meetings of the Board may be held throughout the year, at such time and place as the Board shall designate. If such day falls upon a legal holiday, then said meeting shall be held at the same time on the next day thereafter ensuing which is a full business day.

(c) **SPECIAL MEETINGS.** The President or CEO may call any special meeting of the Board, and shall do so whenever requested in writing by at least a majority of the directors.

(d) **MEETINGS BY TELECOMMUNICATIONS.** Any one or more members of the Board may participate in a meeting of the Board or any committee thereof by

means of telephone, video conference, Skype or similar communication equipment, provided that all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person or by proxy at a meeting.

Section 5. NOTICE. Written notice of all meetings of the Board shall be given to each director before the meeting. Notices required under this Section may be transmitted in person, in writing, or by telephone, internet, e-mail or fax, and shall be effective whether or not actually received, provided they are duly transmitted not less than forty-eight (48) hours in advance of the meeting. Notice may be waived in writing before or after a meeting. Both notice and waiver need not specify the business scheduled for any Board meeting and any business may be transacted at either a regular or special meeting.

Section 6. QUORUM. A majority of the directors then in office shall constitute a quorum for the transaction of business, but the director or directors present, if less than a quorum, may adjourn any meeting from time to time until such quorum shall be present. If there are only two (2) directors then in office, the presence of all directors shall constitute a quorum for the transaction of business. All questions coming before the Board shall be determined and decided by a majority vote of the directors present, unless the vote of a greater number is required by statute, the Certificate of Incorporation or these Bylaws.

Section 7. ADJOURNMENT. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than 24 hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment.

Section 8. ACTION WITHOUT A MEETING. The Board may act without a meeting if, prior or subsequent to such action, each director shall consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as a unanimous vote of such directors.

Section 9. COMPENSATION OF DIRECTORS. The directors shall receive such compensation for their services as directors as may be prescribed by the Board and shall be reimbursed by the Corporation for ordinary and reasonable expense incurred in the performance of their duties.

Section 10. CONFLICTS OF INTEREST. The Corporation's Board shall be subject to and shall adhere to the Corporation's conflicts of interest policy with regard to actual, apparent and potential conflicts of interest and the disclosure of certain interests. All directors shall disclose to the Corporation, in accordance with the Corporation's conflicts of interest policy, all real and apparent conflicts that they discover or have brought to their attention in connection with the Corporation's activities. "Disclosure" as used in these Bylaws shall mean providing promptly to the appropriate persons the existence and nature of the director's conflicting interest, and all facts known to the director respecting the subject matter of the transaction that a director free of such conflicting interest would reasonably believe to be material in deciding whether to proceed with the transaction.

ARTICLE V

COMMITTEES OF THE BOARD OF DIRECTORS

Section 1. **POWER OF COMMITTEES.** The Board, by resolution adopted by a majority of the directors, may appoint from among its members an executive committee and one or more other committees, each of which shall have at least one (1) member. To the extent provided in such resolution, each such committee, if appointed, shall have and may exercise all the authority of the Board, except those powers which by law, the Certificate of Incorporation, or these Bylaws may not be so delegated. Further, no such committee shall: (a) make, alter or repeal the Bylaws of the Corporation; (b) elect or remove any director; (c) elect or remove any officer; (d) submit to shareholders any action that requires shareholders' approval; or (e) amend or repeal any resolution theretofore adopted by the Board which by its terms is amendable or repealable only by the Board. All committees shall serve at the pleasure of the Board and each committee shall have a chair and a vice chair.

Section 2. **CONDUCT OF BUSINESS.** Except as otherwise provided by these Bylaws or determined by the Board from time to time, each committee may make rules for the conduct of its business, provided that the business of the committee shall be conducted as nearly as possible in the same manner as is provided by these Bylaws for the Board.

Section 3. **MEETINGS OF COMMITTEES.** Each committee shall meet on a regular basis at such times and places as it may determine. In addition, each committee shall meet at the call of the Chairman, or respective chair or vice chair of the committee, or the President and CEO in the absence of the respective chair, upon five (5) days' notice. Notice may be given by the person(s) calling the meeting by any means reasonably calculated to reach a committee member.

Section 4. **MEETINGS BY TELECOMMUNICATIONS.** Members of any committee of the Board may participate in a meeting by means of telephone, video conference, Skype or similar communication equipment, provided that all persons participating in the meeting can hear each other at the same time. Participation by such means shall constitute presence in person or by proxy at a meeting.

Section 5. **ROLE OF THE BOARD.** The Board, by resolution adopted by a majority of the directors, if a committee or committees are appointed, may: (a) fill any vacancy in any such committee; (b) appoint one or more directors to serve as alternate members of any such committee and to act in the absence or disability of members of any such committee with all the powers of such absent or disabled members; (c) abolish any such committee at its pleasure; (d) remove any director from membership on such committee at any time, with or without cause; and (e) establish as a quorum for any such committee less than a majority of the entire committee, but in no case less than the greater of two (2) persons or one-third (1/3) of the entire committee. The Chairman of the Board may serve on any committee but shall not vote or be counted for purposes of determining a quorum.

ARTICLE VI

AUXILIARY

The Board may, but is not required to, authorize the formation of auxiliary, volunteer, and/or associated organizations to assist in the fulfillment of the purposes of the Corporation.

ARTICLE VII

OFFICERS

Section 1. **ENUMERATION OF OFFICERS.** The officers of the Corporation shall be a Chief Executive Officer ("CEO"), a President, a Chief Financial Officer ("CFO"), and a Secretary. The officers of the Corporation may include a Chairman of the Board, one or more Vice-Chairmen of the Board, one or more Vice Presidents, one or more Assistant Secretaries, and such other officers as from time to time shall be designated and elected by the Board.

Section 2. **ELECTION OF OFFICERS; VACANCIES.** All officers of the Corporation shall be elected at the first meeting of the Board after the annual election of directors, and shall hold office for one (1) year and until their respective successors, if any, shall have been duly elected and qualified, or until any such officer sooner dies, resigns, is removed, or becomes disqualified to serve as an officer, if that should occur prior to the next annual election of the officers; provided, however, that all officers, agents, and employees of the Corporation shall be subject to removal (a) at any time, with or without cause, by the affirmative vote of a majority of the directors of the Board, and (b) in accordance with the terms of such officer's, agent's, or employee's applicable employment agreement with the Corporation. Subject to the rights, if any, of the Corporation under any contract of employment, any officer may resign at any time effective upon giving written notice to the CEO, the President, the CFO, the Secretary, and any other officers of the Corporation, unless the notice specifies a later time for the effectiveness of such resignation. At its discretion, the Board may leave unfilled, for such period as it may deem proper, any office except that of CEO, President, CFO, and Secretary. Failure to elect any such officer shall be considered an exercise of this discretionary power.

Section 3. **DUTIES OF OFFICERS.**

(a) **CHIEF EXECUTIVE OFFICER.** The CEO shall have general charge and supervision of the operations of the Corporation itself. The CEO shall preside at meetings of the shareholders and directors and exercise all powers and duties commonly incident to the office of CEO. When presiding at such meetings, the CEO shall establish and apply such rules of order as may be advisable in his or her discretion. He shall also perform such other duties as the Board shall designate from time to time.

(b) **PRESIDENT.** At the request of the CEO or in his or her absence or in the event of his or her inability or refusal to act (and if there be no Chairman of the Board) the President shall perform the duties of the CEO, and when so acting, shall have all of the powers of and be subject to all the restrictions upon the CEO. The President shall perform such other duties and have such other powers as the Board or the CEO from time to time may prescribe.

(c) **VICE PRESIDENTS.** In the absence or disability of the President, a Vice President shall perform all the duties of the President, and when so acting shall have all the

powers of, and be subject to all the restrictions upon, the President. A Vice President shall have such other powers and perform such other duties as from time to time may be prescribed for him respectively by the Board or as the President may from time to time delegate.

(d) **CHIEF FINANCIAL OFFICER.** The CFO shall keep, or cause to be kept, the books and records of account of the Corporation. The CFO shall deposit all monies and other valuables in the name and to the credit of the Corporation with such depositories as may be designated from time to time by resolution of the Board. The CFO shall disburse the funds of the Corporation as may be ordered by the Board, shall render to the CEO and the Board, whenever they request it, an account of all of his or her transactions as CFO and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed from time to time by the Board or as the CEO may from time to time delegate.

(e) **SECRETARY.** The Secretary shall attend all meetings of the shareholders, and of the Board, and shall keep and preserve in books of the Corporation true minutes of the proceedings of all such meetings. The Secretary shall have the custody of all valuable papers and documents of the Corporation, and shall keep the Corporation's stock books, stock ledgers, and stock transfer books, and shall prepare, issue, record, transfer, and cancel certificates of stocks as required by the proper transactions of the Corporation and its shareholders unless these functions be performed by a duly appointed and authorized transfer agent or registrar other than this Corporation. The Secretary shall keep in his or her custody the seal of the Corporation, and shall have authority to affix same to all instruments where its use is required. The Secretary shall give all notices required by statute, by the Certificate of Incorporation, or by the Bylaws. The Secretary shall have all powers and shall perform all duties commonly incident to and vested in the office of Secretary of a corporation. The Secretary shall also perform such other duties as the Board shall designate from time to time.

ARTICLE VIII

CAPITAL STOCK

Section 1. **STOCK CERTIFICATES AND OWNERSHIP.** Certificates for stock of the Corporation shall be in such form as the Board may from time to time prescribe and as may be required by Connecticut law. Certificates for stock of the Corporation shall be signed by the President or CEO and countersigned by the CFO or the Secretary. The Shares of the Corporation shall be represented by certificates unless the Board shall by resolution provide that some or all of any class or series of stock shall be uncertificated Shares. Any such resolution shall not apply to Shares represented by a certificate until the certificate is surrendered to the Corporation. Notwithstanding the adoption of any resolution providing for uncertificated Shares, every holder of stock represented by certificates and upon request every holder of uncertificated Shares shall be entitled to have a certificate representing the number of Shares registered in certificate form.

Section 2. **TRANSFER OF SHARES.** Shares of the Corporation shall be transferable on the records of the Corporation only by the holder of record thereof in person or by duly authorized attorney, upon surrender and cancellation for a like number of Shares, in accordance with the provisions of Chapter 8 of the Uniform Commercial Code, as amended from time to time, except as otherwise provided in the Connecticut Business Corporation Act.

Section 3. LOST, STOLEN, OR DESTROYED CERTIFICATES. In the case of lost, destroyed, or wrongfully taken certificates, the Corporation, as a condition precedent to the issuance of a new certificate in place of the original, may require the receipt of a sufficient indemnity bond, if requested by the Board, and satisfaction of other reasonable requirements imposed by the Board to protect the Corporation against any claim that may be made against it, including any expense or liability, on account of the alleged loss, theft or destruction of such certificate or the issuance of such new certificate.

ARTICLE IX

MEDICAL STAFF

Section 1. ORGANIZATION. There shall be a medical staff organization of the Hospital (the "Medical Staff") whose membership shall be composed of physicians, dentists, other health care professionals as specified in the Medical Staff bylaws, rules and regulations (the "Medical Staff Bylaws") and appropriately licensed and qualified podiatrists as are privileged to attend patients in such affiliates of the Corporation as are licensed or certified by the State of Connecticut to operate as a health care facility or institution, including without limitation, a hospital, a chronic and convalescent nursing home and an outpatient clinic (a "Health Care Facility" or "Health Care Facilities"). Membership in the Medical Staff shall be a prerequisite to the exercise of clinical privileges in the Hospital, except as otherwise specifically provided in the Medical Staff Bylaws. The respective rights, powers and responsibilities of the Board and the Medical Staff in connection with the Medical Staff's activities and functions are set forth in the Medical Staff Bylaws, as adopted by both the Board and the Medical Staff. In accordance with the provisions of the Medical Staff Bylaws, the Board shall take final action on Medical Staff recommendations concerning:

- (a) Credentialing;
- (b) Appointments and reappointments to the Medical Staff;
- (c) Delineation of clinical privileges for Medical Staff members and allied health professionals;
- (d) Disciplinary and/or corrective action;
- (e) All matters relating to professional competency;
- (f) A performance improvement program and plan;
- (g) Adoption, amendment and, if necessary, repeal of the Medical Staff Bylaws;
- (h) Minimum levels of malpractice insurance to be carried by Medical Staff members and allied health professionals; and
- (i) Such other matters as may be referred to it by the Medical Staff in accordance with the Medical Staff Bylaws.

Section 2. RESPONSIBILITIES OF THE MEDICAL STAFF. The Medical Staff shall be responsible for investigating and evaluating all matters relating to Medical Staff membership status, credentialing, clinical privileges, performance assessment, and corrective action, and shall require that the Medical Staff adopt and forward to the Board and the Advisory Board specific written recommendations with appropriate supporting documentation.

Section 3. ACTION BY THE BOARD. Final action on all matters relating to Medical Staff membership status, credentialing, clinical privileges, performance assessment, and corrective action shall be taken by the Board after considering the Medical Staff recommendation. In acting on matters of Medical Staff membership status and in granting and defining the scope of clinical privileges to be exercised by each Medical Staff member and allied health professional, the Board shall consider the Medical Staff's recommendations, the supporting information, and criteria set forth in the Medical Staff Bylaws. The terms and conditions of membership status in the Medical Staff, and of the exercise of clinical privileges, shall be as specified in the Medical Staff Bylaws or as more specifically defined in the notice of individual appointment or reappointment. The procedure to be followed by the Medical Staff and Board in acting on matters of membership status, credentialing, clinical privileges, and corrective action shall be as specified in the Medical Staff Bylaws. The Board will review and vote on the Medical Staff's recommendations on a regular basis.

Section 4. MEDICAL STAFF MEMBERS PROVIDING CONTRACTUAL PROFESSIONAL SERVICES. The Corporation or a Health Care Facility and a Medical Staff member or group of Medical Staff members, may provide by agreement that Medical Staff membership and clinical privileges are contingent on such agreement. In the event that an agreement has such a provision or there is such an understanding, then Medical Staff membership and clinical privileges shall expire simultaneously with termination of the agreement and shall not be subject to the provisions of the Medical Staff Bylaws concerning hearings, appellate review, or other procedural rights. Notwithstanding the existence of a contract between an individual or group and the Corporation or a Health Care Facility, such individual or group must be appointed and, thereafter, reappointed to the Medical Staff and granted clinical privileges in accordance with the Medical Staff Bylaws. In addition, the contract between the individual or group and the Corporation or Health Care Facility shall control the use of the Health Care Facility's facilities.

Section 5. ADOPTION AND AMENDMENT OF MEDICAL STAFF BYLAWS. The Board shall delegate to the Medical Staff the authority and responsibility to recommend to the Board proposed Medical Staff Bylaws, and amendments thereto, as are appropriate for the proper governance of the Medical Staff. The Board shall act upon such proposed Medical Staff Bylaws, or amendment(s) thereto, recommended by the Medical Staff, at any regular or special meeting at which the matter is duly considered. Provided such proposed Medical Staff Bylaws, or amendment(s) thereto, are approved by the affirmative vote of two-thirds (2/3) of the directors present and voting at such meeting, said proposed Medical Staff Bylaws, or amendment(s) thereto, shall be effective as of the date affirmative action is taken by the Board or at such later date as the Board may specify.

ARTICLE X

VOTING UPON SHARES HELD BY THE CORPORATION

Unless otherwise ordered by the Board, the CEO shall have full power and authority on behalf of the Corporation to attend, to act at, and to vote at any meeting of shareholders of any corporation in which the Corporation may hold shares of stock, and at any such meeting shall possess, and may exercise all rights and powers incident to the ownership of such shares which any owner thereof might possess and exercise if present. The Board, by resolution, from time to time, may confer like powers upon any other person or persons.

ARTICLE XI

FISCAL YEAR

The Board shall have power to fix, and from time to time change, the fiscal year of the Corporation. Unless otherwise fixed by the Board, the calendar year shall be the fiscal year.

ARTICLE XII

SEAL OF THE CORPORATION

The seal of the Corporation shall be in such form as the Board shall prescribe.

ARTICLE XIII

CHECKS AND CONTRACTS

Section 1. CHECKS. All checks, drafts or other orders for the payment of money, and all notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, or agent or agents of the Corporation, in addition to the officers so authorized by the Bylaws, and in such manner as shall from time to time be determined by resolution of the Board.

Section 2. CONTRACTS. The Board may authorize any officer or officers, or agent or agents of the Corporation, in addition to the officers so authorized by the Bylaws, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authority may be general or confined to specific instances.

ARTICLE XIV

RECORDS AND REPORTS

Section 1. MINUTE BOOK. The Corporation shall keep or cause to be kept in written form at its principal executive office or such other place as the Board may order, a minute book which shall contain a record of all actions by its shareholders, Board or committees of the Board, including the time, date and place of each meeting; whether a meeting is regular or special and, if special, how called; the manner of giving notice of each meeting and a copy

thereof; the names of those present at each meeting of the Board or committees thereof; the number of Shares present or represented at each meeting of the shareholders; the proceedings of all meetings; any written waivers of notice, consents to the holding of a meeting or approvals of the minutes thereof; and written consents for action without a meeting.

Section 2. **SHARE REGISTER.** The Corporation shall keep or cause to be kept at its principal executive office or, if so provided by resolution of the Board, at the Corporation's transfer agent or registrar, a Share register, or a duplicate Share register, which shall contain the names of the shareholders and their addresses, the number and classes of Shares held by each, the number and date of certificates issued for the same and the number and date of cancellation of every certificate surrendered for cancellation.

Section 3. **BOOKS AND RECORDS OF ACCOUNT.** The Corporation shall keep or cause to be kept at its principal executive office or such other place as the Board may order, adequate and correct books and records of account.

Section 4. **BYLAWS.** The Corporation shall keep at its principal executive office in the State of Connecticut or, in the absence of such office in the State of Connecticut, at its principal business office in the State of California, the original or a copy of these Bylaws as amended to date.

Section 5. **INSPECTION OF RECORDS.** The shareholders and directors of the Corporation shall have all of the rights to inspect the books and records of the Corporation that are specified under Connecticut law.

ARTICLE XV

CONFIDENTIALITY

Section 1. **GENERALLY.** The Corporation and its personnel are in possession of and have access to a broad variety of confidential, sensitive, and proprietary information, the inappropriate release of which could be injurious to individuals, the Corporation's business partners, and the Corporation. Each of the Corporation's directors, officers, employees and agents shall not disclose or use any private, confidential, proprietary or trade secret information relating to the Corporation, except as required in and by the terms of the Certificate of Incorporation, these Bylaws, or by applicable law.

Section 2. **PATIENT INFORMATION.** All personnel have an obligation to maintain the strict confidentiality of patient information in accordance with all applicable laws and regulations. All personnel shall refrain from revealing or disseminating any personal or confidential information concerning patients except as allowed by law, e.g., for claims processing by insurers or other third-party payers, or for purposes of patient care by the attending physician or other treating or consulting physicians. If questions arise regarding an obligation to maintain the confidentiality of information or the appropriateness of releasing information, employees should seek guidance from the Hospital CEO or the Hospital's Compliance Director.

Section 3. **PROPRIETARY INFORMATION.** Information, ideas and intellectual property assets of the Corporation are important to organizational success. Information

pertaining to the Corporation's competitive position or business strategies, payment and reimbursement information, and information relating to negotiations with employees or third parties should be protected and shared only with employees having a need to know such information in order to perform their job responsibilities. All personnel should exercise care to ensure that intellectual property rights, including but not limited to rights in patents, trademarks, copyrights, and software, are carefully maintained and managed to preserve and protect their value.

Section 4. PERSONNEL INFORMATION. Salary, benefit, and other personal information relating to personnel of the Corporation shall be treated as strictly confidential. Personnel files, payroll information, disciplinary matters, and similar information shall be maintained in a manner designed to ensure strict confidentiality and in accordance with applicable laws. All personnel should exercise due care to prevent the release or sharing of information beyond those persons who may need such information to fulfill their job functions. If any questions arise concerning the release of employment information, employees should obtain guidance from the Hospital's Compliance Director.

ARTICLE XVI

INDEMNIFICATION

Section 1. To the full extent permitted by the laws of the State of Connecticut, as they exist on the date hereof or as they may hereafter be amended, the Corporation shall indemnify any person (an "Indemnitee") who was or is involved in any manner (including, without limitation, as a party or witness) in any threatened, pending or completed investigation, claim, action, suit or proceeding, whether civil, criminal, administrative, arbitral, legislative or investigative (including, without limitation, any action, suit or proceeding by or in the right of the Corporation to procure a judgment in its favor) (a "Proceeding"), or who is threatened with being so involved, by reason of the fact that he or she is or was a director or officer of the Corporation, or a present or former member of the Advisory Board or, while serving as a director or officer of the Corporation or as a member of the Advisory Board, is or was at the request of the Corporation also serving as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise (including, without limitation, any employee benefit plan), against all expenses (including attorneys' fees), judgments, fines, penalties, excise taxes and amounts paid in settlement actually and reasonably incurred by the Indemnitee in connection with such Proceeding, provided that, there shall be no indemnification hereunder with respect to any settlement or other non-adjudicated disposition of any threatened or pending Proceeding unless the Corporation has given its prior consent to such settlement or disposition. The right of indemnification created by this Article shall be a contract right enforceable by an Indemnitee against the Corporation, and it shall not be exclusive of any other rights to which an Indemnitee may otherwise be entitled. Notwithstanding any other provision of these Bylaws to the contrary, no person shall be entitled to indemnity if the acts giving rise to the liability constituted misconduct, breach of fiduciary duty, self-dealing, and/or bad faith. Any indemnification under this Section (unless ordered by a court) shall be made by the Corporation only as authorized in the specific case upon a determination that indemnification is proper in the circumstances because he or she has met the applicable standard of conduct set forth above. Such determination shall be made by the Board. The provisions of this Article shall inure to the benefit

of the heirs and legal representatives of an Indemnitee and shall be applicable to Proceedings commenced or continuing after the adoption of this Article, whether arising from acts or omissions occurring before or after such adoption. No amendment, alteration, change, addition or repeal of or to these Bylaws shall deprive any Indemnitee of any rights under this Article with respect to any act or omission of such Indemnitee occurring prior to such amendment, alteration, change, addition or repeal.

Section 2. The Board shall have the power to purchase for the Corporation any insurance necessary or available to pay for any costs, expenses or liabilities incurred by the Corporation on account of the indemnification provisions of this Article.

ARTICLE XVII

LOCAL ADVISORY BOARD

Section 1. **PURPOSE.** The purpose of the Local Advisory Board of the Corporation (the "Advisory Board") is to serve in an advisory capacity to the Board, except to the extent otherwise expressly provided herein. The roles and responsibilities of the Advisory Board shall be as follows:

- (a) serve as a resource for Prospect Medical Holdings, Inc. ("PMH") with respect to PMH's investment of the Commitment Amount, as such term is defined in that certain Asset Purchase Agreement between Greater Waterbury Health Network, Inc. ("GWHN"), on its behalf and on behalf of its wholly owned subsidiaries, and certain indirect subsidiaries of PMH;
- (b) consult with the Hospital in the development of the post-Closing strategic capital plan;
- (c) serve as a resource for PMH with respect to maintenance and implementation of the Hospital's strategic business plan and in connection with any proposed changes to the strategic business plan;
- (d) participate in Medical Staff matters at the Hospital to the extent legally permissible;
- (e) oversee and manage the accreditation process for the Hospital;
- (f) collaborate with PMH and management of the Hospital on clinical "quality matters of the Hospital to share best practices, establish clinical "quality goals and measure progress;
- (g) maintain and oversee the "quality assurance programs at the Hospital; provided, however, that if PMH believes that modifications are needed to the "quality assurance programs within two (2) years following the closing of the transaction for the sale of the Hospital by GWHN (the "Closing") due to changed circumstances following the Closing, PMH shall submit a request for such modifications in writing to the Advisory Board, which shall reasonably consider whether to accept such modifications, provided that PMH shall not implement any

modifications to the quality assurance programs without first obtaining the approval of the Advisory Board for such modifications, which approval shall not be unreasonably withheld;

(h) provide support to the Hospital with respect to its physician recruitment efforts; and

(i) provide input to the Hospital and PMH on executive leadership succession at the Hospital.

Section 2. COMPOSITION. The Advisory Board shall be composed of community representatives, physicians on the Hospital's Medical Staff and the CEO of the Corporation. In addition, one representative designated by the Board shall serve as a member of the Advisory Board. For three (3) years following the Closing, the Advisory Board shall include one (1) community representative, who shall serve as a voting member of the Advisory Board with rights and obligations consistent with other voting members; such community representative shall be selected by the Hospital in consultation with the Mayor of Waterbury. The Hospital may nominate one (1) individual from the management of PMH or its affiliates to serve as a member of the Advisory Board.

Section 3. INITIAL MEMBERS. The initial members of the Advisory Board shall include at least five (5) physicians and five (5) other individuals identified by GWHN prior to Closing.

Section 4. ELECTION OF MEMBERS. The Governance Committee of GWHN's board of trustees will nominate, and GWHN's board of trustees will elect prior to Closing, the initial members of the Advisory Board. In appointing the initial members of the Advisory Board, GWHN will give strong consideration to the following factors:

(a) assuring Advisory Board diversity as to age, gender, race and town of residence, with the goal of reflecting the composition of the communities served by the Hospital;

(b) inclusion of individuals involved in the development of GWHN's strategic business plan prior to Closing, in order to maintain the forward momentum for the strategic business plan;

(c) tapping expertise and backgrounds that align with the Advisory Board's roles and responsibilities; and

(d) for community representative members, consideration of those individuals who have demonstrated a commitment to GWHN's mission by serving as GWHN corporators of GWHN prior to Closing.

The Hospital will appoint all new members to the Advisory Board and, in doing so, shall give strong consideration to nominations made by any nominating committee established in accordance with Section 12(a) of this Article.

Section 5. TERM OF OFFICE. Members of the Advisory Board shall serve for a term of three (3) years, subject to consideration of re-election as provided for herein. The initial

members of the Advisory Board shall be divided, as nearly equally as may be practical, into three (3) classes with staggered terms such that approximately 1/3 of the members shall serve a term of one (1) year; 1/3 of the members shall serve a term of two (2) years; and 1/3 of the members shall serve a term of three (3) years. Upon expiration of each term, any reelected members shall then be elected to terms of three (3) years, such that the terms of 1/3 of all members will expire each year thereafter. The designation of staggered terms shall not disproportionately impact the members selected by GWHN.

Section 6. REMOVAL OF MEMBERS. All members of the Advisory Board shall be subject to removal at any time, with or without cause, by the affirmative vote of a majority of the Advisory Board or by the Board.

Section 7. MEETINGS OF THE ADVISORY BOARD.

(a) ANNUAL MEETINGS. The Advisory Board shall hold an annual meeting, at such time and place as shall be determined by the Advisory Board, for the purpose of electing officers and for the transaction of such other business as may properly be brought before the meeting.

(b) REGULAR MEETINGS. Regular meetings of the Advisory Board shall be held at least quarterly, at such time and place as shall be determined by the Advisory Board. Advisory Board members shall be sent notification of the specific time and place and tentative agenda, together with appropriate materials, at least three (3) calendar days prior to the meeting. The Advisory Board shall not be limited to such agenda items during regular meetings.

Section 8. QUORUM. A majority of the members then serving on the Advisory Board shall constitute a quorum for the transaction of business, but the member(s) present, if less than a quorum, may adjourn any meeting from time to time until such quorum shall be present. All questions coming before the Advisory Board shall be determined and decided by a majority vote of the members present, unless the vote of a greater number is required by these Bylaws.

Section 9. OFFICERS. The officers of the Advisory Board shall be a chairman, a vice-chairman and a secretary, and may include such other officers as from time to time shall be designated and elected by the Advisory Board.

Section 10. ELECTION AND REMOVAL OF OFFICERS. All officers of the Advisory Board shall be elected at the first meeting of the Advisory Board, and at annual meetings thereafter, and shall hold office for one (1) year and until their respective successors, if any, shall have been duly elected and qualified, provided, however, that all officers of the Advisory Board shall be subject to removal at any time, with or without cause, by the affirmative vote of a majority of the Advisory Board. At its discretion, the Advisory Board may leave unfilled, for such period as it may deem proper, any office except that of chairman and secretary. Failure to elect any such officer shall be considered an exercise of this discretionary power.

Section 11. DUTIES OF OFFICERS.

(a) CHAIRMAN. The chairman of the Advisory Board shall have general charge and supervision of the operations of the Advisory Board. The chairman shall preside at

meetings of the Advisory Board and shall also perform such other duties as the Advisory Board shall designate from time to time.

(b) VICE-CHAIRMAN. The vice-chairman of the Advisory Board shall have such duties and responsibilities as may be delegated to him/her by the chairman and shall preside at meetings of the Advisory Board in the absence of the chairman.

(c) SECRETARY. The secretary of the Advisory Board shall attend all meetings of the Advisory Board, and shall keep and preserve true minutes of the proceedings of all such meetings. The secretary shall give all notices required by these Bylaws. The secretary shall also perform such other duties as the Advisory Board shall designate from time to time.

Section 12. COMMITTEES OF THE ADVISORY BOARD.

(a) NOMINATING COMMITTEE. The Advisory Board may form a nominating committee for the purpose of identifying, vetting and nominating to the Advisory Board candidates to serve as a member thereof upon election by the Advisory Board, and upon approval of the Board, all in compliance with the terms of these Bylaws.

(b) OTHER COMMITTEES. The Advisory Board may form, on a standing or an ad-hoc basis, such other committees as it deems necessary.

Section 13. AMENDMENT. The Hospital will not amend this Article XVII of the Bylaws without the affirmative vote of two-thirds of the members of the Advisory Board.

ARTICLE XVIII

AMENDING THE BYLAWS; PRECEDENCE

Notwithstanding anything to the contrary set forth in these Bylaws, subject to Article XVII, Section 13, these Bylaws may be altered, amended or repealed by the shareholders at any annual or special meeting of the shareholders (or by the shareholders' unanimous written consent), or by a majority vote of the directors then in office at any annual, regular or special meeting of the Board, so long as notice of the proposed amendment, alteration or repeal be contained in the notice of such Board meeting. Any Bylaws adopted, amended or repealed by the shareholders or Board (as the case may be) may thereafter be adopted, amended or repealed by a majority vote of the directors of the Board then in office or by the shareholders (as the case may be); provided, however, that any resolutions of the shareholders that change or fix the number of directors may only be adopted, amended or repealed by the shareholders.

If there is any inconsistency between these Bylaws (as amended from time to time) and the bylaws, rules or regulations of the Medical Staff, the provisions of these Bylaws shall take precedence in light of the Board's ultimate authority over the Hospital as its governing body.

Greer, Leslie

Subject: FW: Independent Monitor

From: Michele Volpe [<mailto:mmv@bvmlaw.com>]

Sent: Friday, November 04, 2016 3:08 PM

To: Martone, Kim

Cc: Shapiro, Daniel R.; Cass, Barbara; Lazarus, Steven; Jennifer O'Donnell

Subject: Independent Monitor

Hi Kim

Prospect is moving along with the selection of the Independent Monitor for the three hospitals, Manchester, Rockville and Waterbury. Colleen Smith is the candidate that has gone the furthest in the vetting process and has been selected to proceed. She was interviewed via phone and in person by hospital representatives, licensure division within DPH also interviewed Colleen and there are phone interviews set up for next week with PMH Corporate. I will send you Colleen Smith's resume and contact information so OHCA can make arrangements to speak directly with Ms. Smith as well. I also spoke with Dan Shapiro regarding OHCA participation in the process. Please contact me anytime if I can provide additional information or be of further assistance. Thank you

Michele M. Volpe
Bershtein, Volpe & McKeon P.C
[105 Court Street](#)
[New Haven, CT 06511](#)
Phone: [\(203\) 777-6995](#)
Fax: [\(203\) 777-5806](#)

Greer, Leslie

From: Martone, Kim
Sent: Monday, November 07, 2016 7:58 AM
To: Roberts, Karen; Cotto, Carmen
Cc: Greer, Leslie
Subject: FW: Colleen Smith Resume oct 14, 2012 V4 Jan.13.2015 v5 5.16 .doc
Attachments: Colleen Smith Resume oct 14, 2012 V4 Jan.13.2015 v5 5.16 .doc; ATT00001.htm

Kimberly R. Martone

Director of Operations, Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS #13 CMN, Hartford, Connecticut 06134
Phone: 860-418-7029 Fax: 860-418-7053
Email: Kimberly.Martone@ct.gov Website: www.ct.gov/ohca



From: Michele Volpe [<mailto:mmv@bvmlaw.com>]
Sent: Friday, November 04, 2016 4:58 PM
To: Martone, Kim
Cc: Shapiro, Daniel R.; Jennifer O'Donnell
Subject: Colleen Smith Resume oct 14, 2012 V4 Jan.13.2015 v5 5.16 .doc

im
As promised, attached is Colleen Smith's, the proposed independent monitor, resume. Please let me know if I can be of further assistance. Thank you.

COLLEEN O'BRIEN SMITH, MSN, RN, NEA-BC

EDUCATION

MASTER OF SCIENCE IN NURSING, 1976

University of Connecticut, Storrs, CT

BACHELOR OF SCIENCE IN NURSING, 1973

University of Connecticut, Storrs, CT

EXPERIENCE

2013-present

Nursing Consulting Partners

Healthcare Consultant

Work with clients on their strategic planning efforts, improvements in clinical outcomes, employee engagement and creation of professional practice environments. Conduct Magnet Readiness assessments, including data and document review.

2012

Norwalk Health Systems, Norwalk, Ct.

Interim Chief Operating Officer (March, 2012-August, 2012)

Fulfilled the role of COO during a planned leave of absence. Directed the activities of the following Hospital Departments: Radiology, Laboratory, Emergency Services, EMS, Nursing, and the Cancer Center. As a member of the senior leadership team, participated in strategic planning, service line development and preparation of the operational and capital budget for fiscal year 2013. Served as a member of the Master Facility Planning Project Steering committee.

July-August, 2012

Continued service to this organization in a Quality consultant role, charged with developing structures and processes to assure quality outcomes.

1986 – 2011

MIDDLESEX HEALTH SYSTEMS, Middletown, CT

Chief Nursing Officer (1995 – 2011)

Middlesex Health System is a non-profit healthcare organization serving a population of 250,000 residents. Its service area encompasses the largest geography of any hospital in CT, covering Middletown, Connecticut south to the Shoreline and East of the Connecticut

River. The system includes a 275-bed acute care hospital, Homecare and Hospice Agency, a network of primary care offices, three full service Emergency sites, a diagnostic outpatient center, Ambulatory Surgical Center, and Cancer Center. Middlesex Health System is a four-time winner of the Thompson-Reuters Top 100 Hospitals Award and attained Center of Excellence Certifications in Stroke, CHF, Disease Management, and Bariatric Surgery.

Reporting to the President and CEO, responsible for all Nursing, Emergency, Behavioral Health, Surgical Services, Home Health & Hospice, Case Management, and Pharmacy. Key member of the senior management team responsible for all strategic planning, governance, quality and safety, workforce development and engagement. Responsible for 1,071 FTEs including all Nursing Services, the Departments of Surgery and Anesthesia, Emergency Medicine, Behavioral Health and Hospice.

Managed an operating budget of \$650M in gross revenues and \$105M in expenses. Responsible for nine Directors and five Physician Chairmen.

Selected Accomplishments:

- Achieved Magnet Designation in 2001 followed by redesignations in 2005, and 2010.
- Reduced RN Vacancy Rate from 12% to 2.5%, sustained over the last three years.
- Reduced Temporary Labor costs from 1.7M to \$400,000/year.
- Redesigned several medical surgical units to offer private rooms.
- Developed Peer Review processes at all levels for all areas of responsibility.
- Established a Shared Governance Structure in 2000. Completed a redesign of this structure in 2008.
- Developed an RN Residency Program in 1999. Joined the University Health Consortium in 2008. Annual average new graduate retention rate of 87%.
- Achieved nurse satisfaction rates that surpassed the NDNQI benchmarks since 2002.
- Increased Nurse Certification rates from 34% to 56% in 8 years.
- Developed the Center for Research & Innovation. Secured philanthropic funding for research and evidence based practice projects. Established Clinical Scholars Program to advance evidence based practice.
- Founding Board member of the Middlesex Center for Advanced Orthopedic Surgery. Shared oversight for facility design, build and all operational aspects on this Joint Venture.
- Key member of Service Excellence team. Increased Press Ganey nursing care scores from 82 % to 94 %. All HCHAPS scores now above the state and national benchmark.
- Implemented Cerner Information Systems in Emergency, Inpatient, Pregnancy & Birthing Center, and Surgical Services from 2008 through 2011.
- Developed an outpatient Wound Care Center, the Center for Total Joint Replacement, and a Palliative Care Program.
- Key member of two new building projects: Emergency Department (2008), Critical Care Unit (2011)
- Established an Emergency Crisis Area within the Emergency Department to achieve rapid assessment and safe disposition of acute psychiatric patients.
- Achieved initial designation as a WHO Baby Friendly USA hospital in 2005 and in 2010.
- Established remote telemetry services and central monitoring capability.
- Established formal agreement with University of CT to provide additional nursing research expertise.

- Established a “Dedicated Education Unit” on a Medical unit and established a joint faculty appointment.

Director, Medical/Surgical Nursing (1992 – 1995)

Lead Faculty, Ona M. Wilcox College of Nursing (1986 – 1992)

Faculty for Medical Surgical course in evening program. Overall responsibility for theoretical, clinical, and administrative aspects of course.

Staff Nurse, Connecticut & Florida (1973 – 1986)

Provided nursing care for patients in a variety of clinical settings: Medical/Surgical, ICU, CCU, PACU, & Emergency Department

CERTIFICATIONS

- American Nurses Credentialing Center (ANCC); Magnet Appraiser 2006-2012
- ANCC Certification – Advanced Nursing Administration (NEA-BC) October, 2005 - Present
- Johnson & Johnson – Wharton Fellows Program in Management for Nurse Executives 2005

HEALTHCARE BOARD SERVICE

- Connecticut Hospital Association April, 2015-present
First Nurse Executive representative appointed to this Board of Ct. CEOs. Responsible for the strategic direction of CHA, oversight of the legislative advocacy platform, and approval of annual operating budget
- Hartford Healthcare Quality and Safety Committee of the HHC Board October, 2011-present
Approval of committee charter, mission, goals and strategic direction for all Quality and Patient Safety initiatives embarked upon by the Hartford Healthcare System. Review of all ongoing Quality and Safety Indicators including installation of an enterprise wide electronic record system

PROFESSIONAL MEMBERSHIPS

- American Nurses Association (ANA)
- American Organization of Nurse Executives (AONE)
- Connecticut Hospital Association (CHA)
 - Past Chair Patient Care Executive Group
 - Committee on Human Resources
 - Subcommittee on Nursing Staffing, Chair
 - Nurse Sensitive Quality Indicators, Chair
 - Hospital Oversight Work Group
- Connecticut Nurses Association (CNA)

- Connecticut Organization of Nurse Executives (ONE-CT)
 - Board Member at Large, 2012-14
 - Past President, Chair, 2010 - Nominations Committee
 - President, 2009
 - President Elect, 2008
 - Board Member, 2007
- Editorial Board of Advances in Nursing
- Founding Member of the Connecticut Nursing Collaborative
- Sigma Theta Tau Nursing Society, 1974 – Present
- VHA CNO Network, Past Co-Chair, Northeast Region

PRESENTATIONS

- “The 5 R’s of Redesignation: Relevance, Rewards, Risks, Resources, and Role Redesign”, ANCC Magnet Conference, 2014
- “*Building & Sustaining A Magnet Culture – Key Strategies & Lessons Learned*”, Leadership Conference – Institute of the Mid South, 2011
- “*How to Blow Up a Council Structure & Begin Again: A Success Story*” – ANCC National Magnet Conference, 2010
- “Documenting the EO’s – Six Success Strategies” – ANCC National Magnet Conference, 2010
- “Connecticut Nursing Collaborative – A Plan for Strategic Partners” – Connecticut Nurses Association Annual Convention, 2010
- “*Shared Governance at Middlesex Hospital – Evolving, Empowering, Enculturating*” – Connecticut Hospital Association Nursing Day of Sharing, 2009
- “Department of Nursing – 3rd Generation Magnet – Achieving, Sustaining, Excelling” – Middlesex Hospital Board of Directors Meeting, 2009
- Various Presentations to University of Connecticut, American College of Healthcare Executives, Capitol Alliance Research, Connecticut Hospital Association, and VHA (2008-2002)

PUBLICATIONS

- Leadership Competencies for Clinical Managers; The Renaissance of Transformational Leadership – Chapter 16 “*Achieving Magnet Status: A Story of Leadership*”

AWARDS

- T. Stewart Hamilton, MD, Distinguished Service Award – Connecticut Hospital Association, 2011
- Diamond Jubilee Doris M. Armstrong Award for Outstanding Contributions to Nursing Administration (Connecticut Nurses Association), 2010
- Sixth Annual Distinguished Alumni Award, Eleanor K. Gill Outstanding Award for Clinical Excellence in Nursing, University of Connecticut

Greer, Leslie

From: Roberts, Karen
Sent: Monday, November 28, 2016 3:51 PM
To: Greer, Leslie
Cc: Cotto, Carmen
Subject: FW: Independent Monitor
Attachments: Consulting Agrmt Independent Monitor (BVM clean 11.23.16).pdf; Nursing Consulting Partners Work Plan (BVM 11.28.16).pdf

From: Jennifer O'Donnell [<mailto:jlo@bvmlaw.com>]
Sent: Monday, November 28, 2016 2:29 PM
To: Martone, Kim; Roberts, Karen; Cotto, Carmen
Cc: Michele Volpe
Subject: Independent Monitor

Attached please find the Consulting Services Agreement and draft Work Plan being proposed for the Independent Monitor. Please let us know if OHCA has signed off on the IM. Thank you.

Jennifer L. O'Donnell
Paralegal
Bershtein, Volpe & McKeon P.C.
105 Court Street, 3rd Floor
New Haven, Connecticut 06511-6957
Telephone: (203) 777-5800 (ext. 104)
Direct Line: (203) 777-5804
Facsimile: (203) 777-5806

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CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (this “Agreement”) is made and entered into as of the ____ day of November, 2016 (the “Effective Date”), by and among Prospect ECHN, Inc., a Connecticut corporation (“Prospect ECHN”), Prospect Waterbury, Inc., a Connecticut corporation (“Prospect Waterbury”) and Nursing Consulting Partners, LLC, through its nurse consultant Colleen Smith, MSN, RN, NEA-BC, herein collectively referred to as (“Consultant”).

RECITALS

A. Prospect ECHN has acquired certain healthcare facilities in Connecticut including The Rockville General Hospital Incorporated and Manchester Memorial Hospital (collectively, the “ECHN Facilities”).

B. Prospect Waterbury has acquired certain healthcare facilities in Connecticut including The Waterbury Hospital (collectively, the “GWHN Facilities”).

C. The State of Connecticut, Department of Public Health, Facility and Licensing Investigations Section (“FLIS”) has required pursuant to a Pre-Licensure Consent Order for Prospect Manchester Hospital, Inc., Prospect Rockville Hospital, Inc. and Prospect Waterbury Hospital, Inc., OHCA Final Decision for Greater Waterbury Health Network, Inc., OHCA Final Decision for Eastern Connecticut Health Network, Inc., Quality Assurance Commitment for Greater Waterbury Health Network, Inc., and Quality Assurance Commitment for Eastern Connecticut Health Network, Inc., copies of which are attached as Exhibit A (“Order”) that Prospect ECHN and Prospect Waterbury (each a “Licensee” and collectively, the “Licensees”) execute a contract with an Independent Monitor (“IM”) pre-approved in writing by the Department of Public Health, Office of Healthcare Access (“OHCA”) and FLIS pursuant to which the IM will monitor the ECHN Facilities and the GWHN Facilities (each a “Facility” and collectively with any other Facilities subject to the Order, the “Facilities”) in compliance with the Order.

D. Consultant desires to perform the services of the IM described in the Order and the Licensees desire to engage Consultant to perform such services, subject to the terms and conditions of this Agreement and in full compliance with the Order.

In consideration of the mutual covenants contained herein, the parties hereto hereby agree as follows:

1. Scope of Services. Consultant will provide the services of the IM as described in the Order and otherwise comply with the Order (collectively, the “Services”). The Licensees shall cooperate with Consultant and provide access to the Facilities, and management and other representatives of the Facilities in order to enable the IM and the Licensees to fully comply with applicable provisions of the Order.

2. Independent Contractor. Consultant and the Licensees acknowledge and agree that Consultant shall provide services as an independent contractor. Consultant and Licensees acknowledge and agree that no employment relationship, partnership, or joint venture shall be formed due to the performance of this Agreement. This Agreement does

not make Consultant the agent or legal representative of Licensees, and Consultant further agrees that no representation will be made by Consultant that would create an apparent agency, employment, partnership, or joint venture relationship. Consultant acknowledges that he is solely responsible for the taxes on his own income and that, as an independent contractor, his payments will be reported on an IRS Form 1099. In addition, Consultant will provide his own insurance, as necessary, and will not be covered under any Licensee's insurance policy or benefits program.

3. Method of Performing Services. Consultant will determine the method, details, and means of performing the services required by this Agreement.

4. Time and Place of Performing Work. Consultant may perform the Services under this Agreement at any suitable time and location Consultant chooses. Such services will be performed outside the usual course of the Licensees' business although Consultant may, from time to time, as Consultant deems necessary, perform services under this Agreement at the Facilities. Consultant shall observe all safety rules, policies and procedures applicable to visitors and vendors at each facility when on site at the Facilities, including requirements for flu and other vaccinations, if requested.

5. Payment. Consultant shall be paid a monthly retainer during the first twelve (12) months of Seventy-Five Hundred Dollars (\$7,500) for all Services and Twenty-Five Hundred dollars (\$3,500) during the second proceeding twelve (12) months for all Services. Compensation to be paid to IM under this Agreement under no circumstances shall exceed \$300,000 in accordance with the Order. Consultant shall be responsible for all taxes attributable to the compensation paid to him under this Agreement. Consultant shall be entitled to no other payment, remuneration, or benefits other than the compensation described in this Agreement. Because Consultant is an independent contractor, the Licensees will not deduct any amounts from Consultant's payments for income tax or other employment-related withholdings.

6. Billing. Consultant shall provide each Licensee with an invoice on a monthly basis providing a general description of the Services performed and number of hours billed for the Services provided to each Licensee. The invoice shall also list any expenses reasonably incurred by Consultant as part of his consulting services, for which he seeks reimbursement, except that Consultant must obtain prior consent before incurring any expense in excess of \$500. Each Licensee's payment of Consultant's invoice is due within thirty (30) days of receipt.

7. Term; Termination. This Agreement will begin on the Effective Date and shall continue for a period of two years in accordance with the Order. This Agreement may not be terminated by either party or by mutual consent unless such termination is approved by OHCA and FLIS. The term may be extended at the direction of FLIS for up to (1) additional year, for an overall total of three (3) years, provided that the compensation cap set forth in paragraph 5 shall include any such extended term.

8. Representations. Consultant warrants that all information provided by Consultant to Licensees is true to the best of Consultant's actual knowledge. Consultant further warrants that he is not restricted by, and has no conflict of interest derived from any other agreement and has no other interest or obligation that would interfere with his

performing work as described in this Agreement, and that he shall inform Licensees immediately should such a limitation or conflict arise. Consultant further warrants that the services of Consultant will be provided utilizing reasonable care and skill in accordance with customary industry standards. Consultant represents he/she has expertise in hospital administration and operations, knowledge of the healthcare environment with a special focus on quality assurance and performance improvement, and considerable knowledge of accepted standards of practice and state and federal laws and regulations applicable to general/acute care hospitals. Consultant represents and warrants that he/she has not been convicted of a criminal offense related to healthcare, debarred, suspended, declared ineligible, or excluded from participating with Medicare, Medicaid or any other plan or program that provides health benefits, whether directly through insurance or otherwise, which is funded directly, in whole or in part, by the United States Government or any State health care program. This shall be an ongoing representation and warranty during the term of this Agreement. Consultant shall immediately notify Licensees of any change in the status of the representations set forth in this section.

9. Adherence to Health Laws. Consultant acknowledges that Licensees receive federal funds and that Contractor will receive payments under this Agreement that are, in whole or in part, from federal funds. Consultant shall follow and adhere to all applicable state and federal laws, rules, and regulations, including, but not limited to, all Medicare laws, regulations and CMS instructions, including, without limitations, (a) federal criminal law; (b) the False Claims Act (31 USC 3729 et seq.); and (c) the anti-kickback statute (42 USC 1320a-7b(b)); (d) the civil monetary penalties law (42 USC 1320a-7a); (e) the physician self-referral law (42 USC 1395nn).

10. Corporate Compliance. Contractor acknowledges that Licensees maintain Corporate Compliance Plans (“CCPs”) that foster prevention, detection and resolution of instances of misconduct. Vendor shall cooperate with Licensees’ corporate compliance audits, reviews and investigations that relate to the services provided by Contractor under this Agreement. Contractor agrees to immediately notify Licensees’ Compliance Officers of any violation of any applicable law, regulation, third party payor requirements or breach of Licensees’ CCPs of which Contractor becomes aware during the term hereof.

11. Insurance. Consultant shall, at his/her sole cost and expense, maintain at all times during the term of this Agreement, general liability (“GL”) and errors and omissions (“E&O”) insurance covering his/her provision of the Services in minimum amounts of One Million Dollars (\$1,000,000) per occurrence, Three Million Dollars (\$3,000,000) in the aggregate annually, as well as an umbrella/excess liability insurance policy written on an occurrence basis and in an amount of not less than Three Million Dollars (\$3,000,000) in the annual aggregate, excess of the limits of his/her GL and E&O policies (collectively, the “Policies”). Said Policies shall be obtained from an insurer licensed or authorized to do business in Connecticut, with an A.M. Best's Insurance Rating of A- or better. Licensees and their officers, directors, agents, employees, and volunteers (the “Licensee Parties”) shall be named as additional insureds to all such Policies, and said Policies shall provide that they are primary to and noncontributory with any and all other insurance maintained by or otherwise afforded to the Licensee Parties. Upon a Licensee’s request, Consultant shall provide a current certificate of insurance to Licensee evidencing such coverage and shall require

its insurance carrier to notify Licensee immediately of any actual or intended change, cancellation, modification or non-renewal of such coverage. The obligations set forth herein shall survive the expiration or termination of this Agreement.

12. No Assignment or Subcontracting. Consultant shall not assign or otherwise transfer his rights in this Agreement without the prior written consent of the Licensees and the approval of OHCA and FLIS. Consultant may not subcontract the consulting services to any other consultant without the prior written consent of the Licensees and the approval of OHCA and FLIS.

13. Non-exclusivity. Consultant may represent, perform services for, and contract with as many additional clients, persons, or companies as Consultant, in Consultant's sole discretion, sees fit. Consultant shall not, however, perform services for any other entity where such services would create a conflict of interest with the services performed under this Agreement for Licensees.

14. Non-Solicitation. Consultant agrees that during the term of this Agreement, and for a period of two (2) years after the termination of this Agreement, Consultant shall not solicit, either directly or indirectly, any employee, customer, contractor, vendor, business contact, or consultant to leave Licensees.

15. Trade Secrets, Confidential Information.

(A) For purposes of this Agreement, the term "Confidential Information" means any information relating to Licensees (including any of their subsidiaries, shareholders or other affiliates) disclosed to Consultant, whether orally, in writing, or in any other medium, whether prior to or after the Effective Date of this Agreement, by or on behalf of Licensees, including, without limitation, information regarding Licensees assets, real estate holdings, historical and projected financial information; budgets; services; processes; operations; marketing plans and materials; analyses; strategies; forecasts; names, addresses and any other information regarding Licensees' existing or potential patients, employees, vendors or suppliers; or any information derived, summarized or extracted from any of the foregoing.

(B) Confidential Information shall not include any information which (i) is or becomes available to the public other than as a consequence of a breach of this Agreement; (ii) was available to Consultant on a non-confidential basis prior to its disclosure to Consultant by Licensees; (iii) becomes available to Consultant from a source other than Licensees, provided such source is not actually known by Consultant to be bound by a confidentiality obligation to Licensees; or (iv) is required to be disclosed by Consultant or any of its Representatives (as defined below) under the Order or applicable law or regulation.

(C) Consultant hereby agrees to hold in strict confidence all Confidential Information and agrees not to disclose or otherwise provide or transfer, directly or indirectly, any Confidential Information or anything related to the Confidential Information to third parties, including, but not limited to, Consultant's affiliates, without

the prior written consent of Licensees. Consultant further agrees that he may use the Confidential Information only in connection with the work he will perform for Licensees and to comply with the Order and not for any other purpose or for the benefit of any third party.

(D) Consultant shall not disclose to any third party, except where permitted or required by the Order or by law or where such disclosure is expressly approved by Licensees in writing, any patient or medical record information regarding any of the Licensee's patients, and Consultant shall comply with all federal and state laws and regulations, and all bylaws, rules, regulations, and policies of Licensees, its accrediting agency and the medical staff, regarding the confidentiality of such information. Consultant acknowledges that in receiving or otherwise dealing with any records or information from Licensees about (i) Licensees' patients receiving treatment for alcohol or drug abuse, Consultant is fully bound by the provisions of the federal regulations governing Confidentiality of Alcohol and Drug Abuse Patient Records (42 C.F.R. Part 2, as amended from time to time), and/or (ii) Licensees' peer review activities, Consultant is fully bound to maintain the confidentiality of such information in accordance with C.G.A. § 19a-17b(d). In addition, Consultant shall comply in all respect with HIPAA and the HITECH Act 42 U.S.C. §§300jj et seq.; §§17901 et seq., and shall execute and deliver to Licensees the Business Associate Agreement attached as Exhibit B.

(E) Consultant understands that in the event he fails to comply with paragraph 13 or this paragraph 14, Licensees may suffer irreparable harm, which may not be adequately compensated for by monetary damages alone. Consultant, therefore, agrees that in the event of his breach or threatened breach of paragraph 13 or this paragraph 14, Licensees will be entitled to injunctive and/or other preliminary or equitable relief from a court of law. Consultant understands that this is the sole exception to the binding arbitration of disputes between the parties in accordance with paragraph 20 below.

16. Return of Property and Confidential Information. Consultant agrees that, upon termination of this Agreement, he will promptly return to Licensees all items, documents and materials that are in Consultant's possession or control that were provided to Consultant by Licensees. Consultant further agrees that he will promptly return to Licensees or destroy all written Confidential Information received by Consultant from or on behalf of Licensees, including any and all copies or duplicates of such Confidential Information, and all summaries or extracts thereof in any medium prepared by or on behalf of Consultant. Any destruction of Confidential Information shall be confirmed in writing.

17. Notices. Any required notice under this Agreement shall be deemed made on the date it is personally delivered or, if made by U.S. Mail, Federal Express or similar parcel service, three (3) days after the date it is sent. Notices under this Agreement shall be sent to the following:

If to Consultant:

Nurse Consulting Partners, LLC
6909 S. Park View Court
Franklin, WI 53132

Colleen Smith, MSN, RN, NEA-BC
41 Laurel Crest Road
Madison, CT 06443

If to Licensees:

Prospect ECHN, Inc.
71 Haynes Street
Manchester, CT 06040
Attention: Chief Executive Officer

Prospect Waterbury, Inc.
64 Robbins Street
Waterbury, CT 06708
Attention: Chief Executive Officer

With a copy to:

Prospect Medical Holdings, Inc.
3415 South Sepulveda Blvd., 9th Floor
Los Angeles, CA 90034
Attention: General Counsel

18. Modifications. No Modification or amendment may be made to this Agreement unless it is in writing and signed by Consultant and an authorized officer of Licensees.

19. Entire Agreement. Consultant and Licensees acknowledge and agree that this Agreement which includes Exhibits A and B contains the entire understanding between the parties and that this Agreement replaces and supersedes any other agreement, including any written, oral or implied agreement, regarding the subject matter contained in this Agreement.

20. Arbitration. Any dispute between the parties arising out of this Agreement, including without limitation threshold or jurisdictional issues, such issues of arbitrability on the enforceability of this Agreement, shall be resolved by binding arbitration, pursuant to the commercial dispute rules of the Judicial Arbitration and Mediation Services ("JAMS"). The arbitration shall take place before a single arbitrator. The prevailing party to the arbitration shall be entitled to recover its attorney's fees and costs, including the JAMS arbitration fees. The arbitrator shall be entitled to award any relief or remedy under law, including monetary damages and injunctive relief. Despite this provision, if Consultant breaches paragraph 13 or paragraph 14 of this Agreement, Licensees may seek injunctive relief from a court of law to remedy such a breach.

21. Severability. If any part, clause, or condition of this Agreement is held to

be partially or wholly invalid, unenforceable, or inoperative for any reason whatsoever, such will not affect any other provision or portion hereof, which will continue to be effective as though such invalid, inoperative, or unenforceable part, clause or condition had not been made.

22. Binding Upon Successors. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

23. Governing Law and Venue. All questions concerning this Agreement, its construction, and the rights and liabilities of the parties hereto will be interpreted and enforced in accordance with the laws of the State of Connecticut as applied to contracts which are executed and performed entirely within the state.

Consultant and Licensees represent that they have read and understand the terms of this Agreement, that they have had the opportunity to review this Agreement with the counsel of their choice, and that they are not relying on any advice from the other party regarding this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

LICENSEES:

PROSPECT ECHN, INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

PROSPECT WATERBURY, INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

CONSULTANT:

Name: Colleen Smith, MSN, RN, NEA-BC

Nursing Consulting Partners

By: _____

Name:

Title:

EXHIBIT A

1. Pre-Licensure Consent Order for Prospect Manchester Hospital, Inc.
2. Pre-Licensure Consent Order for Prospect Rockville Hospital, Inc.
3. Pre-Licensure Consent Order for Prospect Waterbury, Inc.
4. OHCA Final Decision for Greater Waterbury Health Network, Inc.
5. OHCA Final Decision for Eastern Connecticut Health Network, Inc.
6. Quality Assurance Commitment for Greater Waterbury Health Network, Inc.
7. Quality Assurance Commitment for Eastern Connecticut Health Network, Inc.

BUSINESS ASSOCIATE AGREEMENT

THIS BUSINESS ASSOCIATE AGREEMENT (the “Business Associate Agreement”) is made and entered into as of November __, 2016 (the “Effective Date”), by and among Prospect ECHN, Inc., a Connecticut corporation (“Prospect ECHN”), Prospect Waterbury, Inc., a Connecticut corporation (“Prospect Waterbury”) (together, the “Covered Entities”) and Nursing Consulting Partners, LLC (“Business Associate”)

RECITALS:

WHEREAS, the Business Associate and Covered Entities have entered into and may enter into one or more agreements (the “Agreement(s)”) under which the Business Associate performs or assists the Covered Entities with a function or activity involving the Use or Disclosure of Individually Identifiable Health Information;

WHEREAS, the Covered Entities and the Business Associate desire to comply with the requirements of regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 (“HIPAA”).

WHEREAS, the HIPAA Standards require that the Covered Entities obtain satisfactory assurances that the Business Associate will appropriately safeguard the Individually Identifiable Health Information Used or Disclosed by the Business Associate in the course of performing services pursuant to the Agreement(s).

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants herein contained, the parties agree as follows:

1. Definitions

- a) HIPAA Rules shall mean the Privacy, Security, Breach Notification and Enforcement Rules at 45 C.F.R. Part 160 and Part 164.
- b) The following terms Used in this business Associate Agreement shall have the same meaning as those terms defined in the HIPAA Standards: Business Associate, Covered Entity, Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required By Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.
- c) The Covered Entities and the Business Associate acknowledge and agree that capitalized terms Used, but not otherwise defined, herein are as defined in the HIPAA Standards;

2. Obligations and Activities of Business Associate

- a) Business Associate shall not Use or further Disclose Protected Health Information other than as permitted or required by this Business Associate Agreement or as required by law.
- b) Business Associate shall Use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic protected health information, to prevent Use or Disclosure of the Protected Health Information not provided for by this Business Associate Agreement.
- c) Business Associate shall immediately report to Covered Entities any Use or Disclosure of Protected Health Information or individually identifiable information not provided for by this Business Associate Agreement, including without limitation any Breach of Protected Health Information or Unsecured Protected Health Information as required and any Security Incident of which the Business Associate becomes aware. Business Associate shall take any reasonable action necessary or requested by the Covered Entities to mitigate, to the extent practicable, any harmful effect that is known to Business Associate.
- d) In the event of a Breach of Protected Health Information or Unsecured Protected Health Information, Business Associate's notice to Covered Entities of such Breach shall include, to the extent possible, the identification of each Individual whose Protected Health Information has been, or is reasonably believed to have been, accessed, acquired, or disclosed. Business Associate shall also provide Covered Entities any other available information that the Covered Entities are required to include in the notification to the Individual, even if such information becomes available after notification to the Individual, or take any reasonable action necessary as requested by the Covered Entities to assist Covered Entities in complying with any applicable Breach notification requirements.
- e) Business Associate shall ensure that any agent of the Business Associate, including a subcontractor that creates, maintains transmits, or receives Protected Health Information on behalf of Covered Entities agrees to the same restrictions, conditions and requirements that apply through to Business Associate with respect to such information.
- f) If the Business Associate maintains Protected Health Information in a Designated Record Set, the Business Associate shall:
 - (i) provide access or make available to Covered Entities Protected Health Information in a Designated Record Set, to Covered Entities or to an Individual, per Covered Entities' direction in order to meet the requirements under 45 C.F.R. § 164.524; and
 - (ii) make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entities direct or agree to

pursuant to 45 C.F.R. § 164.526 at the request of Covered Entity or an Individual in the time and manner designated by Covered Entity, or take other measures as necessary to satisfy Covered Entities' obligations under 45 C.F.R. 164.526.

- g) Business Associate shall maintain and make available to Covered Entity information pertaining to Disclosures of Protected Health Information by Business Associate to permit Covered Entity to respond to a request by an Individual for an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528. In the event that Business Associate receives a direct request from an Individual for an accounting of Disclosures of Protected Health Information made by Business Associate, Business Associate agrees to provide the Individual with such an accounting in accordance with 45 C.F.R. § 164.528.
- h) To the extent Business Associate is to carry out one or more of Covered Entities' obligation(s) under Subpart E of 45 C.F.R. Part 164, Business Associate shall comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligation(s); and
- i) Business Associate shall make internal practices, books, and records relating to the Use and Disclosure of Protected Health Information received from, or created, maintained or received by Business Associate on behalf of Covered Entity available to the Covered Entity or the Secretary, in a time and manner designated by the Covered Entity or the Secretary, for purposes of the Secretary determining Covered Entities' or Business Associate's compliance with the HIPAA Rules.
- j) Business Associate shall implement and maintain safeguards as necessary to ensure that all Protected Health Information is Used or Disclosed only as authorized under the HIPAA Rules and this Business Associate Agreement. Business Associate agrees to assess potential risks and vulnerabilities to Protected Health Information in its possession and develop, implement and maintain the administrative, physical and technical safeguards required by the HIPAA Rules that protect the confidentiality, availability and integrity of the Protected Health Information that Business Associate creates, receives, maintains or transmits on behalf of the Covered Entity. These measures must be documented and kept current, and must include, at a minimum, those measures that fulfill the requirements outlined in the HIPAA Rules. Business Associate also agrees to implement policies and procedures that address Business Associate's compliance with applicable HIPAA Rules and its efforts to detect, prevent and mitigate the risks of identity theft resulting from the improper Use and/or Disclosure of an Individual's information.
- k) In the event that Business Associate has knowledge of a Covered Entity's breach of the HIPAA Rules, Business Associate agrees to notify Covered Entity and take reasonable steps to cure such breach.

- l) Business Associate acknowledges that if it violates any of the requirements provided under this Business Associate Agreement, Business Associate will be subject to the same civil and criminal penalties that a Covered Entity would be subject to if such Covered Entity violated the same requirements.

3. Permitted Uses and Disclosures by Business Associate

- a) Business Associate may Use or Disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, a Covered Entity as specified in the Agreement(s), provided that such Use or Disclosure would not violate the HIPAA Rules if done by the Covered Entity.
- b) Business Associate may Use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
- c) Business Associate may Disclose Protected Health Information for the proper management and administration of the Business Associate, provided that Disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is Disclosed that it will remain confidential and will be Used or further Disclosed only as Required by Law or for the purpose for which it was initially Disclosed to the recipient, and the recipient notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- d) Except as otherwise permitted by the HIPAA Rules, when using or disclosing Protected Health Information or responding to a request for Protected Health Information, Business Associate must limit such Protected Health Information, to the extent practicable, to a Limited Data Set, or if more information than a Limited Data Set is required, Business Associate agrees to make Uses and Disclosures and requests for protected health information consistent with the Minimum Necessary to accomplish the intended purpose of such Use, Disclosure, or request.
- e) Except as otherwise permitted by the HIPAA Rules, Business Associate agrees that it will not directly or indirectly receive remuneration in exchange for any Protected Health Information unless the Covered Entity has obtained from an Individual a valid authorization that includes a specification of whether the Protected Health Information can be further exchanged for remuneration by the entity receiving the Individual's Protected Health Information. When the Secretary issues the regulations that address the requirements of this Section and such regulations become effective, Business Associate shall comply with such regulations with respect to receiving remuneration in exchange for any Protected Health Information.

- f) If an Individual requests that Business Associate restrict the Disclosure of the Individual's Protected Health Information to carry out treatment, payment, or health care operations, Business Associate agrees that it will comply with the requested restriction if, except as otherwise required by law, the Disclosure is to a health plan for purposes of carrying out payment or health care operations (and is not for purposes of carrying out treatment), and the Protected Health Information pertains solely to a health care item or service for which the health care provider involved has been paid out of pocket in full.
- g) Except as otherwise limited in this Business Associate Agreement, Business Associate may Use and Disclose Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 42 C.F.R. § 164.504(e)(2)(i)(B).

4. Obligations of Covered Entities

- a) Covered Entities shall provide Business Associate with the Notice of Privacy Practices that Covered Entities produce in accordance with 45 C.F.R. § 164.520, as well as provide any changes to such Notice and the Business Associate shall comply with such Notice of Privacy Practices.
- b) Covered Entities shall provide Business Associate with any changes in, or revocation of, permission by Individual to Use or Disclose Protected Health Information, if such changes affect Business Associate's permitted or required Uses and Disclosures.
- c) Covered Entities shall notify Business Associate of any restriction to the Use or Disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522.
- d) Covered Entities shall not request Business Associate to Use or Disclose Protected Health Information in any manner that would not be permissible under the HIPAA Rules if done by Covered Entities.

5. Term and Termination

- a) Term. The Term of this Business Associate Agreement shall be effective as of the Effective Date and shall terminate at to a Covered Entity when all of the Protected Health Information provided by the Covered Entity to Business Associate, or created, maintained, or received by Business Associate on behalf of the Covered Entity, is destroyed or returned to the Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section.
- b) Termination for Cause. Upon a Covered Entity's knowledge of a material breach of this Business Associate Agreement by Business Associate, the Covered Entity shall provide an opportunity for Business Associate to cure

the breach or end the violation. The Covered Entity shall terminate the Business Associate Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity. The Covered Entity may immediately terminate the Business Associate Agreement if Business Associate has breached a material term of this Business Associate Agreement and cure is not possible, as determined by the Covered Entity in its reasonable discretion.

c) Effect of Termination.

- (i) Except as provided in this subsection, upon termination of the Agreement(s) or this Business Associate Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entities, or created, maintained or received by Business Associate on behalf of Covered Entities that the Business Associate still maintains in any form. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- (ii) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entities notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the parties that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this Business Associate Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.
- (iii) The parties hereto understand and agree that the terms of this Business Associate Agreement are reasonable and necessary to protect the interests of the Covered Entities and the Business Associate. The parties further agree that the Covered Entities would suffer irreparable harm if the Business Associate breached this Business Associate Agreement. Thus, in addition to any other rights or remedies, all of which shall be deemed cumulative, the Covered Entities shall be entitled to obtain injunctive relief to enforce the terms of this Business Associate Agreement.
- (iv) Survival. The obligations of Business Associate under this Section shall survive the termination of this Business Associate Agreement.

6. Miscellaneous

- a) Interpretation. Any ambiguity in this Business Associate Agreement shall be interpreted in a manner that permits the parties to comply with the HIPAA Rules.
- b) No Private Cause of Action. This Business Associate Agreement is not intended to and does not create a private cause of action by any individual, other than the parties to this Business Associate Agreement, as a result of any claim arising out of the breach of this Business Associate Agreement, the HIPAA Standards or other state or federal law or regulation relating to privacy or confidentiality.
- c) Amendment. Any party shall have the right to amend this Business Associate Agreement by providing written notice to the other parties in order to bring it into compliance with any law or regulation enacted or promulgated regarding the protection of health information that is any way inconsistent with the terms of this Business Associate Agreement or interferes with the parties' obligations with respect to the protection of health information.
- d) Application of State Law. Where any applicable provision of Connecticut State law relates to the privacy of health information and is not preempted by HIPAA, as determined by application of the HIPAA Rules, the parties shall comply with the applicable provisions of Connecticut State law.
- e) Severability. If any provision of this Business Associate Agreement shall be declared invalid or illegal for any reason whatsoever, then notwithstanding such invalidity or illegality, the remaining terms and provisions of this Business Associate Agreement shall remain in full force and effect in the same manner as if the invalid or illegal provision had not been contained herein, and such invalid, unenforceable or illegal provision shall be valid, enforceable and legal to the maximum extent permitted by law.
- f) Governing Law. This Business Associate Agreement shall be interpreted, construed and governed according to the laws of the State of Connecticut. The parties agree that venue shall lie in Federal and State courts in the State in which the Covered Entities maintain their principal places of business, without regard to conflicts of law principles, regarding any and all disputes arising from this Business Associate Agreement.
- g) Notices. Any notice or other communication given pursuant to this Business Associate Agreement must be in writing and (i) delivered personally, (ii) delivered by overnight express, or (iii) sent by registered or certified mail, postage prepaid, to the addresses set forth below and shall be considered given upon delivery.

Chief Compliance and Privacy Officer
Prospect ECHN, Inc.

71 Haynes Street
Manchester, CT 06040

Chief Compliance Officer
Prospect Waterbury, Inc.
64 Robbins Street
Waterbury, CT 06708

With a copy to:

Prospect Medical Holdings, Inc.
3415 South Sepulveda Blvd., 9th Floor
Los Angeles, CA 90034
Attention: General Counsel

- h) Indemnification. Without limitation to any indemnification obligation that Business Associate may have under the Agreement(s), Business Associate shall indemnify, hold harmless and defend Covered Entities from and against any and all claims, losses, liabilities, costs and other expenses resulting from, or relating to, the acts or omissions of Business Associate, its employees, agents, and subcontractors, in connection with any Use or Disclosure of Protected Health Information, Unsecured Protected Health Information, or an Individual's information not provided for by this Business Associate Agreement, including without limitation any Breach of Protected Health Information, Unsecured Protected Health Information, or an Individual's information or any expenses incurred by Covered Entities in providing required breach notifications.

IN WITNESS WHEREOF, the parties hereto have executed this Business Associate Agreement as of the Effective Date.

BUSINESS ASSOCIATE
NURSING CONSULTING PARTNERS,
LLC

By: _____
Printed Name:
Title:
Date:

COVERED ENTITY
PROSPECT ECHN, INC.

By: _____
Printed Name:
Title:
Date:

COVERED ENTITY
PROSPECT WATERBURY, INC.

By: _____

Printed Name:

Title:

Date:

PROSPECT ECHN, INC. WORK PLAN

Draft 11/28/16

INDEPENDENT MONITORING PROCEDURES (per Docket Number 15-32016-486)

OHCA Condition	IM Action
<p><u>CON Condition 4:</u> Within one hundred and eighty (180) days following the Closing Date, PMH shall submit a plan (the “Health Needs Plan”) for continuing to support and implement ECHN’s 2016 Community Health Needs Assessment (“CHNA”) and for conducting the New Hospitals’ next comprehensive study of community health needs in the Service Area (the “Community Health Needs Study” or “Study”). The Health Needs Plan shall describe in detail at least the following:</p> <ul style="list-style-type: none"> (i) the data that will be collected and analyzed to systematically assess health status Indicators of the Service Area; (ii) the identity of key community stakeholders and health organizations, unaffiliated with PMH, including without limitation, representatives of medically underserved populations, that will be enlisted to participate in the Study and the manner and extent of such participation by stakeholders in both the development of health priorities and planned implementation; (iii) the qualifications of consultants experienced in performing community health needs assessments who will be retained by PMH to ensure that the priority health needs of the community are accurately determined; (iv) the frequency with which the Study will be repeated; (v) the manner in which results of the Study and the implementation strategy to address the priority health needs identified therein (the “Implementation Strategy”) will be distributed to the community; and (vi) the manner in which the Study will complement the population health management objectives of PMH and the New Hospitals. 	<p>IM will obtain a copy of the Plan, verify timely submission, verify that it incorporated the required elements.</p>
<p><u>CON Condition 5:</u> Within three (3) years following the Closing Date, PMH shall participate with New ECHN and the New Hospitals, and the key community stakeholders and health organizations identified pursuant to Condition 4, in conducting a Community Health Needs Study and shall provide a copy of such Study and its Implementation Strategy to OHCA within thirty (30) days of completion. PMH and the participants shall utilize Healthy Connecticut State Health Improvement Plan data and priorities as the starting point for the Study (available at http://www.ct.gov/dph/lib/dph/state_health_planning/sha-</p>	<p>IM will obtain a copy of the Study, verify timely submission, verify that it incorporated the required elements and was published on the website.</p>

<p>ship\hct2020\hct2020_state_hlth_impv_032514.pdf) as well as any applicable community health improvement plan issued by any local health department in the Service Area.¹ The Implementation Strategy shall also adopt the evidence-based interventions identified in the Centers for Disease Control 618 initiative (available at http://www.cdc.gov/sixteen) to the extent the health priorities identified in the Study correlate to the health conditions identified by the CDC and provide information on how any patient outcomes related to the Implementation Strategy will be measured and reported to the community. PMH shall publish the Community Health Needs Study and the Implementation Strategy on the website pages of New MMH and New RGH. Until such time as the Community Health Needs Study and Implementation Strategy are submitted to OHCA, PMH shall continue to support and implement ECHN’s current CHNA for MMH and RGH. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a) 19a-613(b), 19a-639(a)(3) & (7); FF 56-57</i></p>	
<p><u>CON Condition 6:</u> Within one hundred and eighty (180) days following the Closing Date, PMH shall submit a plan demonstrating how health care services will be provided by the New Hospitals for the first three years following the Asset Purchase, including any consolidation, reduction, or elimination of existing services or introduction of new services (the “Services Plan”). The Services Plan will be provided in a format mutually agreed upon by OHCA and the Applicants. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Conn. Stat. §§ 19a-486(a), 19a-613(b), 19a-639(a)(5),(6) (7),(8),(9),(11) & (12); FF 18, 26-27</i></p>	<p>IM will obtain a copy of the Plan and verify it incorporated the required elements.</p>
<p><u>CON Condition 7:</u> Until such time as the Services Plan is submitted, PMH shall provide OHCA with notice of any reallocation of inpatient beds and relocation of outpatient services for the New MMH or New RGH specific to those services that existed at each of the Hospitals as of the Decision Date. Such notice shall be provided within ten (10) days of any such reallocation or relocation and published on the website pages of the New Hospitals. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486(a), 19a-613(b), 19a-639(a)(5),(6) (7),(8),(9),(11) & (12); FF 18, 26-27</i></p>	<p>IM will verify proper notification to OHCA within 10 days of any plan to reallocate inpatient beds and relocation of outpatient services. IM will assure timely publication on New Hospitals website within 10 days of decision to reallocate or relocate services.</p>
<p><u>CON Condition 8:</u> Within one hundred and eighty (180) days</p>	<p>IM will obtain the Plan, read the plan and verify that</p>

¹ Other tools and resources which the Applicants are encouraged to consider include County Health Rankings and CDC Community Health Improvement Navigator in order to assist with the Study process in terms of an understanding of social, behavioral, and environmental conditions that affect health, identifying priorities, and the use of evidence-based interventions.

<p>following the Closing Date and thereafter on the same semi-annual schedule as set forth in Conditions 9 and 10 below until the capital commitment is satisfied, PMH shall submit to OHCA a report on the capital investments (“Capital Investment Report”) it has made in the New MMH, New RGH and their affiliates from the \$75 million Commitment Amount. The Capital Investment Report shall include the following in a format to be agreed upon:</p> <ul style="list-style-type: none"> a. A list of the capital expenditures that have been made in the prior one hundred and eighty (180) days with descriptions of each associated project; and b. An explanation of why each expenditure was made and a timeframe for the roll out of the associated capital project (including estimated beginning, ending and startup/operation dates); and c. The dates and amounts of withdrawals from each of the New Hospitals’ operating account and/or any other sources of funding used to fulfill the Capital Commitment. <p>The reports shall be signed by PMH ECHN’s Chief Financial Officer. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify the continued financial feasibility of the project. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(3),(4) & (5); FF 38-45</i></p>	<p>expenditures/investments made are in accordance with the Plan. IM will confirm timely submissions of all required reports.</p>
<p><u>CON Condition 9:</u> For three (3) years following the Closing Date, PMH shall file the following information with OHCA on a semi-annual basis for New ECHN, New MMH and New RGH, respectively:</p> <ul style="list-style-type: none"> a. The cost saving totals achieved in the following Operating Expense Categories for New ECHN, New MMH and New RGH: Salaries and Wages, Fringe Benefits, Contractual Labor Fees, Medical Supplies and Pharmaceutical Costs, Depreciation and Amortification, Interest Expense, Malpractice Expense, Utilities, Business Expenses and Other Operating Expenses. The categories shall be consistent with the major operating expense categories (Categories A, B, C, D, E, G, H, I, J, and K) which are in use at the time of reporting in the OHCA 	<p>IM will review the PMH filings regarding cost savings achieved in accordance with a. 1-2 and b. of Condition 9.</p>

<p>Hospital Reporting System (HRS) Report 175 or successor report. The semi-annual submission shall also contain narratives describing:</p> <ol style="list-style-type: none"> 1. the major cost savings achieved for each expense category for the semi-annual period; and 2. the effect of these cost savings on the clinical quality of care. <p>b. A consolidated Balance Sheet, Statement of Operations, and Statement of Cash Flows for New ECHN, New MMH and New RGH. The format shall be consistent with that which is in use at the time of reporting in OHCA's HRS Reports 100150, 300350 or successor reports.</p> <p>For purposes of this Order, semi-annual periods are October 1-March 31 and April 1 – September 30. The required information is due no later than two (2) months after the end of each semi-annual period. Due dates are May 31st and November 30th, beginning November 30, 2016. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify the continued financial feasibility of the project. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(4) & (5); FF 51, 60-63</i></p>	
<p>CON Condition 10: For three (3) years following the Closing Date, PMH shall submit to OHCA a financial measurement report. This report shall be submitted on a semi-annual basis and show current month and year-to-date data and comparable prior year period data for New ECHN, New MMH and New RGH, respectively. The required information is due no later than two (2) months after the end of each semi-annual period. Due dates are May 31st and November 30th, beginning November 30, 2016. The following financial measurements indicators should be addressed in the report: (i) Operating performance to include operating margin, non-operating margin, and total margin; (ii) Liquidity to include current ratio, days cash on hand, days in net accounts receivables, and average payment period; (iii) Leverage and capital structure to include long-term debt to equity, long-term debt to capitalization, unrestricted cash to debt, times interest earned ratio, debt service coverage ratio, and equity financing ratio; and (iv) Additional Statistics to include income from operations, revenue over (under) expense, cash from operation, cash and cash equivalents, net working capital, free cash flow (and the elements used in the calculation), unrestricted net assets/retained earnings, bad debt as a percentage of gross revenue, and credit ratings.</p>	<p>IM will obtain the financial measurement report and read to confirm that the required elements are addressed in the report; IM will confirm the timely submission of each report.</p>

<p>CON Condition 11: PMH shall ensure that New MMH and New RGH maintain and adhere to ECHN’s current policies regarding charity care, indigent care and community volunteer services at New MMH and New RGH after the Closing Date all as consistent with state and federal law or adopt other policies that are at least as generous and benevolent to the community as ECHN’s current policies. These policies shall be posted on the website pages of the New MMH and New RGH, respectively, and as additionally required by applicable law. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>IM will obtain copies of the relevant financial assistance policies, read and confirm that as adopted financial assistance policies (or policies at least as generous as these policies) using management approval of the policies as evidence. After verifying that this step has been properly completed, IM will confirm that these policies are properly posted on website</p>
<p>CON Condition 12: For three (3) years following the Closing Date, PMH shall provide written notice to OHCA of any modification, amendment or revision to the charity care, indigent care and community volunteer services of New MMH and New RGH within thirty (30) days of such change. The notice of these changes shall be accompanied by copies of any revised policies and the notice and revised policies shall be posted on the website pages of the New Hospitals simultaneously with their submission to OHCA. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>After obtaining original policies on charity care, indigent care, and community volunteer services, IM will read and assess these policies on an annual basis for changes. When changes are made to these policies, IM will confirm OHCA is notified (as required) and revised policies are posted to the website.</p>
<p>CON Condition 13: PMH shall maintain community benefit programs and community building activities for New MMH and New RGH for three (3) years after the Closing Date consistent with the MMH and RGH most recent Schedule H of IRS Form 990 or shall provide such other community benefit programs and community building activities that are at least as generous and benevolent to the community as ECHN’s current programs, and PMH shall apply a 1% increase per year for the next three (3) years toward community building activities in terms of dollars spent. In determining the New MMH and New RGH participation in and investment in both community benefits and community building activities, PMH shall address the health needs identified by the applicable CHNA or Study in effect at the time and the population health management objectives, including social determinants of health, contained in the related Implementation Strategy.</p> <p>a. On an annual basis, the Applicants shall identify the amounts and uses related to community benefits and community building and shall discuss how such investments and support are being applied toward the health needs identified in the CHNA or Study and population health management objectives. Such reporting shall be filed within thirty days of the anniversary date of the closing for three years and shall be posted on the applicable Hospital website. OHCA is imposing this condition to ensure continued access to health care services to the patient population.</p>	<p>IM will obtain most recent Schedule H of IRS Form 990 to act as a baseline. IM will then compare on an annual basis the results of that year to the baseline in order to verify that the 1 percent increase requirement has been met.</p> <p>IM will also obtain the report summary on the amounts and uses related to community benefits and community building per the categories identified in the CHNA. IM will confirm that these documents are filed in a timely manner and posted to the website.</p>

<p><i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	
<p><u>CON Condition 14:</u> New MMH and New RGH agree to comply with the following general community benefit standards for at least the first three years. (a) the New Hospitals shall provide public health programs to the community and generally promote the welfare of the community; (b) the New Hospitals shall have open medical staffs and not restrict the use of facilities to a particular group of physicians and surgeons to the exclusions of other qualified doctors; (c) the New Hospitals shall participate in the Medicare and Medicaid programs; and (d) the New Hospitals shall operate 24/7 emergency departments and provide emergency services to patients regardless of their ability to pay. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); Tr., Testimony of Tom Reardon, President. PMH East on 5/3/16, pp. 103-04</i></p>	<p>IM will verify the New Hospitals' compliance with community benefit standards a through d as stated in Condition 14.</p>
<p><u>CON Condition 15:</u> New MMH and New RGH shall work toward making culturally and linguistically appropriate services available and integrated throughout their hospital operations. Specifically, New MMH and New RGH shall take reasonable steps to provide meaningful access to each individual with limited English proficiency eligible to be served or likely to be encountered in its health programs and activities, in accordance with the implementing regulations of Section 1557 of the Patient Protection and Affordable Care Act. Additionally, New MMH and New RGH shall provide appropriate insurance navigator services for patients and, where appropriate, English as a second language and cultural competency training for employees. In complying with this Condition, New MMH and New RGH shall be guided by the National Standards for Culturally and Linguistically Appropriate Services in Health and Health Care published by the U.S. Department of Health and Human Services Office of Minority Health. For three (3) years following the Closing Date, PMH shall submit a written report on its activities directed at meeting this Condition. Such reporting shall be filed within thirty days of the anniversary date of the closing for three years and shall be posted on the applicable Hospital website. OHCA is imposing this condition so as to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: 45 C.F.R. §92.201; Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>IM will obtain and review interpreter services policies and contracts as applicable. Additionally, IM will obtain a cultural competency plan, training, as well as related policies. IM will also obtain report and supporting documents and confirm the timely filing of these materials</p>
<p><u>CON Condition 16:</u> Within sixty (60) days after the Closing Date, the Applicants shall contract with an Independent Monitor who</p>	<p>IM and PMH will execute a Consulting Services Agreement</p>

<p>has experience in hospital administration and regulation, including maintaining quality control in a High Reliability Organization (“HRO”). The Independent Monitor shall be retained at the sole expense of PMH, at a cost which shall not exceed \$300,000 in the aggregate. Representatives of OHCA and the Facility Licensing and Investigations (“FLIS”) section of the Department of Public Health (“DPH”) will approve the Independent Monitor’s appointment. The Independent Monitor shall be engaged for a minimum period of two (2) years following the Closing Date, which may be extended for another year at OHCA’s and/or FLIS’s discretion. The Independent Monitor will be responsible for monitoring the Applicants’ compliance with the Conditions set forth in this Order. PMH shall provide the Independent Monitor with appropriate access to New Hospitals and their applicable records in order to enable the Independent Monitor to fulfill its functions hereunder. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify and monitor compliance with the conditions set forth herein. <i>Legal and Factual Basis: Conn. Gen. §§ Stat. 19a-486(a), 19a-613(b), 19a-639(a)(1),(2),(4),(5),(6),(7),(11) & (12); FF 26-27, 30-45, 52-57, 59</i></p>	<p>by the required date. A draft of this Agreement has been provided to OHCA.</p>
<p><u>CON Condition 17:</u> The Independent Monitor will report to both OHCA and FLIS. The Independent Monitor shall conduct on-site visits of New Hospitals on no less than a semi-annual basis to assess PMH’s modified Quality Assurance Performance Improvement (“QAPI”) program, each facility’s efforts to remain an HRO, and compliance with the Quality Commitment Letter. The Independent Monitor shall furnish a written report of his or her assessment to OHCA and FLIS within thirty (30) days of the completion of each on-site review. PMH will have the opportunity to review and provide written responses to the report. As OHCA deems necessary, the Independent Monitor shall meet with OHCA and FLIS personnel to discuss the written report and will perform additional periodic reviews and reviews of other PMH affiliated sites of service. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify and monitor compliance with the conditions set forth herein. <i>Legal and Factual Basis: Conn. Gen. §§ Stat. 19a-486(a), 19a-613(b), 19a-639(a)(1),(2),(4),(5),(6),(7),(11) & (12); FF 26-27, 30-45, 52-57, 59</i></p>	<p>IM will plan, at a minimum, two site visits per year. The site visits will include meetings with Administration Leadership. IM will verify compliance with the Quality Assurance commitment Letter. IM will provide a written report to OHCA, and FLIS that summarizes the activities from the prior six month period along with any recommendations or observations</p>
<p><u>CON Condition 18:</u> If, at any time within three (3) years following the Closing Date, the New Hospitals’ Local Board agrees with PMH to change any of the Seller Quality Programs described in the Quality Commitment Letter other than to make any changes necessary to address (i) an immediate issue of patient safety; (ii) changes in federal, state, and local laws; or (iii) as mandated or recommended in guidance by a governmental agency, PMH shall notify OHCA and the Health Systems Branch in writing within thirty (30) days of any such change going into</p>	<p>IM will verify that PMH notifies OHCA and the Health Systems Branch in writing within 30 days of any change in the Seller Quality Programs with the exceptions i through iii as stated in condition 18.</p>

<p>effect. If the Independent Monitor disagrees with the change, OHCA may require that a request for modification be submitted and approved as required by C.G.S. §4-181a to make the change. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify and monitor compliance with the conditions set forth herein. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-613(b), 19a-639(a)(1),(2),(5) & (6); FF 30-37</i></p>	
<p><u>CON Condition 19:</u> For three (3) years following the Closing Date, PMH shall hold a joint meeting of the Board of Directors of each of New MMH and New RGH and the Local Board of New MMH and New RGH (“Joint Board Meetings”) at least twice annually with one occurring in Manchester and the other occurring in Vernon. Such Joint Board Meetings shall be followed by a meeting to which the public is invited in advance and at which the public is informed of the New Hospitals’ activities and afforded an opportunity to ask questions and make comments. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-613(b), 19a-639(a)(2),(3),(5),(7),(8),(11) & (12); FF 28-30</i></p>	<p>IM will assure that Joint Board Meetings occur twice annually followed by public meetings as required in Condition 19.</p>
<p><u>CON Condition 20:</u> For three (3) years following the Closing Date, PMH shall allow for two (2) community representatives to serve as voting members of the New MMH and New RGH Local Board with rights and obligations consistent with other voting members under the Local Board Bylaws. The community representatives shall be selected in consultation with the Mayors of Manchester and Vernon in order to ensure the appointment of two unbiased persons who will fairly represent the interests of the communities served by MMH and RGH, respectively. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-613(b), 19a-639(a)(2),(3),(5),(7),(8),(11) & (12); FF 28-30</i></p>	<p>IM will verify the New MMH and New RGH include 2 community representatives that are voting members of the local boards.</p>
<p><u>CON Condition 21:</u> PMH, New ECHN, New MMH and New RGH shall abide by all requirements of licensure that may be imposed by DPH’s Health Systems Branch (HSB) in any Pre-Licensing Consent Order or similar agreement that HSB may enter with these parties. OHCA is imposing this condition to ensure that quality health care services are provided to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-490, 19a-493, 19a-639(a)(1),(2),(5) & (6); FF 30-37</i></p>	<p>IM will verify that all requirements of licensure are met.</p>

Greer, Leslie

From: Roberts, Karen
Sent: Monday, November 28, 2016 3:51 PM
To: Greer, Leslie
Cc: Cotto, Carmen
Subject: FW: Independent Monitor

From: Martone, Kim
Sent: Monday, November 28, 2016 2:34 PM
To: 'Jennifer O'Donnell'; Roberts, Karen; Cotto, Carmen
Cc: Michele Volpe
Subject: RE: Independent Monitor

Thank You Jennifer. We will review the documents and get back to you as soon as possible.

Kim

Kimberly R. Martone

Director of Operations, Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS #13 CMN, Hartford, Connecticut 06134
Phone: 860-418-7029 Fax: 860-418-7053
Email: Kimberly.Martone@ct.gov Website: www.ct.gov/ohca



From: Jennifer O'Donnell [<mailto:jlo@bvmlaw.com>]
Sent: Monday, November 28, 2016 2:29 PM
To: Martone, Kim; Roberts, Karen; Cotto, Carmen
Cc: Michele Volpe
Subject: Independent Monitor

Attached please find the Consulting Services Agreement and draft Work Plan being proposed for the Independent Monitor. Please let us know if OHCA has signed off on the IM. Thank you.

Jennifer L. O'Donnell
Paralegal
Bershtein, Volpe & McKeon P.C.
105 Court Street, 3rd Floor
New Haven, Connecticut 06511-6957
Telephone: (203) 777-5800 (ext. 104)
Direct Line: (203) 777-5804

Greer, Leslie

From: Roberts, Karen
Sent: Monday, November 28, 2016 3:51 PM
To: Greer, Leslie
Cc: Cotto, Carmen
Subject: FW: Independent Monitor

From: Jennifer O'Donnell [<mailto:jlo@bvmlaw.com>]
Sent: Monday, November 28, 2016 2:45 PM
To: Roberts, Karen
Cc: Martone, Kim; Cotto, Carmen; Michele Volpe
Subject: RE: Independent Monitor

Yes, the IM is working on the Waterbury work plan and it will be similar to ECHN. Also, please cc Michele Volpe (mmv@bvmlaw.com) on all correspondence as I'm leaving early today. Thank you.

Jennifer L. O'Donnell
Paralegal
Bershtein, Volpe & McKeon P.C.
105 Court Street, 3rd Floor
New Haven, Connecticut 06511-6957
Telephone: (203) 777-5800 (ext. 104)
Direct Line: (203) 777-5804
Facsimile: (203) 777-5806

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From: Roberts, Karen [<mailto:Karen.Roberts@ct.gov>]
Sent: Monday, November 28, 2016 2:40 PM
To: Jennifer O'Donnell <jlo@bvmlaw.com>
Cc: Martone, Kim <Kimberly.Martone@ct.gov>; Cotto, Carmen <Carmen.Cotto@ct.gov>
Subject: RE: Independent Monitor

Hi Jennifer – this draft work plan is specific to the ECHN CON Order. Does BVM and the proposed IM anticipate that the work plan for the Waterbury CON order will be very similar, if not identical, to this one? Thanks. Karen Roberts

Karen Roberts

Greer, Leslie

Subject: FW: Independent Monitor

From: Martone, Kim
Sent: Monday, November 28, 2016 3:43 PM
To: 'Jennifer O'Donnell'; Roberts, Karen; Cotto, Carmen
Cc: Michele Volpe
Subject: RE: Independent Monitor

Jennifer, we have reviewed all documents submitted and approve Colleen Smith as the Independent Monitor for the acquisitions of Prospect Medical Holdings in Connecticut. The understanding is that this office and Colleen will continue to refine and revise the draft work plan until we agree upon its finalization. We also look forward to working directly with the hospital representatives to ensure that responsibilities and obligations of the IM and hospitals are clear to everyone involved in this process.

Kim

Kimberly R. Martone

Director of Operations, Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS #13 CMN, Hartford, Connecticut 06134
Phone: 860-418-7029 Fax: 860-418-7053
Email: Kimberly.Martone@ct.gov Website: www.ct.gov/ohca



From: Jennifer O'Donnell [<mailto:jlo@bvmlaw.com>]
Sent: Monday, November 28, 2016 2:29 PM
To: Martone, Kim; Roberts, Karen; Cotto, Carmen
Cc: Michele Volpe
Subject: Independent Monitor

Attached please find the Consulting Services Agreement and draft Work Plan being proposed for the Independent Monitor. Please let us know if OHCA has signed off on the IM. Thank you.

Jennifer L. O'Donnell
Paralegal
Bershtein, Volpe & McKeon P.C.
105 Court Street, 3rd Floor
New Haven, Connecticut 06511-6957
Telephone: (203) 777-5800 (ext. 104)
Direct Line: (203) 777-5804
Facsimile: (203) 777-5806

Greer, Leslie

From: Roberts, Karen
Sent: Monday, November 28, 2016 3:59 PM
To: Greer, Leslie
Subject: FW: Schedule conference call

From: Cotto, Carmen
Sent: Wednesday, November 09, 2016 5:07 PM
To: Michele Volpe (mmv@bvmlaw.com)
Cc: Jennifer O'Donnell (jlo@bvmlaw.com); Roberts, Karen; Martone, Kim; Olejarz, Barbara
Subject: Schedule conference call

Hi Michele,

Thank you for providing OHCA with a copy of Ms. Smith's resume. In addition to the resume, please provide us with a copy of the Independent Monitor's work plan and engagement letter between Ms. Smith's and the Applicants.

Our office would like to schedule a conference call with you soon, possible next week, to discuss Ms. Smith's qualifications, work plan and engagement letter.

Please contact Ms. Barbara Olejarz at (860)418-7005 or via email at Barbabra.Olejarz@ct.gov to schedule the call.

Thank you,
Carmen

Carmen Cotto, MBA
Associate Health Care Analyst
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, CT 06134
P: (860) 418-7039 | F: (860) 418-7053 | E: carmen.cotto@ct.gov



www.ct.gov/dph

From: Martone, Kim
Sent: Monday, November 07, 2016 7:58 AM
To: Roberts, Karen; Cotto, Carmen

Greer, Leslie

From: Roberts, Karen
Sent: Monday, November 28, 2016 3:59 PM
To: Greer, Leslie
Cc: Cotto, Carmen
Subject: FW: Schedule conference call
Attachments: CSmith Consulting Services Agmt.pdf

From: Jennifer O'Donnell [<mailto:jlo@bvmlaw.com>]
Sent: Thursday, November 17, 2016 9:58 AM
To: Cotto, Carmen; Michele Volpe
Cc: Roberts, Karen; Martone, Kim; Olejarz, Barbara
Subject: RE: Schedule conference call

Ms. Cotto: Attached please find a copy of the proposed contract with Ms. Smith. We are happy to schedule a conference call to discuss Ms. Smith's qualifications, work plan and engagement letter. Please let us know when would be a convenient time for OHCA. Thank you.

Jennifer L. O'Donnell
Paralegal
Bershtein, Volpe & McKeon P.C.
105 Court Street, 3rd Floor
New Haven, Connecticut 06511-6957
Telephone: (203) 777-5800 (ext. 104)
Direct Line: (203) 777-5804
Facsimile: (203) 777-5806

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From: Cotto, Carmen [<mailto:Carmen.Cotto@ct.gov>]
Sent: Wednesday, November 9, 2016 5:07 PM
To: Michele Volpe <mmv@bvmlaw.com>
Cc: Jennifer O'Donnell <jlo@bvmlaw.com>; Roberts, Karen <Karen.Roberts@ct.gov>; Martone, Kim <Kimberly.Martone@ct.gov>; Olejarz, Barbara <Barbara.Olejarz@ct.gov>
Subject: Schedule conference call

Hi Michele,

CONSULTING SERVICES AGREEMENT

This Consulting Services Agreement (this "Agreement") is made and entered into to as of the ____ day of November, 2016 (the "Effective Date"), by and among Prospect ECHN, Inc., a Connecticut corporation ("Prospect ECHN"), Prospect Waterbury, Inc., a Connecticut corporation ("Prospect Waterbury") and Colleen Smith, MSN, RN, NEA-BC ("Consultant").

RECITALS

A. Prospect ECHN has acquired certain healthcare facilities in Connecticut including The Rockville General Hospital Incorporated and Manchester Memorial Hospital (collectively, the "ECHN Facilities").

B. Prospect Waterbury has acquired certain healthcare facilities in Connecticut including The Waterbury Hospital (collectively, the "GWHN Facilities").

C. The State of Connecticut, Department of Public Health, Facility and Licensing Investigations Section ("FLIS") has required pursuant to a Pre-Licensure Consent Order, copies of which are attached as Exhibit A ("Order") that Prospect ECHN and Prospect Waterbury (each a "Licensee" and collectively, the "Licensees") execute a contract with an Independent Monitor ("IM") pre-approved in writing by the Department of Public Health, Office of Healthcare Access ("OHCA") and FLIS pursuant to which the IM will monitor the ECHN Facilities and the GWHN Facilities (each a "Facility" and collectively with any other Facilities subject to the Order, the "Facilities") in compliance with the Order.

D. Consultant desires to perform the services of the IM described in the Order and the Licensees desire to engage Consultant to perform such services, subject to the terms and conditions of this Agreement and in full compliance with the Order.

In consideration of the mutual covenants contained herein, the parties hereto hereby agree as follows:

1. Scope of Services. Consultant will provide the services of the IM as described in the Order and otherwise comply with the Order (collectively, the "Services"). The Licensees shall cooperate with Consultant and provide access to the Facilities, and management and other representatives of the Facilities in order to enable the IM and the Licensees to fully comply with applicable provisions of the Order.

2. Independent Contractor. Consultant and the Licensees acknowledge and agree that Consultant shall provide services as an independent contractor. Consultant and Licensees acknowledge and agree that no employment relationship, partnership, or joint venture shall be formed due to the performance of this Agreement. This Agreement does not make Consultant the agent or legal representative of Licensees, and Consultant further agrees that no representation will be made by Consultant that would create an apparent agency, employment, partnership, or joint venture relationship. Consultant acknowledges that he is solely responsible for the taxes on his own income and that, as an independent contractor, his payments will be reported on an IRS Form 1099. In addition,

Consultant will provide his own insurance, as necessary, and will not be covered under any Licensee's insurance policy or benefits program.

3. Method of Performing Services. Consultant will determine the method, details, and means of performing the services required by this Agreement.

4. Time and Place of Performing Work. Consultant may perform the Services under this Agreement at any suitable time and location Consultant chooses. Such services will be performed outside the usual course of the Licensees' business although Consultant may, from time to time, as Consultant deems necessary, perform services under this Agreement at the Facilities. Consultant shall observe all safety rules, policies and procedures applicable to visitors and vendors at each facility when on site at the Facilities, including requirements for flu and other vaccinations, if requested.

5. Payment. Consultant shall be paid an hourly rate of \$_____ per hour for all Services. Compensation to be paid to IM under this Agreement under no circumstances shall exceed \$300,000 in accordance with the Order. Consultant shall be responsible for all taxes attributable to the compensation paid to him under this Agreement. Consultant shall be entitled to no other payment, remuneration, or benefits other than the compensation described in this Agreement. Because Consultant is an independent contractor, the Licensees will not deduct any amounts from Consultant's payments for income tax or other employment-related withholdings.

6. Billing. Consultant shall provide each Licensee with an invoice on a monthly basis providing a general description of the Services performed and number of hours billed for the Services provided to each Licensee. The invoice shall also list any expenses reasonably incurred by Consultant as part of his consulting services, for which he seeks reimbursement, except that Consultant must obtain prior consent before incurring any expense in excess of \$250. Each Licensee's payment of Consultant's invoice is due within thirty (30) days of receipt.

7. Term; Termination. This Agreement will begin on the Effective Date and shall continue for a period of two years in accordance with the Order. This Agreement may not be terminated by either party or by mutual consent unless such termination is approved by OHCA and FLIS. The term may be extended at the direction of FLIS for up to (1) additional year, for an overall total of three (3) years, provided that the compensation cap set forth in paragraph 5 shall include any such extended term.

8. Representations. Consultant warrants that all information provided by Consultant to Licensees is true to the best of Consultant's actual knowledge. Consultant further warrants that he is not restricted by, and has no conflict of interest derived from any other agreement and has no other interest or obligation that would interfere with his performing work as described in this Agreement, and that he shall inform Licensees immediately should such a limitation or conflict arise. Consultant further warrants that the services of Consultant will be provided utilizing reasonable care and skill in accordance with customary industry standards. Consultant represents he/she has expertise in hospital administration and operations, knowledge of the healthcare environment with a special focus on quality assurance and performance improvement, and considerable knowledge of accepted standards of practice and state and federal laws

and regulations applicable to general/acute care hospitals. Consultant represents and warrants that he/she has not been convicted of a criminal offense related to healthcare, debarred, suspended, declared ineligible, or excluded from participating with Medicare, Medicaid or any other plan or program that provides health benefits, whether directly through insurance or otherwise, which is funded directly, in whole or in part, by the United States Government or any State health care program. This shall be an ongoing representation and warranty during the term of this Agreement. Consultant shall immediately notify Licensees of any change in the status of the representations set forth in this section.

9. Adherence to Health Laws. Consultant acknowledges that Licensees receive federal funds and that Contractor will receive payments under this Agreement that are, in whole or in part, from federal funds. Consultant shall follow and adhere to all applicable state and federal laws, rules, and regulations, including, but not limited to, all Medicare laws, regulations and CMS instructions, including, without limitations, (a) federal criminal law; (b) the False Claims Act (31 USC 3729 et seq.); and (c) the anti-kickback statute (42 USC 1320a-7b(b)); (d) the civil monetary penalties law (42 USC 1320a-7a); (e) the physician self-referral law (42 USC 1395nn).

10. Corporate Compliance. Contractor acknowledges that Licensees maintain Corporate Compliance Plans ("CCPs") that foster prevention, detection and resolution of instances of misconduct. Vendor shall cooperate with Licensees' corporate compliance audits, reviews and investigations that relate to the services provided by Contractor under this Agreement. Contractor agrees to immediately notify Licensees' Compliance Officers of any violation of any applicable law, regulation, third party payor requirements or breach of Licensees' CCPs of which Contractor becomes aware during the term hereof.

11. Insurance. Consultant shall, at his/her sole cost and expense, maintain at all times during the term of this Agreement, general liability ("GL") and errors and omissions ("E&O") insurance covering his/her provision of the Services in minimum amounts of One Million Dollars (\$1,000,000) per occurrence, Three Million Dollars (\$3,000,000) in the aggregate annually, as well as an umbrella/excess liability insurance policy written on an occurrence basis and in an amount of not less than Three Million Dollars (\$3,000,000) in the annual aggregate, excess of the limits of his/her GL and E&O policies (collectively, the "Policies"). Said Policies shall be obtained from an insurer licensed or authorized to do business in Connecticut, with an A.M. Best's Insurance Rating of A- or better. Licensees and their officers, directors, agents, employees, and volunteers (the "Licensee Parties") shall be named as additional insureds to all such Policies, and said Policies shall provide that they are primary to and noncontributory with any and all other insurance maintained by or otherwise afforded to the Licensee Parties. Upon a Licensee's request, Consultant shall provide a current certificate of insurance to Licensee evidencing such coverage and shall require its insurance carrier to notify Licensee immediately of any actual or intended change, cancellation, modification or non-renewal of such coverage. The obligations set forth herein shall survive the expiration or termination of this Agreement.

12. No Assignment or Subcontracting. Consultant shall not assign or otherwise transfer his rights in this Agreement without the prior written consent of the Licensees and the approval of OHCA and FLIS. Consultant may not subcontract the consulting services to any other consultant without the prior written consent of the Licensees and the approval of OHCA and FLIS.

13. Non-exclusivity. Consultant may represent, perform services for, and contract with as many additional clients, persons, or companies as Consultant, in Consultant's sole discretion, sees fit. Consultant shall not, however, perform services for any other entity where such services would create a conflict of interest with the services performed under this Agreement for Licensees.

14. Non-Solicitation. Consultant agrees that during the term of this Agreement, and for a period of two (2) years after the termination of this Agreement, Consultant shall not solicit, either directly or indirectly, any employee, customer, contractor, vendor, business contact, or consultant to leave Licensees.

15. Trade Secrets, Confidential Information.

(A) For purposes of this Agreement, the term "Confidential Information" means any information relating to Licensees (including any of their subsidiaries, shareholders or other affiliates) disclosed to Consultant, whether orally, in writing, or in any other medium, whether prior to or after the Effective Date of this Agreement, by or on behalf of Licensees, including, without limitation, information regarding Licensees assets, real estate holdings, historical and projected financial information; budgets; services; processes; operations; marketing plans and materials; analyses; strategies; forecasts; names, addresses and any other information regarding Licensees' existing or potential patients, employees, vendors or suppliers; or any information derived, summarized or extracted from any of the foregoing.

(B) Confidential Information shall not include any information which (i) is or becomes available to the public other than as a consequence of a breach of this Agreement; (ii) was available to Consultant on a non-confidential basis prior to its disclosure to Consultant by Licensees; (iii) becomes available to Consultant from a source other than Licensees, provided such source is not actually known by Consultant to be bound by a confidentiality obligation to Licensees; or (iv) is required to be disclosed by Consultant or any of its Representatives (as defined below) under the Order or applicable law or regulation.

(C) Consultant hereby agrees to hold in strict confidence all Confidential Information and agrees not to disclose or otherwise provide or transfer, directly or indirectly, any Confidential Information or anything related to the Confidential Information to third parties, including, but not limited to, Consultant's affiliates, without the prior written consent of Licensees. Consultant further agrees that he may use the Confidential Information only in connection with the work he will perform for Licensees and to comply with the Order and not for any other purpose or for the benefit of any third party.

(D) Consultant shall not disclose to any third party, except where permitted or required by the Order or by law or where such disclosure is expressly approved by Licensees in writing, any patient or medical record information regarding any of the Licensee's patients, and Consultant shall comply with all federal and state laws and regulations, and all bylaws, rules, regulations, and policies of Licensees, its accrediting agency and the medical staff, regarding the confidentiality of such information. Consultant acknowledges that in receiving or otherwise dealing with any records or information from Licensees about (i) Licensees' patients receiving treatment for alcohol or drug abuse, Consultant is fully bound by the provisions of the federal regulations governing Confidentiality of Alcohol and Drug Abuse Patient Records (42 C.F.R. Part 2, as amended from time to time), and/or (ii) Licensees' peer review activities, Consultant is fully bound to maintain the confidentiality of such information in accordance with C.G.A. § 19a-17b(d). In addition, Consultant shall comply in all respect with HIPAA and the HITECH Act 42 U.S.C. §§300jj et seq.; §§17901 et seq., and shall execute and deliver to Licensees the Business Associate Agreement attached as Exhibit B.

(E) Consultant understands that in the event he fails to comply with paragraph 13 or this paragraph 14, Licensees may suffer irreparable harm, which may not be adequately compensated for by monetary damages alone. Consultant, therefore, agrees that in the event of his breach or threatened breach of paragraph 13 or this paragraph 14, Licensees will be entitled to injunctive and/or other preliminary or equitable relief from a court of law. Consultant understands that this is the sole exception to the binding arbitration of disputes between the parties in accordance with paragraph 20 below.

16. Return of Property and Confidential Information. Consultant agrees that, upon termination of this Agreement, he will promptly return to Licensees all items, documents and materials that are in Consultant's possession or control that were provided to Consultant by Licensees. Consultant further agrees that he will promptly return to Licensees or destroy all written Confidential Information received by Consultant from or on behalf of Licensees, including any and all copies or duplicates of such Confidential Information, and all summaries or extracts thereof in any medium prepared by or on behalf of Consultant. Any destruction of Confidential Information shall be confirmed in writing.

17. Notices. Any required notice under this Agreement shall be deemed made on the date it is personally delivered or, if made by U.S. Mail, Federal Express or similar parcel service, three (3) days after the date it is sent. Notices under this Agreement shall be sent to the following:

If to Consultant:
Colleen Smith, MSN, RN, NEA-BC
41 Laurel Crest Road
Madison, CT 06443

If to Licensees:

Prospect ECHN, Inc.
71 Haynes Street
Manchester, CT 06040
Attention: Chief Executive Officer

Prospect Waterbury, Inc.
64 Robbins Street
Waterbury, CT 06708
Attention: Chief Executive Officer

With a copy to:

Prospect Medical Holdings, Inc.
3415 South Sepulveda Blvd., 9th Floor
Los Angeles, CA 90034
Attention: General Counsel

18. Modifications. No Modification or amendment may be made to this Agreement unless it is in writing and signed by Consultant and an authorized officer of Licensees.

19. Entire Agreement. Consultant and Licensees acknowledge and agree that this Agreement which includes Exhibits A and B contains the entire understanding between the parties and that this Agreement replaces and supersedes any other agreement, including any written, oral or implied agreement, regarding the subject matter contained in this Agreement.

20. Arbitration. Any dispute between the parties arising out of this Agreement, including without limitation threshold or jurisdictional issues, such issues of arbitrability on the enforceability of this Agreement, shall be resolved by binding arbitration, pursuant to the commercial dispute rules of the Judicial Arbitration and Mediation Services ("JAMS"). The arbitration shall take place before a single arbitrator. The prevailing party to the arbitration shall be entitled to recover its attorney's fees and costs, including the JAMS arbitration fees. The arbitrator shall be entitled to award any relief or remedy under law, including monetary damages and injunctive relief. Despite this provision, if Consultant breaches paragraph 13 or paragraph 14 of this Agreement, Licensees may seek injunctive relief from a court of law to remedy such a breach.

21. Severability. If any part, clause, or condition of this Agreement is held to be partially or wholly invalid, unenforceable, or inoperative for any reason whatsoever, such will not affect any other provision or portion hereof, which will continue to be effective as though such invalid, inoperative, or unenforceable part, clause or condition had not been made.

22. Binding Upon Successors. This Agreement will be binding upon and inure to the benefit of the parties hereto and their respective heirs, legal representatives, successors and assigns.

23. Governing Law and Venue. All questions concerning this Agreement, its construction, and the rights and liabilities of the parties hereto will be interpreted and enforced in accordance with the laws of the State of Connecticut as applied to contracts which are executed and performed entirely within the state.

Consultant and Licensees represent that they have read and understand the terms of this Agreement, that they have had the opportunity to review this Agreement with the counsel of their choice, and that they are not relying on any advice from the other party regarding this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement to be effective as of the Effective Date.

LICENSEES:

PROSPECT ECHN, INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

PROSPECT WATERBURY, INC.

By: _____

Name:

Title:

By: _____

Name:

Title:

CONSULTANT:

Name: Colleen Smith, MSN, RN, NEA-BC

EXHIBIT A

COPY OF ORDER

**STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
FACILITY LICENSING AND INVESTIGATIONS SECTION**

In Re: Prospect Manchester Hospital, Inc.
d/b/a The Manchester Memorial Hospital
71 Haynes Street
Manchester, CT 06040

Intended Licensee: Prospect Manchester Hospital, Inc.
d/b/a Manchester Memorial Hospital
Referred to herein as the "Intended Licensee"

PRE-LICENSURE CONSENT ORDER

WHEREAS, Prospect Medical Holdings, Inc. ("Prospect") has obtained certain regulatory approvals to acquire, through one or more subsidiaries, various licensed facilities or operations currently affiliated with Eastern Connecticut Health Network, Inc., including: Manchester Memorial Hospital and Rockville General Hospital ("ECHN Facilities"); and,

WHEREAS, Prospect is seeking to also acquire, through one or more subsidiaries, certain licensed facilities or operations currently affiliated with the Greater Waterbury Health Network, Inc., including the Waterbury Hospital ("GWHN Facilities" and together with the ECHN Facilities referred to as the "Prospect CT Group"); and,

WHEREAS, the Intended Licensee, a subsidiary of Prospect is seeking an initial license to operate a general hospital as defined in Conn. Gen. Stat. § 19a-490(b); and,

WHEREAS, upon the execution of this Pre-Licensure Consent Order ("Order") and after meeting all statutory and regulatory requirements, the Intended Licensee shall be issued a license to operate a General Hospital currently known as Manchester Memorial Hospital ("Facility") by the Connecticut Department of Public Health ("Department").

NOW THEREFORE, the Facility Licensing and Investigations Section of the Department ("FLIS") acting herein and through Barbara Cass, Section Chief, and the Intended Licensee and Prospect hereby stipulate and agree as follows:

1. The Order issued by the Department of Public Health, Office of Health Care Access ("OHCA") dated June 10, 2016 ("OHCA Order") shall be incorporated and made part of this Order.
2. This Order shall remain in effect for three (3) years from the effective date of this Order. The effective date of the Order is October 1, 2016. The issuance of the License shall occur when the Department receives proof, to its satisfaction, that the closing regarding the ECHN Facilities will occur within forty-eight hours of the issuance of the license provided all legal requirements for licensure have been met.
3. During the term of this Order, should the Intended Licensee implement any new patient care services, it shall do so in accordance with Connecticut General Statutes sections 19a-638 through 19a-639b. In addition, for one year after the effective date of this Order, the Intended Licensee and any beneficial owner of the Intended Licensee shall notify the Department of its intent to acquire an ownership interest in another general hospital in Connecticut (other than Rockville General Hospital or Waterbury Hospital) or any other state.
4. Within sixty (60) days of the effective date of this Order, Prospect or a subsidiary shall, on behalf of the Intended Licensee, execute a contract with an Independent Monitor ("IM") pre-approved in writing by the FLIS and OHCA. The duties of the IM shall be performed by a single individual unless otherwise approved by the Department. Prospect or its subsidiary shall pay the cost of the IM and all other costs necessary to comply with this Order. The IM shall be contracted to monitor other facilities within the Prospect CT Group as required by the Department. The aggregate cost of the IM to monitor all such facilities under all FLIS and OCHA orders entered into in connection with the licensure of the Prospect CT Group shall not exceed \$300,000. The IM shall function in accordance with the IM Guidelines except to the extent there is any conflict between this Order and the Guidelines, the Order shall govern. (Exhibit A, copy attached). The IM shall have expertise in hospital administration and operations,

knowledge of the healthcare environment with a special focus on quality assurance and performance improvement, and considerable knowledge of accepted standards of practice and state and federal laws and regulations applicable to general/acute care hospitals.

5. The IM shall provide services as outlined herein for two (2) years. If the Department determines during the last six months of the first two years of the IM's tenure or within three months after the two year period that the Facility is not in compliance with applicable accepted standards of practice and federal and state statutes and regulations, the services of the IM shall be extended at the direction of the Department for up to one (1) additional year, for an overall total of three (3) years. The Department shall base any decision regarding the extension of time for IM services upon onsite inspections conducted by the Department and based on all other information the Department deems relevant. The terms of the contract executed on behalf of the Intended Licensee with the IM shall include all pertinent provisions, including time frames contained in this Order.
6. In addition to any other remedies available to the Department, noncompliance with any of the provisions of this Order or the OHCA Order, including failure to pay costs associated with the IM's duties shall constitute a violation of this Order and may result in a fine not to exceed one thousand dollars per day.
7. The IM shall conduct an initial assessment of the Intended Licensee's regulatory compliance which identifies areas requiring remediation. The IM shall report any regulatory or statutory violations identified in the initial assessment to FLIS, OHCA and the Intended Licensee. Such assessment shall, at a minimum, include onsite reviews of hospital systems and direct observations of the Facility staffs' performance as further specified in paragraphs eight (8) and nine (9) of the Order.
8. The IM onsite review shall include, but not be limited to, the following professional and hospital services and systems listed below, and the IM shall make recommendations for improvements, when applicable:
 - a. Nursing Services;
 - b. Infection Control;
 - c. Pharmacy;

- d. Surgical Services;
 - e. Emergency Department;
 - f. Psychiatric Services;
 - g. Medical Staff;
 - h. Patient Rights;
 - i. Medical Services;
 - j. Medical Records,
 - k. Quality Assurance and Performance Improvement; and,
 - l. Facility's professional credentialing process and assessment process for evaluating competency and remediation/monitoring mechanisms.
9. The initial onsite review by the IM shall be scheduled within thirty (30) days of the execution of the contract with the IM and shall include all satellite locations listed on the Facility's license.
10. The IM shall confer with the Intended Licensee's Chief Executive Officer, Chief Medical Officer, Chief Nursing Officer, Vice President of Quality and Safety and other staff determined by the IM to be necessary to the assessment of care and services and the Intended Licensee's compliance with accepted standards of practice and applicable federal and state statutes and regulations.
11. The IM shall have thirty (30) days after the completion of the initial onsite review, to develop a report(s) regarding the Intended Licensee's compliance with applicable state and federal statutes and regulations and provide copies to the Intended Licensee's governing authority, and the Department, including representatives of the FLIS and the OHCA. No party shall be provided with the opportunity to review the report(s) prior to release, and all parties shall receive copies of the documents simultaneously. The report(s) shall identify methods utilized for the analysis, areas reviewed and process, findings and recommendations. IM recommendations shall include, as applicable, areas that need to be addressed, continuing onsite consulting initiatives, and any quality of care issues that require remediation.
12. The IM shall make recommendations to the Intended Licensee's governing authority, Chief Executive Officer, Chief Medical Officer, Vice President of Quality and Safety, the East Regional Vice President of Quality and Patient Safety, the Chief Quality

Officer and Chief Nursing Officer, consistent with accepted standards of practice, for improvement in the delivery of direct patient care in the Facility and compliance with regulatory requirements. If the IM and the Intended Licensee are unable to reach an agreement regarding the IM's recommendation(s), the Department, after meeting with the Intended Licensee and the IM, shall make a final determination, which shall be binding on the Intended Licensee.

13. Upon approval by the Department of the recommendations by the IM, the Intended Licensee shall provide the Department with a proposed timeframe for implementation of the IM recommendations, within twenty-one (21) days of receipt of the report(s). The timeframes shall be subject to approval by the Department and shall become operative upon the Department's approval. All recommendations shall be implemented in accordance with the Department's approved timeframe.
14. The IM shall assess the function, the duties, responsibilities and level of engagement of the Prospect Eastern Regional Quality and Patient Safety Steering Council ("Council") and the Facility's Quality Assurance and Performance Improvement Committee ("Committee") and shall determine their ability to monitor implementation of any recommendations provided. This assessment will be provided to the Intended Licensee's governing authority and to FLIS and OHCA.
15. The IM shall re-evaluate the Facility, within six (6) months following the completion of the initial Facility evaluation and semi-annually thereafter throughout the tenure of the IM's engagement. The re-evaluation shall determine the Licensee's ability to implement and maintain quality of care and services, implementation of recommendations previously made by the IM and compliance with regulatory requirements. Upon conclusion of said reviews, the IM shall provide Prospect, the Intended Licensee and the Department, including representatives of FLIS and OHCA, with a comprehensive report of said assessments.
16. The IM shall act and perform the duties assigned herein at all times to serve the interest of the Department in assuring the safety, welfare and well-being of patients and to secure compliance with applicable federal and state law and regulations and shall not accept any direction or suggestion from Prospect, the Intended Licensee or its employees that will deter or interfere in fulfilling this obligation.

17. Within one hundred eighty (180) days of the effective date of this Order, Prospect, shall:
 - a. Collaborate with Facility leadership in identifying initiatives aimed at improving patient care quality and safety;
 - b. Collaborate with Facility leadership to build quality, efficiency, effectiveness, and a shared accountability systems model of care;
 - c. Collaborate with Facility leadership to ensure ongoing compliance with state and federal laws and regulations;
 - d. Collaborate with Facility leadership to strengthen the data and information capabilities of the Facility to ensure quality and data driven quality measures; and,
 - e. Collaborate with Facility leadership to ensure sustainment of quality assurance and performance activities, to include but not be limited to, activities that promote a high reliability organization.
18. The Corporate Chief Quality Officer, Regional Vice President of Quality, Chief Executive Officer, Chief Medical Officer, Chief Nursing Officer and Vice President of Quality and Safety and/or their designees shall meet with the Department quarterly for the first six (6) months after the effective date of this Order and thereafter once every six (6) months throughout the tenure of the IM. The meetings shall include discussions of issues related to the care and services provided by the Intended Licensee's compliance with accepted standards of practice and applicable federal and state statutes and regulations. After the first meeting, all subsequent meetings may be attended via teleconference except that no out-of-state participant is required to attend any of the meetings in person.
19. Any records maintained in accordance with any state or federal law or regulation or as required by this Order shall be made available to the IM and the Department, upon request. The IM may attend quality assurance and/or peer review committee meetings and utilize information from such meetings and records for making recommendations or reports. Except where mandated by law or to report illegal conduct to the Department, the IM shall not identify the individual providers subject to peer review. Except for such disclosures to the IM, any rights of the Intended Licensee or any

affiliate to claim and exert privilege to quality assurance or peer review documents under state and/or federal law are preserved and not limited or waived by this Order.

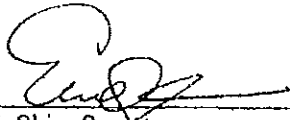
20. A Quality Assurance Performance Improvement Program shall be maintained by the Intended Licensee and monitored by the Committee, consist of, at least, the Intended Licensee's Chief Medical Officer, Chief Nursing Officer and Vice President of Quality and Safety. The Committee shall focus its activities utilizing a structure, process and outcome model. The Committee shall meet at least once every sixty (60) days and as needed to review all reports or complaints relating to patient care and compliance with accepted standards of practice and federal state laws and regulations. During the tenure of the IM, the IM shall have the right to attend and participate in all Committee meetings and to evaluate and report on the design of the quality assurance programs implemented by the Committee. The activities of the Committee shall include, but not be limited to, compliance with this Order and the IM recommendations, determination and adoption of new policies to be implemented by the Intended Licensee's staff to improve patient care practices; provided that all policies shall be subject to review and approval by the Facility's governing authority, the Local Board and as appropriate, Prospect, consistent with the terms of that certain Quality Assurance Commitment Side Letter dated March 28, 2016 by and between Prospect and Eastern Connecticut Health Network, Inc., as amended to the date hereof ("Quality Letter"). In addition, this Committee shall review and revise, as applicable infection control policies and procedures and monitor their implementation. The Committee shall measure and track the implementation of any changes in the Intended Licensee's policies, procedures, and allocation of resources recommended by the Committee to determine compliance with and effectiveness of such changes. A record of Committee meetings and subject matter discussed will be documented and available for review by the Department. Minutes of all such meetings shall be maintained at the Facility for a minimum period of three (3) years.
21. During the term of this Order the Intended Licensee shall notify the Department within five (5) business days, if any of the following positions become vacant (if such positions exist, in name or in responsibilities, at the Facility):
 - a. Corporate Chief Quality Officer;

- b. Regional Vice President of Quality;
 - c. Director of Survey Readiness Team;
 - d. Chief Executive Officer;
 - e. Chief Medical Officer
 - f. Chief Nursing Officer;
 - g. Vice President of Quality and Patient Safety; and,
 - h. Vice President of Patient Care Services.
22. Within five (5) business days of the effective date of this Order, the Intended Licensee, shall provide the names and resumes of the proposed Chief Medical Officer, Chief Nursing Officer and Vice President of Quality and Safety.
23. The Intended Licensee within five (5) business days of the execution of this Order, shall designate an individual to be responsible for all notices and correspondence pursuant to this Order. The name, mailing address, email address and phone number of the designated individual shall be provided to the Department within said timeframe. The Intended Licensee may provide for a substitute or alternate individual with two (2) business days written notice to the Department.
24. Any reports required by this document shall be directed to:
- Susan Newton, R.N., B.S.
Supervising Nurse Consultant
Facility Licensing and Investigations Section
Department of Public Health
410 Capitol Avenue, P.O. Box 340308, MS #12 HSR
Hartford, CT 06134-0308
25. All parties agree that this Order is an Order of the Department with all of the rights and obligations pertaining thereto and attendant thereon. The Intended Licensee agrees that the compliance with all of the terms and conditions of this Order is part of the responsibility of the Intended Licensee's governing authority as set forth in Public Health Code section 19-13-D68(b)(4). The Intended Licensee further agrees that failure to comply with any of the terms and conditions of this Order shall constitute grounds for disciplinary action pursuant to Section 19a-494 of the Connecticut General Statutes. Nothing herein shall be construed as limiting the Department's other available legal remedies against the Intended Licensee for violations of this Order or of any other

statutory or regulatory requirements, which may be sought in lieu of or in addition to the methods of relief listed above, or any other administrative and judicial relief provided by law.

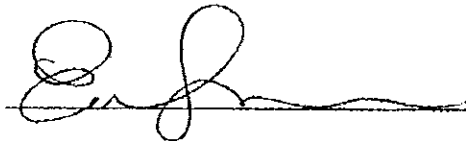
26. The execution of this Order has no bearing on any criminal liability without the written consent of the Director of the MFCU or the Bureau Chief of the Department of Criminal Justice's Statewide Prosecution Bureau.
27. The Intended Licensee agrees that this Pre-Licensure Consent Order and the terms set forth herein are not subject to reconsideration, collateral attack or judicial review under any form or in any forum including any right to review under the Uniform Administrative Procedure Act, Chapter 368a of the Statutes, Regulations that exists at the time the Order is executed or may become available in the future, provided that this stipulation shall not deprive the Intended Licensee and its affiliate entities of any other rights that it may have under the laws of the State of Connecticut or of the United States.
28. Each of the hospitals acquired by Intended Licensee shall provide to the Department a plan of correction within forty-five (45) days of receiving a physical plant inspection report from the Department.
29. The Intended Licensee has consulted with its attorney prior to the execution of this Order.

WITNESS WHEREOF, the parties hereto have caused this Pre-Licensure Consent Order to be executed by their respective officers and officials. The undersigned signatories represent and warrant that they are authorized to execute this Pre-Licensure Consent Order on behalf of the party they represent.

By: 
Ellen J. Shin, Secretary
Prospect Manchester Hospital, Inc.
The Intended Licensee

On this 28th day of September, 2016, before me, personally appeared Ellen J. Shin who acknowledged herself to be the Secretary of the Intended Licensee and that she as Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing her name as Secretary.


My Commission Expires: July 3, 2020
(If Notary Public)



Notary Public []
Commissioner of the Superior Court []



STATE OF CONNECTICUT,
DEPARTMENT OF PUBLIC HEALTH

By: 
Barbara Cass, R.N.
Section Chief
Facility Licensing and Investigations Section

September 30, 2016

Exhibit A

FLIS' Independent Monitor Guidelines For Intended Licensee Prospect Manchester Hospital

Relationship between Independent Monitor (IM) and DPH includes:

- An IM is utilized as a component of DPH's regulatory remedy process. An IM may be agreed upon as a part of a Consent Order between the institution and the Department when significant care and services issues are identified, or when, in connection with a change of ownership, an acquirer is new to the State and has experienced previous compliance issues in another state.
- The IM has a fiduciary or special relationship of trust, confidence and responsibility with the Department.
- The IM's responsibilities include:
 - Reporting to the Department regarding the Facility's compliance with federal and state law and regulation.
 - Monitoring the institution's plan of correction to rectify deficiencies and violations of federal/state laws and regulations. Reports to Department positive and negative issues related to said oversight.
 - Reporting in accordance with the Consent Agreement/Order to the Department of issues identified, plans to address noncompliance and remediation efforts of the institution.

Relationship between IM and the Institution:

- The IM maintains a professional and objective relationship with the institutional staff. The IM is a consultant, not an employee of the institution. The IM exercises independent judgment and initiative to determine how to fully address and complete her/his responsibilities. The institution does not direct or supervise the IM but must cooperate with and respond to requests of the IM related to fulfilling her/his duties.
- The IM's responsibilities, consistent with the terms of the Consent Order, include:
 - Assessment of institution's compliance with recognized standards of practice federal/state laws and regulations.
 - Monitoring of care/services being provided.
 - Assists staff with plans of action to enhance care and services within the institution.
 - Reports in accordance with the Consent Order to the institution re: assessments, issues identified, and monitoring of plans of correction.

**STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
FACILITY LICENSING AND INVESTIGATIONS SECTION**

In Re: Prospect Rockville Hospital, Inc.
d/b/a Rockville General Hospital
31 Union Street
Vernon, CT 06066

Intended Licensee: Prospect Rockville Hospital, Inc.
d/b/a Rockville General Hospital
Referred to herein as the "Intended Licensee"

PRE-LICENSURE CONSENT ORDER

WHEREAS, Prospect Medical Holdings, Inc. ("Prospect") has obtained certain regulatory approvals to acquire, through one or more subsidiaries, various licensed facilities or operations currently affiliated with Eastern Connecticut Health Network, Inc., including: Manchester Memorial Hospital and Rockville General Hospital ("ECHN Facilities"); and,

WHEREAS, Prospect is seeking to also acquire, through one or more subsidiaries, certain licensed facilities or operations currently affiliated with the Greater Waterbury Health Network, Inc., including the Waterbury Hospital ("GWHN Facilities" and together with the ECHN Facilities referred to as the "Prospect CT Group"); and,

WHEREAS, the Intended Licensee, a subsidiary of Prospect is seeking an initial license to operate a general hospital as defined in Conn. Gen. Stat. § 19a-490(b); and,

WHEREAS, upon the execution of this Pre-Licensure Consent Order ("Order") and after meeting all statutory and regulatory requirements, the Intended Licensee shall be issued a license to operate a General Hospital currently known as Rockville General Hospital ("Facility") by the Connecticut Department of Public Health ("Department").

NOW THEREFORE, the Facility Licensing and Investigations Section of the Department ("FLIS") acting herein and through Barbara Cass, Section Chief, and the Intended Licensee and Prospect hereby stipulate and agree as follows:

1. The Order issued by the Department of Public Health, Office of Health Care Access ("OHCA") dated June 10, 2016 ("OHCA Order") shall be incorporated and made part of this Order.
2. This Order shall remain in effect for three (3) years from the effective date of this Order. The effective date of the Order is October 1, 2016. The issuance of the License shall occur when the Department receives proof, to its satisfaction, that the closing regarding the ECHN Facilities will occur within forty-eight hours of the issuance of the license provided all legal requirements for licensure have been met.
3. During the term of this Order, should the Intended Licensee implement any new patient care services, it shall do so in accordance with Connecticut General Statutes sections 19a-638 through 19a-639b. In addition, for one year after the effective date of this Order, the Intended Licensee and any beneficial owner of the Intended Licensee shall notify the Department of its intent to acquire an ownership interest in another general hospital in Connecticut (other than Rockville General Hospital or Waterbury Hospital) or any other state.
4. Within sixty (60) days of the effective date of this Order, Prospect or a subsidiary shall, on behalf of the Intended Licensee, execute a contract with an Independent Monitor ("IM") pre-approved in writing by the FLIS and OHCA. The duties of the IM shall be performed by a single individual unless otherwise approved by the Department. Prospect or its subsidiary shall pay the cost of the IM and all other costs necessary to comply with this Order. The IM shall be contracted to monitor other facilities within the Prospect CT Group as required by the Department. The aggregate cost of the IM to monitor all such facilities under all FLIS and OCHA orders entered into in connection with the licensure of the Prospect CT Group shall not exceed \$300,000. The IM shall function in accordance with the IM Guidelines except to the extent there is any conflict between this Order and the Guidelines, the Order shall govern. (Exhibit A, copy attached). The IM shall have expertise in hospital administration and operations,

knowledge of the healthcare environment with a special focus on quality assurance and performance improvement, and considerable knowledge of accepted standards of practice and state and federal laws and regulations applicable to general/acute care hospitals.

5. The IM shall provide services as outlined herein for two (2) years. If the Department determines during the last six months of the first two years of the IM's tenure or within three months after the two year period that the Facility is not in compliance with applicable accepted standards of practice and federal and state statutes and regulations, the services of the IM shall be extended at the direction of the Department for up to one (1) additional year, for an overall total of three (3) years. The Department shall base any decision regarding the extension of time for IM services upon onsite inspections conducted by the Department and based on all other information the Department deems relevant. The terms of the contract executed on behalf of the Intended Licensee with the IM shall include all pertinent provisions, including time frames contained in this Order.
6. In addition to any other remedies available to the Department, noncompliance with any of the provisions of this Order or the OHCA Order, including failure to pay costs associated with the IM's duties shall constitute a violation of this Order and may result in a fine not to exceed one thousand dollars per day.
7. The IM shall conduct an initial assessment of the Intended Licensee's regulatory compliance which identifies areas requiring remediation. The IM shall report any regulatory or statutory violations identified in the initial assessment to FLIS, OHCA and the Intended Licensee. Such assessment shall, at a minimum, include onsite reviews of hospital systems and direct observations of the Facility staffs' performance as further specified in paragraphs eight (8) and nine (9) of the Order.
8. The IM onsite review shall include, but not be limited to, the following professional and hospital services and systems listed below, and the IM shall make recommendations for improvements, when applicable:
 - a. Nursing Services;
 - b. Infection Control;
 - c. Pharmacy;

- d. Surgical Services;
 - e. Emergency Department;
 - f. Psychiatric Services;
 - g. Medical Staff;
 - h. Patient Rights;
 - i. Medical Services;
 - j. Medical Records;
 - k. Quality Assurance and Performance Improvement; and,
 - l. Facility's professional credentialing process and assessment process for evaluating competency and remediation/monitoring mechanisms.
9. The initial onsite review by the IM shall be scheduled within thirty (30) days of the execution of the contract with the IM and shall include all satellite locations listed on the Facility's license.
 10. The IM shall confer with the Intended Licensee's Chief Executive Officer, Chief Medical Officer, Chief Nursing Officer, Vice President of Quality and Safety and other staff determined by the IM to be necessary to the assessment of care and services and the Intended Licensee's compliance with accepted standards of practice and applicable federal and state statutes and regulations.
 11. The IM shall have thirty (30) days after the completion of the initial onsite review, to develop a report(s) regarding the Intended Licensee's compliance with applicable state and federal statutes and regulations and provide copies to the Intended Licensee's governing authority, and the Department, including representatives of the FLIS and the OHCA. No party shall be provided with the opportunity to review the report(s) prior to release, and all parties shall receive copies of the documents simultaneously. The report(s) shall identify methods utilized for the analysis, areas reviewed and process, findings and recommendations. IM recommendations shall include, as applicable, areas that need to be addressed, continuing onsite consulting initiatives, and any quality of care issues that require remediation.
 12. The IM shall make recommendations to the Intended Licensee's governing authority, Chief Executive Officer, Chief Medical Officer, Vice President of Quality and Safety, the East Regional Vice President of Quality and Patient Safety, the Chief Quality

Officer and Chief Nursing Officer, consistent with accepted standards of practice, for improvement in the delivery of direct patient care in the Facility and compliance with regulatory requirements. If the IM and the Intended Licensee are unable to reach an agreement regarding the IM's recommendation(s), the Department, after meeting with the Intended Licensee and the IM, shall make a final determination, which shall be binding on the Intended Licensee.

13. Upon approval by the Department of the recommendations by the IM, the Intended Licensee shall provide the Department with a proposed timeframe for implementation of the IM recommendations, within twenty-one (21) days of receipt of the report(s). The timeframes shall be subject to approval by the Department and shall become operative upon the Department's approval. All recommendations shall be implemented in accordance with the Department's approved timeframe.
14. The IM shall assess the function, the duties, responsibilities and level of engagement of the Prospect Eastern Regional Quality and Patient Safety Steering Council ("Council") and the Facility's Quality Assurance and Performance Improvement Committee ("Committee") and shall determine their ability to monitor implementation of any recommendations provided. This assessment will be provided to the Intended Licensee's governing authority and to FLIS and OHCA.
15. The IM shall re-evaluate the Facility, within six (6) months following the completion of the initial Facility evaluation and semi-annually thereafter throughout the tenure of the IM's engagement. The re-evaluation shall determine the Licensee's ability to implement and maintain quality of care and services, implementation of recommendations previously made by the IM and compliance with regulatory requirements. Upon conclusion of said reviews, the IM shall provide Prospect, the Intended Licensee and the Department, including representatives of FLIS and OHCA, with a comprehensive report of said assessments.
16. The IM shall act and perform the duties assigned herein at all times to serve the interest of the Department in assuring the safety, welfare and well-being of patients and to secure compliance with applicable federal and state law and regulations and shall not accept any direction or suggestion from Prospect, the Intended Licensee or its employees that will deter or interfere in fulfilling this obligation.

17. Within one hundred eighty (180) days of the effective date of this Order, Prospect, shall:
 - a. Collaborate with Facility leadership in identifying initiatives aimed at improving patient care quality and safety;
 - b. Collaborate with Facility leadership to build quality, efficiency, effectiveness, and a shared accountability systems model of care;
 - c. Collaborate with Facility leadership to ensure ongoing compliance with state and federal laws and regulations;
 - d. Collaborate with Facility leadership to strengthen the data and information capabilities of the Facility to ensure quality and data driven quality measures; and,
 - e. Collaborate with Facility leadership to ensure sustainment of quality assurance and performance activities, to include but not be limited to, activities that promote a high reliability organization.
18. The Corporate Chief Quality Officer, Regional Vice President of Quality, Chief Executive Officer, Chief Medical Officer, Chief Nursing Officer and Vice President of Quality and Safety and/or their designees shall meet with the Department quarterly for the first six (6) months after the effective date of this Order and thereafter once every six (6) months throughout the tenure of the IM. The meetings shall include discussions of issues related to the care and services provided by the Intended Licensee's compliance with accepted standards of practice and applicable federal and state statutes and regulations. After the first meeting, all subsequent meetings may be attended via teleconference except that no out-of-state participant is required to attend any of the meetings in person.
19. Any records maintained in accordance with any state or federal law or regulation or as required by this Order shall be made available to the IM and the Department, upon request. The IM may attend quality assurance and/or peer review committee meetings and utilize information from such meetings and records for making recommendations or reports. Except where mandated by law or to report illegal conduct to the Department, the IM shall not identify the individual providers subject to peer review. Except for such disclosures to the IM, any rights of the Intended Licensee or any

affiliate to claim and exert privilege to quality assurance or peer review documents under state and/or federal law are preserved and not limited or waived by this Order.

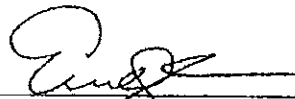
20. A Quality Assurance Performance Improvement Program shall be maintained by the Intended Licensee and monitored by the Committee, consist of, at least, the Intended Licensee's Chief Medical Officer, Chief Nursing Officer and Vice President of Quality and Safety. The Committee shall focus its activities utilizing a structure, process and outcome model. The Committee shall meet at least once every sixty (60) days and as needed to review all reports or complaints relating to patient care and compliance with accepted standards of practice and federal state laws and regulations. During the tenure of the IM, the IM shall have the right to attend and participate in all Committee meetings and to evaluate and report on the design of the quality assurance programs implemented by the Committee. The activities of the Committee shall include, but not be limited to, compliance with this Order and the IM recommendations, determination and adoption of new policies to be implemented by the Intended Licensee's staff to improve patient care practices; provided that all policies shall be subject to review and approval by the Facility's governing authority, the Local Board and as appropriate, Prospect, consistent with the terms of that certain Quality Assurance Commitment Side Letter dated March 28, 2016 by and between Prospect and Eastern Connecticut Health Network, Inc., as amended to the date hereof ("Quality Letter"). In addition, this Committee shall review and revise, as applicable infection control policies and procedures and monitor their implementation. The Committee shall measure and track the implementation of any changes in the Intended Licensee's policies, procedures, and allocation of resources recommended by the Committee to determine compliance with and effectiveness of such changes. A record of Committee meetings and subject matter discussed will be documented and available for review by the Department. Minutes of all such meetings shall be maintained at the Facility for a minimum period of three (3) years.
21. During the term of this Order the Intended Licensee shall notify the Department within five (5) business days, if any of the following positions become vacant (if such positions exist, in name or in responsibilities, at the Facility):
 - a. Corporate Chief Quality Officer;

- b. Regional Vice President of Quality;
 - c. Director of Survey Readiness Team;
 - d. Chief Executive Officer;
 - e. Chief Medical Officer
 - f. Chief Nursing Officer;
 - g. Vice President of Quality and Patient Safety; and,
 - h. Vice President of Patient Care Services.
22. Within five (5) business days of the effective date of this Order, the Intended Licensee, shall provide the names and resumes of the proposed Chief Medical Officer, Chief Nursing Officer and Vice President of Quality and Safety.
23. The Intended Licensee within five (5) business days of the execution of this Order, shall designate an individual to be responsible for all notices and correspondence pursuant to this Order. The name, mailing address, email address and phone number of the designated individual shall be provided to the Department within said timeframe. The Intended Licensee may provide for a substitute or alternate individual with two (2) business days written notice to the Department.
24. Any reports required by this document shall be directed to:
- Susan Newton, R.N., B.S.
 - Supervising Nurse Consultant
 - Facility Licensing and Investigations Section
 - Department of Public Health
 - 410 Capitol Avenue, P.O. Box 340308, MS #12 HSR
 - Hartford, CT 06134-0308
25. All parties agree that this Order is an Order of the Department with all of the rights and obligations pertaining thereto and attendant thereon. The Intended Licensee agrees that the compliance with all of the terms and conditions of this Order is part of the responsibility of the Intended Licensee's governing authority as set forth in Public Health Code section 19-13-D68(b)(4). The Intended Licensee further agrees that failure to comply with any of the terms and conditions of this Order shall constitute grounds for disciplinary action pursuant to Section 19a-494 of the Connecticut General Statutes. Nothing herein shall be construed as limiting the Department's other available legal remedies against the Intended Licensee for violations of this Order or of any other

statutory or regulatory requirements, which may be sought in lieu of or in addition to the methods of relief listed above, or any other administrative and judicial relief provided by law.

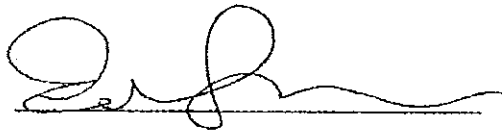
26. The execution of this Order has no bearing on any criminal liability without the written consent of the Director of the MFCU or the Bureau Chief of the Department of Criminal Justice's Statewide Prosecution Bureau.
27. The Intended Licensee agrees that this Pre-Licensure Consent Order and the terms set forth herein are not subject to reconsideration, collateral attack or judicial review under any form or in any forum including any right to review under the Uniform Administrative Procedure Act, Chapter 368a of the Statutes, Regulations that exists at the time the Order is executed or may become available in the future, provided that this stipulation shall not deprive the Intended Licensee and its affiliate entities of any other rights that it may have under the laws of the State of Connecticut or of the United States.
28. Each of the hospitals acquired by Intended Licensee shall provide to the Department a plan of correction within forty-five (45) days of receiving a physical plant inspection report from the Department.
29. The Intended Licensee has consulted with its attorney prior to the execution of this Order.

WITNESS WHEREOF, the parties hereto have caused this Pre-Licensure Consent Order to be executed by their respective officers and officials. The undersigned signatories represent and warrant that they are authorized to execute this Pre-Licensure Consent Order on behalf of the party they represent.

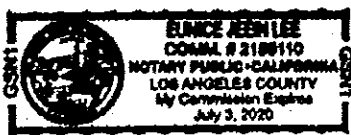
By: 
Ellen J. Shin, Secretary
Prospect Rockville Hospital, Inc.
The Intended Licensee

On this 28th day of September, 2016, before me, personally appeared Ellen J. Shin who acknowledged herself to be the Secretary of the Intended Licensee and that she as Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing her name as Secretary.

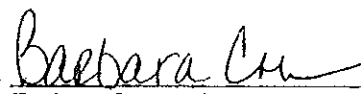
My Commission Expires: July 3, 2020
(If Notary Public)



Notary Public []
Commissioner of the Superior Court []



STATE OF CONNECTICUT,
DEPARTMENT OF PUBLIC HEALTH

By: 
Barbara Cass, R.N.
Section Chief
Facility Licensing and Investigations Section

September 30, 2016

Exhibit A

FLIS' Independent Monitor Guidelines For Intended Licensee Prospect Manchester Hospital

Relationship between Independent Monitor (IM) and DPH includes:

- An IM is utilized as a component of DPH's regulatory remedy process. An IM may be agreed upon as a part of a Consent Order between the institution and the Department when significant care and services issues are identified, or when, in connection with a change of ownership, an acquirer is new to the State and has experienced previous compliance issues in another state.
- The IM has a fiduciary or special relationship of trust, confidence and responsibility with the Department.
- The IM's responsibilities include:
 - Reporting to the Department regarding the Facility's compliance with federal and state law and regulation.
 - Monitoring the institution's plan of correction to rectify deficiencies and violations of federal/state laws and regulations. Reports to Department positive and negative issues related to said oversight.
 - Reporting in accordance with the Consent Agreement/Order to the Department of issues identified, plans to address noncompliance and remediation efforts of the institution.

Relationship between IM and the Institution:

- The IM maintains a professional and objective relationship with the institutional staff. The IM is a consultant, not an employee of the institution. The IM exercises independent judgment and initiative to determine how to fully address and complete her/his responsibilities. The institution does not direct or supervise the IM but must cooperate with and respond to requests of the IM related to fulfilling her/his duties.
- The IM's responsibilities, consistent with the terms of the Consent Order, include:
 - Assessment of institution's compliance with recognized standards of practice federal/state laws and regulations.
 - Monitoring of care/services being provided.
 - Assists staff with plans of action to enhance care and services within the institution.
 - Reports in accordance with the Consent Order to the institution re: assessments, issues identified, and monitoring of plans of correction.

**STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH
FACILITY LICENSING AND INVESTIGATIONS SECTION**

In Re: Prospect Waterbury, Inc.
d/b/a The Waterbury Hospital
64 Robbins Street
Waterbury, CT 06708

Intended Licensee: Prospect Waterbury, Inc.
d/b/a The Waterbury Hospital
Referred to herein as the "Intended Licensee"

PRE-LICENSURE CONSENT ORDER

WHEREAS, Prospect Medical Holdings, Inc. ("Prospect") has obtained certain regulatory approvals to acquire, through one or more subsidiaries, various licensed facilities or operations currently affiliated with Eastern Connecticut Health Network, Inc., including: Manchester Memorial Hospital and Rockville General Hospital ("ECHN Facilities"); and,

WHEREAS, Prospect is seeking to also acquire, through one or more subsidiaries, certain licensed facilities or operations currently affiliated with the Greater Waterbury Health Network, Inc., including the Waterbury Hospital ("GWHN Facilities" and together with the ECHN Facilities referred to as the "Prospect CT Group"); and,

WHEREAS, the Intended Licensee, a subsidiary of Prospect is seeking an initial license to operate a general hospital as defined in Conn. Gen. Stat. § 19a-490(b); and,

WHEREAS, upon the execution of this Pre-Licensure Consent Order ("Order") and after meeting all statutory and regulatory requirements, the Intended Licensee shall be issued a license to operate a General Hospital currently known as The Waterbury Hospital ("Facility") by the Connecticut Department of Public Health ("Department").

NOW THEREFORE, the Facility Licensing and Investigations Section of the Department ("FLIS") acting herein and through Barbara Cass, Section Chief, and the Intended Licensee and Prospect hereby stipulate and agree as follows:

1. The Order issued by the Department of Public Health, Office of Health Care Access ("OHCA") dated June 10, 2016 ("OHCA Order") shall be incorporated and made part of this Order.
2. This Order shall remain in effect for three (3) years from the effective date of this Order. The effective date of the Order is October 1, 2016. The issuance of the License shall occur when the Department receives proof, to its satisfaction, that the closing regarding the ECHN Facilities will occur within forty-eight hours of the issuance of the license provided all legal requirements for licensure have been met.
3. During the term of this Order, should the Intended Licensee implement any new patient care services, it shall do so in accordance with Connecticut General Statutes sections 19a-638 through 19a-639b. In addition, for one year after the effective date of this Order, the Intended Licensee and any beneficial owner of the Intended Licensee shall notify the Department of its intent to acquire an ownership interest in another general hospital in Connecticut (other than Rockville General Hospital or Waterbury Hospital) or any other state.
4. Within sixty (60) days of the effective date of this Order, Prospect or a subsidiary shall, on behalf of the Intended Licensee, execute a contract with an Independent Monitor ("IM") pre-approved in writing by the FLIS and OHCA. The duties of the IM shall be performed by a single individual unless otherwise approved by the Department. Prospect or its subsidiary shall pay the cost of the IM and all other costs necessary to comply with this Order. The IM shall be contracted to monitor other facilities within the Prospect CT Group as required by the Department. The aggregate cost of the IM to monitor all such facilities under all FLIS and OCHA orders entered into in connection with the licensure of the Prospect CT Group shall not exceed \$300,000. The IM shall function in accordance with the IM Guidelines except to the extent there is any conflict between this Order and the Guidelines, the Order shall govern. (Exhibit A, copy attached). The IM shall have expertise in hospital administration and operations,

knowledge of the healthcare environment with a special focus on quality assurance and performance improvement, and considerable knowledge of accepted standards of practice and state and federal laws and regulations applicable to general/acute care hospitals.

5. The IM shall provide services as outlined herein for two (2) years. If the Department determines during the last six months of the first two years of the IM's tenure or within three months after the two year period that the Facility is not in compliance with applicable accepted standards of practice and federal and state statutes and regulations, the services of the IM shall be extended at the direction of the Department for up to one (1) additional year, for an overall total of three (3) years. The Department shall base any decision regarding the extension of time for IM services upon onsite inspections conducted by the Department and based on all other information the Department deems relevant. The terms of the contract executed on behalf of the Intended Licensee with the IM shall include all pertinent provisions, including time frames contained in this Order.
6. In addition to any other remedies available to the Department, noncompliance with any of the provisions of this Order or the OHCA Order, including failure to pay costs associated with the IM's duties shall constitute a violation of this Order and may result in a fine not to exceed one thousand dollars per day.
7. The IM shall conduct an initial assessment of the Intended Licensee's regulatory compliance which identifies areas requiring remediation. The IM shall report any regulatory or statutory violations identified in the initial assessment to FLIS, OHCA and the Intended Licensee. Such assessment shall, at a minimum, include onsite reviews of hospital systems and direct observations of the Facility staffs' performance as further specified in paragraphs eight (8) and nine (9) of the Order.
8. The IM onsite review shall include, but not be limited to, the following professional and hospital services and systems listed below, and the IM shall make recommendations for improvements, when applicable:
 - a. Nursing Services;
 - b. Infection Control;
 - c. Pharmacy;

- d. Surgical Services;
 - e. Emergency Department;
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 - k. Quality Assurance and Performance Improvement; and,
 - l. Facility's professional credentialing process and assessment process for evaluating competency and remediation/monitoring mechanisms.
9. The initial onsite review by the IM shall be scheduled within thirty (30) days of the execution of the contract with the IM and shall include all satellite locations listed on the Facility's license.
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Officer and Chief Nursing Officer, consistent with accepted standards of practice, for improvement in the delivery of direct patient care in the Facility and compliance with regulatory requirements. If the IM and the Intended Licensee are unable to reach an agreement regarding the IM's recommendation(s), the Department, after meeting with the Intended Licensee and the IM, shall make a final determination, which shall be binding on the Intended Licensee.

13. Upon approval by the Department of the recommendations by the IM, the Intended Licensee shall provide the Department with a proposed timeframe for implementation of the IM recommendations, within twenty-one (21) days of receipt of the report(s). The timeframes shall be subject to approval by the Department and shall become operative upon the Department's approval. All recommendations shall be implemented in accordance with the Department's approved timeframe.
14. The IM shall assess the function, the duties, responsibilities and level of engagement of the Prospect Eastern Regional Quality and Patient Safety Steering Council ("Council") and the Facility's Quality Assurance and Performance Improvement Committee ("Committee") and shall determine their ability to monitor implementation of any recommendations provided. This assessment will be provided to the Intended Licensee's governing authority and to FLIS and OHCA.
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16. The IM shall act and perform the duties assigned herein at all times to serve the interest of the Department in assuring the safety, welfare and well-being of patients and to secure compliance with applicable federal and state law and regulations and shall not accept any direction or suggestion from Prospect, the Intended Licensee or its employees that will deter or interfere in fulfilling this obligation.

17. Within one hundred eighty (180) days of the effective date of this Order, Prospect, shall:
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 - c. Collaborate with Facility leadership to ensure ongoing compliance with state and federal laws and regulations;
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 - e. Collaborate with Facility leadership to ensure sustainment of quality assurance and performance activities, to include but not be limited to, activities that promote a high reliability organization.
18. The Corporate Chief Quality Officer, Regional Vice President of Quality, Chief Executive Officer, Chief Medical Officer, Chief Nursing Officer and Vice President of Quality and Safety and/or their designees shall meet with the Department quarterly for the first six (6) months after the effective date of this Order and thereafter once every six (6) months throughout the tenure of the IM. The meetings shall include discussions of issues related to the care and services provided by the Intended Licensee's compliance with accepted standards of practice and applicable federal and state statutes and regulations. After the first meeting, all subsequent meetings may be attended via teleconference except that no out-of-state participant is required to attend any of the meetings in person.
19. Any records maintained in accordance with any state or federal law or regulation or as required by this Order shall be made available to the IM and the Department, upon request. The IM may attend quality assurance and/or peer review committee meetings and utilize information from such meetings and records for making recommendations or reports. Except where mandated by law or to report illegal conduct to the Department, the IM shall not identify the individual providers subject to peer review. Except for such disclosures to the IM, any rights of the Intended Licensee or any

affiliate to claim and exert privilege to quality assurance or peer review documents under state and/or federal law are preserved and not limited or waived by this Order.

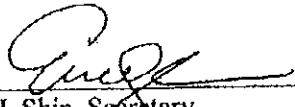
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21. During the term of this Order the Intended Licensee shall notify the Department within five (5) business days, if any of the following positions become vacant (if such positions exist, in name or in responsibilities, at the Facility):
 - a. Corporate Chief Quality Officer;

- b. Regional Vice President of Quality;
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 - g. Vice President of Quality and Patient Safety; and,
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statutory or regulatory requirements, which may be sought in lieu of or in addition to the methods of relief listed above, or any other administrative and judicial relief provided by law.

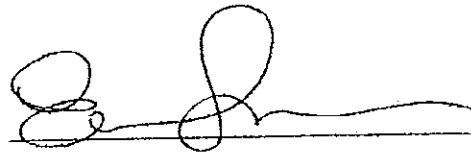
26. The execution of this Order has no bearing on any criminal liability without the written consent of the Director of the MFCU or the Bureau Chief of the Department of Criminal Justice's Statewide Prosecution Bureau.
27. The Intended Licensee agrees that this Pre-Licensure Consent Order and the terms set forth herein are not subject to reconsideration, collateral attack or judicial review under any form or in any forum including any right to review under the Uniform Administrative Procedure Act, Chapter 368a of the Statutes, Regulations that exists at the time the Order is executed or may become available in the future, provided that this stipulation shall not deprive the Intended Licensee and its affiliate entities of any other rights that it may have under the laws of the State of Connecticut or of the United States.
28. Each of the hospitals acquired by Intended Licensee shall provide to the Department a plan of correction within forty-five (45) days of receiving a physical plant inspection report from the Department.
29. The Intended Licensee has consulted with its attorney prior to the execution of this Order.

WITNESS WHEREOF, the parties hereto have caused this Pre-Licensure Consent Order to be executed by their respective officers and officials. The undersigned signatories represent and warrant that they are authorized to execute this Pre-Licensure Consent Order on behalf of the party they represent.

By: 
Ellen J. Shin, Secretary
Prospect Waterbury, Inc.
The Intended Licensee

On this 28th day of September, 2016, before me, personally appeared Ellen J. Shin who acknowledged herself to be the Secretary of the Intended Licensee and that she as Secretary, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing her name as Secretary.

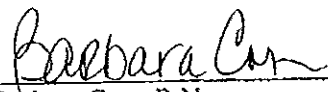
My Commission Expires: July 3, 2020
(If Notary Public)



Notary Public []
Commissioner of the Superior Court []



STATE OF CONNECTICUT,
DEPARTMENT OF PUBLIC HEALTH

By: 
Barbara Cass, R.N.
Section Chief
Facility Licensing and Investigations Section

September 30, 2016

Exhibit A

FLIS' Independent Monitor Guidelines For Intended Licensee Prospect Manchester Hospital

Relationship between Independent Monitor (IM) and DPH includes:

- An IM is utilized as a component of DPH's regulatory remedy process. An IM may be agreed upon as a part of a Consent Order between the institution and the Department when significant care and services issues are identified, or when, in connection with a change of ownership, an acquirer is new to the State and has experienced previous compliance issues in another state.
- The IM has a fiduciary or special relationship of trust, confidence and responsibility with the Department.
- The IM's responsibilities include:
 - Reporting to the Department regarding the Facility's compliance with federal and state law and regulation.
 - Monitoring the institution's plan of correction to rectify deficiencies and violations of federal/state laws and regulations. Reports to Department positive and negative issues related to said oversight.
 - Reporting in accordance with the Consent Agreement/Order to the Department of issues identified, plans to address noncompliance and remediation efforts of the institution.

Relationship between IM and the Institution:

- The IM maintains a professional and objective relationship with the institutional staff. The IM is a consultant, not an employee of the institution. The IM exercises independent judgment and initiative to determine how to fully address and complete her/his responsibilities. The institution does not direct or supervise the IM but must cooperate with and respond to requests of the IM related to fulfilling her/his duties.
- The IM's responsibilities, consistent with the terms of the Consent Order, include:
 - Assessment of institution's compliance with recognized standards of practice federal/state laws and regulations.
 - Monitoring of care/services being provided.
 - Assists staff with plans of action to enhance care and services within the institution.
 - Reports in accordance with the Consent Order to the institution re: assessments, issues identified, and monitoring of plans of correction.

BUSINESS ASSOCIATE AGREEMENT

THIS BUSINESS ASSOCIATE AGREEMENT (the "Business Associate Agreement") is made and entered into as of November __, 2016 (the "Effective Date"), by and among Prospect ECHN, Inc., a Connecticut corporation ("Prospect ECHN"), Prospect Waterbury, Inc., a Connecticut corporation ("Prospect Waterbury") (together, the "Covered Entities") and Colleen Smith, MSN, RN, NEA-BC ("Business Associate")

RECITALS:

WHEREAS, the Business Associate and Covered Entities have entered into and may enter into one or more agreements (the "Agreement(s)") under which the Business Associate performs or assists the Covered Entities with a function or activity involving the Use or Disclosure of Individually Identifiable Health Information;

WHEREAS, the Covered Entities and the Business Associate desire to comply with the requirements of regulations promulgated pursuant to the Health Insurance Portability and Accountability Act of 1996 ("HIPAA").

WHEREAS, the HIPAA Standards require that the Covered Entities obtain satisfactory assurances that the Business Associate will appropriately safeguard the Individually Identifiable Health Information Used or Disclosed by the Business Associate in the course of performing services pursuant to the Agreement(s).

NOW, THEREFORE, in consideration of the foregoing and the mutual promises and covenants herein contained, the parties agree as follows:

1. Definitions

- a) HIPAA Rules shall mean the Privacy, Security, Breach Notification and Enforcement Rules at 45 C.F.R. Part 160 and Part 164.
- b) The following terms Used in this business Associate Agreement shall have the same meaning as those terms defined in the HIPAA Standards: Business Associate, Covered Entity, Breach, Data Aggregation, Designated Record Set, Disclosure, Health Care Operations, Individual, Minimum Necessary, Notice of Privacy Practices, Protected Health Information, Required By Law, Secretary, Security Incident, Subcontractor, Unsecured Protected Health Information, and Use.
- c) The Covered Entities and the Business Associate acknowledge and agree that capitalized terms Used, but not otherwise defined, herein are as defined in the HIPAA Standards;

2. Obligations and Activities of Business Associate

- a) Business Associate shall not Use or further Disclose Protected Health Information other than as permitted or required by this Business Associate Agreement or as required by law.
- b) Business Associate shall Use appropriate safeguards and comply with Subpart C of 45 C.F.R. Part 164 with respect to electronic protected health information, to prevent Use or Disclosure of the Protected Health Information not provided for by this Business Associate Agreement.
- c) Business Associate shall immediately report to Covered Entities any Use or Disclosure of Protected Health Information or individually identifiable information not provided for by this Business Associate Agreement, including without limitation any Breach of Protected Health Information or Unsecured Protected Health Information as required and any Security Incident of which the Business Associate becomes aware. Business Associate shall take any reasonable action necessary or requested by the Covered Entities to mitigate, to the extent practicable, any harmful effect that is known to Business Associate.
- d) In the event of a Breach of Protected Health Information or Unsecured Protected Health Information, Business Associate's notice to Covered Entities of such Breach shall include, to the extent possible, the identification of each Individual whose Protected Health Information has been, or is reasonably believed to have been, accessed, acquired, or disclosed. Business Associate shall also provide Covered Entities any other available information that the Covered Entities are required to include in the notification to the Individual, even if such information becomes available after notification to the Individual, or take any reasonable action necessary as requested by the Covered Entities to assist Covered Entities in complying with any applicable Breach notification requirements.
- e) Business Associate shall ensure that any agent of the Business Associate, including a subcontractor that creates, maintains transmits, or receives Protected Health Information on behalf of Covered Entities agrees to the same restrictions, conditions and requirements that apply through to Business Associate with respect to such information.
- f) If the Business Associate maintains Protected Health Information in a Designated Record Set, the Business Associate shall:
 - (i) provide access or make available to Covered Entities Protected Health Information in a Designated Record Set, to Covered Entities or to an Individual, per Covered Entities' direction in order to meet the requirements under 45 C.F.R. § 164.524; and
 - (ii) make any amendment(s) to Protected Health Information in a Designated Record Set that the Covered Entities direct or agree to

pursuant to 45 C.F.R. § 164.526 at the request of Covered Entity or an Individual in the time and manner designated by Covered Entity, or take other measures as necessary to satisfy Covered Entities' obligations under 45 C.F.R. 164.526.

- g) Business Associate shall maintain and make available to Covered Entity information pertaining to Disclosures of Protected Health Information by Business Associate to permit Covered Entity to respond to a request by an Individual for an accounting of Disclosures of Protected Health Information in accordance with 45 C.F.R. § 164.528. In the event that Business Associate receives a direct request from an Individual for an accounting of Disclosures of Protected Health Information made by Business Associate, Business Associate agrees to provide the Individual with such an accounting in accordance with 45 C.F.R. § 164.528.
- h) To the extent Business Associate is to carry out one or more of Covered Entities' obligation(s) under Subpart E of 45 C.F.R. Part 164, Business Associate shall comply with the requirements of Subpart E that apply to Covered Entity in the performance of such obligation(s); and
- i) Business Associate shall make internal practices, books, and records relating to the Use and Disclosure of Protected Health Information received from, or created, maintained or received by Business Associate on behalf of Covered Entity available to the Covered Entity or the Secretary, in a time and manner designated by the Covered Entity or the Secretary, for purposes of the Secretary determining Covered Entities' or Business Associate's compliance with the HIPAA Rules.
- j) Business Associate shall implement and maintain safeguards as necessary to ensure that all Protected Health Information is Used or Disclosed only as authorized under the HIPAA Rules and this Business Associate Agreement. Business Associate agrees to assess potential risks and vulnerabilities to Protected Health Information in its possession and develop, implement and maintain the administrative, physical and technical safeguards required by the HIPAA Rules that protect the confidentiality, availability and integrity of the Protected Health Information that Business Associate creates, receives, maintains or transmits on behalf of the Covered Entity. These measures must be documented and kept current, and must include, at a minimum, those measures that fulfill the requirements outlined in the HIPAA Rules. Business Associate also agrees to implement policies and procedures that address Business Associate's compliance with applicable HIPAA Rules and its efforts to detect, prevent and mitigate the risks of identity theft resulting from the improper Use and/or Disclosure of an Individual's information.
- k) In the event that Business Associate has knowledge of a Covered Entity's breach of the HIPAA Rules, Business Associate agrees to notify Covered Entity and take reasonable steps to cure such breach.

- l) Business Associate acknowledges that if it violates any of the requirements provided under this Business Associate Agreement, Business Associate will be subject to the same civil and criminal penalties that a Covered Entity would be subject to if such Covered Entity violated the same requirements.

3. Permitted Uses and Disclosures by Business Associate

- a) Business Associate may Use or Disclose Protected Health Information to perform functions, activities, or services for, or on behalf of, a Covered Entity as specified in the Agreement(s), provided that such Use or Disclosure would not violate the HIPAA Rules if done by the Covered Entity.
- b) Business Associate may Use Protected Health Information for the proper management and administration of the Business Associate or to carry out the legal responsibilities of the Business Associate.
- c) Business Associate may Disclose Protected Health Information for the proper management and administration of the Business Associate, provided that Disclosures are Required by Law, or Business Associate obtains reasonable assurances from the person to whom the information is Disclosed that it will remain confidential and will be Used or further Disclosed only as Required by Law or for the purpose for which it was initially Disclosed to the recipient, and the recipient notifies the Business Associate of any instances of which it is aware in which the confidentiality of the information has been breached.
- d) Except as otherwise permitted by the HIPAA Rules, when using or disclosing Protected Health Information or responding to a request for Protected Health Information, Business Associate must limit such Protected Health Information, to the extent practicable, to a Limited Data Set, or if more information than a Limited Data Set is required, Business Associate agrees to make Uses and Disclosures and requests for protected health information consistent with the Minimum Necessary to accomplish the intended purpose of such Use, Disclosure, or request.
- e) Except as otherwise permitted by the HIPAA Rules, Business Associate agrees that it will not directly or indirectly receive remuneration in exchange for any Protected Health Information unless the Covered Entity has obtained from an Individual a valid authorization that includes a specification of whether the Protected Health Information can be further exchanged for remuneration by the entity receiving the Individual's Protected Health Information. When the Secretary issues the regulations that address the requirements of this Section and such regulations become effective, Business Associate shall comply with such regulations with respect to receiving remuneration in exchange for any Protected Health Information.

- f) If an Individual requests that Business Associate restrict the Disclosure of the Individual's Protected Health Information to carry out treatment, payment, or health care operations, Business Associate agrees that it will comply with the requested restriction if, except as otherwise required by law, the Disclosure is to a health plan for purposes of carrying out payment or health care operations (and is not for purposes of carrying out treatment), and the Protected Health Information pertains solely to a health care item or service for which the health care provider involved has been paid out of pocket in full.
- g) Except as otherwise limited in this Business Associate Agreement, Business Associate may Use and Disclose Protected Health Information to provide Data Aggregation services to Covered Entity as permitted by 42 C.F.R. § 164.504(e)(2)(i)(B).

4. Obligations of Covered Entities

- a) Covered Entities shall provide Business Associate with the Notice of Privacy Practices that Covered Entities produce in accordance with 45 C.F.R. § 164.520, as well as provide any changes to such Notice and the Business Associate shall comply with such Notice of Privacy Practices.
- b) Covered Entities shall provide Business Associate with any changes in, or revocation of, permission by Individual to Use or Disclose Protected Health Information, if such changes affect Business Associate's permitted or required Uses and Disclosures.
- c) Covered Entities shall notify Business Associate of any restriction to the Use or Disclosure of Protected Health Information that Covered Entity has agreed to in accordance with 45 C.F.R. § 164.522.
- d) Covered Entities shall not request Business Associate to Use or Disclose Protected Health Information in any manner that would not be permissible under the HIPAA Rules if done by Covered Entities.

5. Term and Termination

- a) Term. The Term of this Business Associate Agreement shall be effective as of the Effective Date and shall terminate at to a Covered Entity when all of the Protected Health Information provided by the Covered Entity to Business Associate, or created, maintained, or received by Business Associate on behalf of the Covered Entity, is destroyed or returned to the Covered Entity, or, if it is infeasible to return or destroy Protected Health Information, protections are extended to such information, in accordance with the termination provisions in this Section.
- b) Termination for Cause. Upon a Covered Entity's knowledge of a material breach of this Business Associate Agreement by Business Associate, the Covered Entity shall provide an opportunity for Business Associate to cure

the breach or end the violation. The Covered Entity shall terminate the Business Associate Agreement if Business Associate does not cure the breach or end the violation within the time specified by Covered Entity. The Covered Entity may immediately terminate the Business Associate Agreement if Business Associate has breached a material term of this Business Associate Agreement and cure is not possible, as determined by the Covered Entity in its reasonable discretion.

c) Effect of Termination.

- (i) Except as provided in this subsection, upon termination of the Agreement(s) or this Business Associate Agreement, for any reason, Business Associate shall return or destroy all Protected Health Information received from Covered Entities, or created, maintained or received by Business Associate on behalf of Covered Entities that the Business Associate still maintains in any form. This provision shall apply to Protected Health Information that is in the possession of subcontractors or agents of Business Associate. Business Associate shall retain no copies of the Protected Health Information.
- (ii) In the event that Business Associate determines that returning or destroying the Protected Health Information is infeasible, Business Associate shall provide to Covered Entities notification of the conditions that make return or destruction infeasible. Upon mutual agreement of the parties that return or destruction of Protected Health Information is infeasible, Business Associate shall extend the protections of this Business Associate Agreement to such Protected Health Information and limit further Uses and Disclosures of such Protected Health Information to those purposes that make the return or destruction infeasible, for so long as Business Associate maintains such Protected Health Information.
- (iii) The parties hereto understand and agree that the terms of this Business Associate Agreement are reasonable and necessary to protect the interests of the Covered Entities and the Business Associate. The parties further agree that the Covered Entities would suffer irreparable harm if the Business Associate breached this Business Associate Agreement. Thus, in addition to any other rights or remedies, all of which shall be deemed cumulative, the Covered Entities shall be entitled to obtain injunctive relief to enforce the terms of this Business Associate Agreement.
- (iv) Survival. The obligations of Business Associate under this Section shall survive the termination of this Business Associate Agreement.

6. Miscellaneous

- a) Interpretation. Any ambiguity in this Business Associate Agreement shall be interpreted in a manner that permits the parties to comply with the HIPAA Rules.
- b) No Private Cause of Action. This Business Associate Agreement is not intended to and does not create a private cause of action by any individual, other than the parties to this Business Associate Agreement, as a result of any claim arising out of the breach of this Business Associate Agreement, the HIPAA Standards or other state or federal law or regulation relating to privacy or confidentiality.
- c) Amendment. Any party shall have the right to amend this Business Associate Agreement by providing written notice to the other parties in order to bring it into compliance with any law or regulation enacted or promulgated regarding the protection of health information that is any way inconsistent with the terms of this Business Associate Agreement or interferes with the parties' obligations with respect to the protection of health information.
- d) Application of State Law. Where any applicable provision of Connecticut State law relates to the privacy of health information and is not preempted by HIPAA, as determined by application of the HIPAA Rules, the parties shall comply with the applicable provisions of Connecticut State law.
- e) Severability. If any provision of this Business Associate Agreement shall be declared invalid or illegal for any reason whatsoever, then notwithstanding such invalidity or illegality, the remaining terms and provisions of this Business Associate Agreement shall remain in full force and effect in the same manner as if the invalid or illegal provision had not been contained herein, and such invalid, unenforceable or illegal provision shall be valid, enforceable and legal to the maximum extent permitted by law.
- f) Governing Law. This Business Associate Agreement shall be interpreted, construed and governed according to the laws of the State of Connecticut. The parties agree that venue shall lie in Federal and State courts in the State in which the Covered Entities maintain their principal places of business, without regard to conflicts of law principles, regarding any and all disputes arising from this Business Associate Agreement.
- g) Notices. Any notice or other communication given pursuant to this Business Associate Agreement must be in writing and (i) delivered personally, (ii) delivered by overnight express, or (iii) sent by registered or certified mail, postage prepaid, to the addresses set forth below and shall be considered given upon delivery.

Chief Compliance and Privacy Officer
Prospect ECHN, Inc.

71 Haynes Street
Manchester, CT 06040

Chief Compliance Officer
Prospect Waterbury, Inc.
64 Robbins Street
Waterbury, CT 06708

With a copy to:

Prospect Medical Holdings, Inc.
3415 South Sepulveda Blvd., 9th Floor
Los Angeles, CA 90034
Attention: General Counsel

- h) Indemnification. Without limitation to any indemnification obligation that Business Associate may have under the Agreement(s), Business Associate shall indemnify, hold harmless and defend Covered Entities from and against any and all claims, losses, liabilities, costs and other expenses resulting from, or relating to, the acts or omissions of Business Associate, its employees, agents, and subcontractors, in connection with any Use or Disclosure of Protected Health Information, Unsecured Protected Health Information, or an Individual's information not provided for by this Business Associate Agreement, including without limitation any Breach of Protected Health Information, Unsecured Protected Health Information, or an Individual's information or any expenses incurred by Covered Entities in providing required breach notifications.

IN WITNESS WHEREOF, the parties hereto have executed this Business Associate Agreement as of the Effective Date.

BUSINESS ASSOCIATE

By: _____
Printed Name: Colleen Smith, MSN, RN,
NEA-BC
Title:
Date:

COVERED ENTITY
PROSPECT ECHN, INC.

By: _____
Printed Name:
Title:
Date:

COVERED ENTITY
PROSPECT WATERBURY, INC.

By: _____

Printed Name:

Title:

Date:

Greer, Leslie

From: Roberts, Karen
Sent: Monday, November 28, 2016 4:00 PM
To: Greer, Leslie
Cc: Cotto, Carmen
Subject: FW: Schedule conference call

From: Olejarz, Barbara
Sent: Thursday, November 17, 2016 10:45 AM
To: Jennifer O'Donnell
Cc: Martone, Kim; Cotto, Carmen; Roberts, Karen
Subject: RE: Schedule conference call

Hi Jennifer,

From OHCA there will be Kim Martone, Karen Roberts and Carmen Cotto. It's okay with OHCA that only Michele call in unless there is someone else that Michele would like to have participate in the conference call. The call in number is Kim's office number at 860- 418-7029. I am sending out a calendar request.

Barbara K. Olejarz
Administrative Assistant to Kimberly Martone
Office of Health Care Access
Department of Public Health
Phone: (860) 418-7005
Email: Barbara.Olejarz@ct.gov



From: Jennifer O'Donnell [<mailto:jlo@bvmlaw.com>]
Sent: Thursday, November 17, 2016 10:34 AM
To: Olejarz, Barbara <Barbara.Olejarz@ct.gov>
Cc: Cotto, Carmen <Carmen.Cotto@ct.gov>; Roberts, Karen <Karen.Roberts@ct.gov>; Martone, Kim <Kimberly.Martone@ct.gov>; Michele Volpe <mmv@bvmlaw.com>
Subject: RE: Schedule conference call

Yes, Michele is available and can participate on the call. Is there anyone else that you need to participate on the call?

Jennifer L. O'Donnell
Paralegal
Bershtein, Volpe & McKeon P.C.
105 Court Street, 3rd Floor
New Haven, Connecticut 06511-6957
Telephone: (203) 777-5800 (ext. 104)
Direct Line: (203) 777-5804
Facsimile: (203) 777-5806

Greer, Leslie

From: Hyland, Irene <ihyland@wtbyhosp.org>
Sent: Wednesday, November 30, 2016 3:00 PM
To: User, OHCA
Cc: Buckley, Katherine; DiStefano, Guy; Frank.Saidara@prospectmedical.com
Subject: Docket Number: 15-32017-486
Attachments: GWHN Asset Transfer Ltr.pdf

Thank you,

Irene Hyland

Executive Assistant to Guy DiStefano, VP and Chief Financial Officer
Finance Department Assistant

Phone: 203-573-7520

Fax: 203-573-7325

Email: ihyland@wtbyhosp.org



WATERBURY HOSPITAL

64 Robbins Street • Waterbury, CT 06708

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Greater Waterbury Health Network

A family of Waterbury Hospital services

November 30, 2016

VIA EMAIL DELIVERY

Deputy Commissioner Janet M. Brancifort, MPH, RRT
Office of Health Care Access
Department of Public Health
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134

Re: Docket Number: 15-32017-486

Project Title: Transfer of assets of Greater Waterbury Health Network, Inc. to Prospect Medical Holdings, Inc.

Dear Ms. Brancifort:

This letter is submitted in accordance with the Order for the above referenced Certificate of Need Final Decision, specifically Condition Number Eight (8), Condition Number Nine (9) and Condition Number Ten (10) regarding the transfer of assets of Greater Waterbury Health Network, Inc. (GWHN) to Prospect Medical Holdings, Inc. (PMH). Please note that the transaction closed on October 1, 2016 ("Closing Date").

Condition Number Eight (8) requires that starting on November 30, 2016, for the reporting period of April 1, 2016 through September 30, 2016 that PMH provide a report on the capital investments ("Capital Investment Report") it has made in the New GWHN. The Capital Investment Report shall include the following in a format to be agreed upon:

- a. A list of the capital expenditures that have been made in the prior one hundred and eighty days (180) days with descriptions of each associated project; and
- b. An explanation of why each expenditure was made and a timeframe for the roll out of the associated capital project (including estimated beginning, ending, and startup/operation dates); and
- c. The dates and amounts of withdrawals from each of the New GWHN's operating account and/or any other sources of funding used to fulfill the Capital Commitment.

Condition Number Nine (9) requires that by November 30, 2016, for the reporting period of April 1, 2016 through September 30, 2016 that PMH provide a report for New GWHN with the following information:

- a. The cost saving totals achieved in the following Operating Expense Categories for New GWHN and New Hospital: Salaries and Wages, Fringe Benefits, Contractual Labor Fees, Medical Supplies and Pharmaceutical Costs, Depreciation and Amortization, Interest

*Access Rehab Centers, LLC
Children's Center of The
Greater Waterbury Health
Network, Inc.
FamilyCare, PC
(Middlebury, Naugatuck,
Waterbury, Watertown and
Woodbury)
GWHN & Physicians, Inc.
Greater Waterbury Imaging
Center, LLP
Greater Waterbury
Management Resources, Inc.
Harold LEEVER Regional
Cancer Center, Inc.
Imaging Partners, LLC
Reed Ambulatory Surgery
Center, Inc.
VNA Health at Home, Inc.
The Waterbury Hospital*

Expense, Malpractice Expense, Utilities, Business Expenses, and other Operating Expenses. The categories shall be consistent with the major operating expense categories (Categories A, B, C, D, E, G, H, I, J, and K) which are in use at the time of reporting in the OHCA Hospital Reporting System ("HRIS") Report 175 or successor report. The semi-annual submission shall also contain narratives describing:

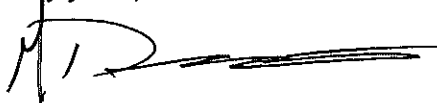
1. The major cost savings achieved for each expense category for the semi-annual period; and
 2. The effect of cost savings on the clinical quality of care.
- b. A Consolidated Balance Sheet, Statements of Operations, and Statements of Cash Flows for New GWHNN and New Hospital. The format shall be consistent with that which is in use at the time of reporting in OHCA's HRS Reports 100/150, 300/350 or successor reports.

Condition Number Ten (10) requires that by November 30, 2016, for the reporting period of April 1, 2016 through September 30, 2016 that PMH provide a financial measurement report as specified in the Certificate of Need Final Decision.

As the reporting periods for both above Conditions are for a period prior to the Closing Date, there is no relevant data to report at this time. Prospect Medical Holdings did not acquire GWHN until October 1, 2016 and was therefore not in a position to make capital investments in the hospitals or demonstrate cost savings. A filing will be made on or before May 31, 2017 with the required information for capital investments made, costs saving achieved and the financial measurement report for the period beginning on October 1, 2016 through March 31, 2017.

If you have any questions or need anything further, please feel free to contact me at (203) 573-7280.

Very truly yours,



Guy Distefeno
Chief Financial Officer
Greater Waterbury Health Network

cc: Kimberly Martone, Director of Operations, Department of Public Health Division of Office of Health Care Access
Ellen J. Shin, General Counsel, Prospect Medical Holdings, Inc.
Michele M. Volpe, Bershtein, Volpe & McKeon, P.C.
Darlene Stromstad, CEO, GWHN
Jonathan Spees, Senior Vice President, Corporate Development, Prospect Medical Holdings, Inc.
Garrison De Lee, Assistant General Counsel, Prospect Medical Holdings, Inc.

Greer, Leslie

From: Colleen Smith <colleen713.smith@gmail.com>
Sent: Friday, December 09, 2016 10:33 AM
To: User, OHCA
Cc: Colleen Smith
Subject: GWHN Docket # 15-32017-486
Attachments: Nursing Consulting Partners Waterbury Health Agreement Work plan CS11.30 final.docx; ATT00001.htm

To Whom It May Concern,
Attached please find the Independent Monitor Work Plan for the OHCA Final Decision for Greater Waterbury Health Network.
Thank you,
Colleen Smith
Independent Monitor

Colleen O'Brien Smith MSN RN NEA-BC
Nursing Consulting Partners, LLC
690C9 S. Park View Court
Franklin, WI 53132
Phone: 203-245-1044
Cell: 203-671-1348
colleen713.smith@gmail.com
<http://nursingconsultingpartners.com/>



NURSING CONSULTING PARTNERS
Sustainable Results for Healthcare Solutions

GREATER WATERBURY HEALTH NETWORK WORK PLAN 11/28/16

INDEPENDENT MONITORING PROCEDURES (per Docket Number 15-32016-486)

OHCA Condition	IM Action
<p><u>CON Condition 4:</u> Within one hundred and eighty (180) days following the Closing Date, PMH shall submit a plan (the "Health Needs Plan") for continuing to support and implement GWHN's 2016 Community Health Needs Assessment ("CHNA") and for conducting the New Hospitals' next comprehensive study of community health needs in the Service Area (the "Community Health Needs Study" or "Study"). The Health Needs Plan shall describe in detail at least the following:</p> <ul style="list-style-type: none"> (i) the data that will be collected and analyzed to systematically assess health status Indicators of the Service Area; (ii) the identity of key community stakeholders and health organizations, unaffiliated with PMH, including without limitation, representatives of medically underserved populations, that will be enlisted to participate in the Study and the manner and extent of such participation by stakeholders in both the development of health priorities and planned implementation; (iii) the qualifications of consultants experienced in performing community health needs assessments who will be retained by PMH to ensure that the priority health needs of the community are accurately determined; (iv) the frequency with which the Study will be repeated; (v) the manner in which results of the Study and the implementation strategy to address the priority health needs identified therein (the "Implementation Strategy") will be distributed to the community; and (vi) the manner in which the Study will complement the population health management objectives of PMH and the New Hospitals. 	<p>IM will obtain a copy of the Plan, verify timely submission, verify that it incorporated the required elements.</p>
<p><u>CON Condition 5:</u> Within three (3) years following the Closing Date, PMH shall participate with New GWHN and the New Hospitals, and the key community stakeholders and health organizations identified pursuant to Condition 4, in conducting a Community Health Needs Study and shall provide a copy of such Study and its Implementation Strategy to OHCA within thirty (30) days of completion. PMH and the participants shall utilize Healthy Connecticut State Health Improvement Plan data and priorities as</p>	<p>IM will obtain a copy of the Study, verify timely submission, verify that it incorporated the required elements and was published on the website.</p>

<p>the starting point for the Study (available at http://www.ct.gov/dph/lib/dph/state_health_planning/shipment20202020_state_hlth_impv_032514.pdf) as well as any applicable community health improvement plan issued by any local health department in the Service Area.¹ The Implementation Strategy shall also adopt the evidence-based interventions identified in the Centers for Disease Control 618 initiative (available at http://www.cdc.gov/sixteen) to the extent the health priorities identified in the Study correlate to the health conditions identified by the CDC and provide information on how any patient outcomes related to the Implementation Strategy will be measured and reported to the community. PMH shall publish the Community Health Needs Study and the Implementation Strategy on New Hospital's website. Until such time as the Community Health Needs Study and Implementation Strategy are submitted to OHCA, PMH shall continue to support and implement GWHN's current CHNA for the Hospital. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(3) & (7); FF 56-57</i></p>	
<p><u>CON Condition 6:</u> Within one hundred and eighty (180) days following the Closing Date, PMH shall submit a plan demonstrating how health care services will be provided by the New Hospital for the first three years following the Asset Purchase, including any consolidation, reduction, or elimination of existing services or introduction of new services (the "Services Plan"). The Services Plan will be provided in a format mutually agreed upon by OHCA and the Applicants. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Conn. Stat. §§ 19a-486(a), 19a-613(b), 19a-639(a)(5),(6) (7),(8),(9),(11) & (12); FF 18, 26-27</i></p>	<p>IM will obtain a copy of the Plan and verify it incorporated the required elements.</p>
<p><u>CON Condition 7:</u> Until such time as the Services Plan is submitted, PMH shall provide OHCA with notice of any reallocation of inpatient beds and relocation of outpatient services for the New Hospital specific to those services that existed at the Hospital as of the Decision Date. Such notice shall be provided within ten (10) days of any such reallocation or relocation and published on the website pages of the New Hospital. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486(a), 19a-613(b), 19a-639(a)(5),(6) (7),(8),(9),(11) & (12); FF 18, 26-27</i></p>	<p>IM will verify proper notification to OHCA within 10 days of any plan to reallocate inpatient beds and relocation of outpatient services. IM will assure timely publication on New Hospitals website within 10 days of decision to reallocate or relocate services.</p>
<p><u>CON Condition 8:</u> Within one hundred and eighty (180) days</p>	<p>IM will obtain the Plan, read the</p>

¹ Other tools and resources which the Applicants are encouraged to consider include County Health Rankings and CDC Community Health Improvement Navigator in order to assist with the Study process in terms of an understanding of social, behavioral, and environmental conditions that affect health, identifying priorities, and the use of evidence-based interventions.

<p>following the Closing Date and thereafter on the same semi-annual schedule as set forth in Conditions 9 and 10 below until the capital commitment is satisfied, PMH shall submit to OHCA a report on the capital investments ("Capital Investment Report") it has made in the New Hospital and its affiliates from the Commitment Amount. The Capital Investment Report shall include the following in a format to be agreed upon:</p> <ul style="list-style-type: none"> a. A list of the capital expenditures that have been made in the prior one hundred and eighty (180) days with descriptions of each associated project; and b. An explanation of why each expenditure was made and a timeframe for the roll out of the associated capital project (including estimated beginning, ending and startup operation dates); and c. The dates and amounts of withdrawals from each of the New Hospital's operating account and/or any other sources of funding used to fulfill the Capital Commitment. <p>The reports shall be signed by the New GWHN's Chief Financial Officer. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify the continued financial feasibility of the project. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(3),(4) & (5); FF 38-45</i></p>	<p>plan and verify that expenditures/investments made are in accordance with the Plan. IM will confirm timely submissions of all required reports.</p>
<p><u>CON Condition 9:</u> For three (3) years following the Closing Date, PMH shall file the following information with OHCA on a semi-annual basis for New GWHN and the New Hospital, respectively:</p> <ul style="list-style-type: none"> a. The cost saving totals achieved in the following Operating Expense Categories for GWHN and New Hospital: Salaries and Wages, Fringe Benefits, Contractual Labor Fees, Medical Supplies and Pharmaceutical Costs, Depreciation and Amortification, Interest Expense, Malpractice Expense, Utilities, Business Expenses and Other Operating Expenses. The categories shall be consistent with the major operating expense categories (Categories A, B, C, D, E, G, H, I, J, and K) which are in use at the time of reporting in the OHCA Hospital Reporting System (HRS) Report 175 or successor report. The semi-annual submission shall also contain narratives describing: 	<p>IM will review the PMH filings regarding cost savings achieved in accordance with a. 1-2 and b. of Condition 9.</p>

<p>1. the major cost savings achieved for each expense category for the semi-annual period; and</p> <p>2. the effect of these cost savings on the clinical quality of care.</p> <p>b. A consolidated Balance Sheet, Statement of Operations, and Statement of Cash Flows for New GWHN and New Hospital. The format shall be consistent with that which is in use at the time of reporting in OHCA's HRS Reports 100/150, 300/350 or successor reports.</p> <p>For purposes of this Order, semi-annual periods are October 1-March 31 and April 1 -September 30. The required information is due no later than two (2) months after the end of each semi-annual period. Due dates are May 31st and November 30th, beginning November 30, 2016. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify the continued financial feasibility of the project. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(4) & (5); FF 51, 60-63</i></p>	
<p>CON Condition 10: For three (3) years following the Closing Date, PMH shall submit to OHCA a financial measurement report. This report shall be submitted on a semi-annual basis and show current month and year-to-date data and comparable prior year period data for New Prospect Waterbury, Inc., New MMH and New RGH, respectively. The required information is due no later than two (2) months after the end of each semi-annual period. Due dates are May 31st and November 30th, beginning November 30, 2016. The following financial measurements/indicators should be addressed in the report: (i) Operating performance to include operating margin, non-operating margin, and total margin; (ii) Liquidity to include current ratio, days cash on hand, days in net accounts receivables, and average payment period; (iii) Leverage and capital structure to include long-term debt to equity, long-term debt to capitalization, unrestricted cash to debt, times interest earned ratio, debt service coverage ratio, and equity financing ratio; and (iv) Additional Statistics to include income from operations, revenue over (under) expense, cash from operation, cash and cash equivalents, net working capital, free cash flow (and the elements used in the calculation), unrestricted net assets/retained earnings, bad debt as a percentage of gross revenue, and credit ratings.</p>	<p>IM will obtain the financial measurement report and read to confirm that the required elements are addressed in the report; IM will confirm the timely submission of each report.</p>
<p>CON Condition 11: PMH shall ensure that the New Hospital maintains and adheres to GWHN's current policies regarding charity care, indigent care and community volunteer services at New MMH and New RGH after the Closing Date all as consistent</p>	<p>IM will obtain copies of the relevant financial assistance policies, read and confirm that as adopted financial assistance</p>

<p>with state and federal law or adopt other policies that are at least as generous and benevolent to the community as GWHN’s current policies. These policies shall be posted on the website of the New Hospital and as additionally required by applicable law. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>policies (or policies at least as generous as these policies) using management approval of the policies as evidence. After verifying that this step has been properly completed, IM will confirm that these policies are properly posted on website</p>
<p><u>CON Condition 12:</u> For three (3) years following the Closing Date, PMH shall provide written notice to OHCA of any modification, amendment or revision to the charity care, indigent care and community volunteer services of New Hospital within thirty (30) days of such change. The notice of these changes shall be accompanied by copies of any revised policies and the notice and revised policies shall be posted on the website of the New Hospital simultaneously with their submission to OHCA. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>After obtaining original policies on charity care, indigent care, and community volunteer services, IM will read and assess these policies on an annual basis for changes. When changes are made to these policies, IM will confirm OHCA is notified (as required) and revised policies are posted to the website.</p>
<p><u>CON Condition 13:</u> PMH shall maintain community benefit programs and community building activities for the New Hospital for three (3) years after the Closing Date consistent with the Hospital’s most recent Schedule H of IRS Form 990 or shall provide such other community benefit programs and community building activities that are at least as generous and benevolent to the community as GWHN’s current programs, and PMH shall apply a 1% increase per year for the next three (3) years toward community building activities in terms of dollars spent. In determining the New Hospital’s participation in and investment in both community benefits and community building activities, PMH shall address the health needs identified by the applicable CHNA or Study in effect at the time and the population health management objectives, including social determinants of health, contained in the related Implementation Strategy.</p> <p>a. On an annual basis, the Applicants shall identify the amounts and uses related to community benefits and community building and shall discuss how such investments and support are being applied toward the health needs identified in the CHNA or Study and population health management objectives. Such reporting shall be filed within thirty days of the anniversary date of the closing for three years and shall be posted on the New Hospital’s website. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>IM will obtain most recent Schedule H of IRS Form 990 to act as a baseline. IM will then compare on an annual basis the results of that year to the baseline in order to verify that the 1 percent increase requirement has been met.</p> <p>IM will also obtain the report’s summary on the amounts and uses related to community benefits and community building per the categories identified in the CHNA. IM will confirm that these documents are filed in a timely manner and posted to the website.</p>
<p><u>CON Condition 14:</u> The New Hospital agrees to comply with the following general community benefit standards for at</p>	<p>IM will verify the New Hospital’s compliance with community</p>

<p>least the first three years. (a) the New Hospital shall provide public health programs to the community and generally promote the welfare of the community; (b) the New Hospital shall have open medical staffs and not restrict the use of facilities to a particular group of physicians and surgeons to the exclusions of other qualified doctors; (c) the New Hospital shall participate in the Medicare and Medicaid programs; and (d) the New Hospital shall operate 24/7 emergency departments and provide emergency services to patients regardless of their ability to pay. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); Tr., Testimony of Tom Reardon, President. PMH East on 5/3/16, pp. 103-04</i></p>	<p>benefit standards as through d as stated in Condition 14.</p>
<p><u>CON Condition 15:</u> The New Hospital shall work toward making culturally and linguistically appropriate services available and integrated throughout their hospital operations. Specifically, the New Hospital shall take reasonable steps to provide meaningful access to each individual with limited English proficiency eligible to be served or likely to be encountered in its health programs and activities, in accordance with the implementing regulations of Section 1557 of the Patient Protection and Affordable Care Act. Additionally, the New Hospital shall provide appropriate insurance navigator services for patients and, where appropriate, English as a second language and cultural competency training for employees. In complying with this Condition, New MMH and New RGH shall be guided by the National Standards for Culturally and Linguistically Appropriate Services in Health and Health Care published by the U.S. Department of Health and Human Services' Office of Minority Health. For three (3) years following the Closing Date, PMH shall submit a written report on its activities directed at meeting this Condition. Such reporting shall be filed within thirty days of the anniversary date of the closing for three years and shall be posted on the applicable Hospital website. OHCA is imposing this condition so as to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: 45 C.F.R. §92.201; Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>IM will obtain and review interpreter services policies and contracts as applicable. Additionally, IM will obtain a cultural competency plan, training, as well as related policies. IM will also obtain report and supporting documents and confirm the timely filing of these materials</p>
<p><u>CON Condition 16:</u> Within sixty (60) days after the Closing Date, the Applicants shall contract with an Independent Monitor who has experience in hospital administration and regulation, including maintaining quality control in a High Reliability Organization (HRO). The Independent Monitor shall be retained at the sole expense of PMH, at a cost which shall not exceed \$300,000 in the aggregate. Representatives of OHCA and the Facility Licensing and Investigations (FLIS) section of the Department of Public Health (DPH) will approve the Independent Monitor's appointment. The Independent Monitor shall be engaged for a</p>	<p>IM and PMH will execute a Consulting Services Agreement by the required date. A draft of this Agreement has been provided to OHCA.</p>

<p>minimum period of two (2) years following the Closing Date, which may be extended for another year at OHCA's and/or FLIS's discretion. The Independent Monitor will be responsible for monitoring the Applicants' compliance with the Conditions set forth in this Order. PMH shall provide the Independent Monitor with appropriate access to New Hospitals and their applicable records in order to enable the Independent Monitor to fulfill its functions hereunder. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify and monitor compliance with the conditions set forth herein. <i>Legal and Factual Basis: Conn. Gen. §§ Stat. 19a-486(a), 19a-613(b), 19a-639(a)(1),(2),(4),(5),(6),(7),(11) & (12); FF 26-27, 30-45, 52-57, 59</i></p>	
<p><u>CON Condition 17:</u> The Independent Monitor will report to both OHCA and FLIS. The Independent Monitor shall conduct on-site visits of New Hospital on no less than a semi-annual basis to assess PMH's modified Quality Assurance Performance Improvement ("QAPI") program, and compliance with the Quality Commitment Letter. The Independent Monitor shall furnish a written report of his or her assessment to OHCA and FLIS within thirty (30) days of the completion of each on-site review. PMH will have the opportunity to review and provide written responses to the report. As OHCA deems necessary, the Independent Monitor shall meet with OHCA and FLIS personnel to discuss the written report and will perform additional periodic reviews and reviews of other PMH affiliated sites of service. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify and monitor compliance with the conditions set forth herein. <i>Legal and Factual Basis: Conn. Gen. §§ Stat. 19a-486(a), 19a-613(b), 19a-639(a)(1),(2),(4),(5),(6),(7),(11) & (12); FF 26-27, 30-45, 52-57, 59</i></p>	<p>IM will plan, at a minimum, two site visits per year. The site visits will include meetings with Administration Leadership. IM will verify compliance with the Quality Assurance commitment Letter. IM will provide a written report to OHCA, and FLIS that summarizes the activities from the prior six month period along with any recommendations or observations</p>
<p><u>CON Condition 18:</u> If, at any time within three (3) years following the Closing Date, the New Hospital's Local Board agrees with PMH to change any of GWHN's Post Closing Quality Practices described in the Quality Commitment Letter other than to make any changes necessary to address (i) an immediate issue of patient safety; (ii) changes in federal, state, and local laws; or (iii) as mandated or recommended in guidance by a governmental agency, PMH shall notify OHCA and FLIS in writing within thirty (30) days of any such change going into effect. If the Independent Monitor disagrees with the change, OHCA may require that a request for modification be submitted and approved as required by C.G.S. §4-181a to make the change. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify and monitor compliance with the conditions set forth herein. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-613(b), 19a-639(a)(1),(2),(5) & (6); FF 30-37</i></p>	<p>IM will verify that PMH notifies OHCA and the Health Systems Branch in writing within 30 days of any change in the Seller Quality Programs with the exceptions i through iii as stated in condition 18.</p>
<p><u>CON Condition 19:</u> For three (3) years following the Closing</p>	<p>IM will assure that Joint Board</p>

<p>Date, PMH shall hold a meeting of the New Hospital Board and the Local Board (Joint Board Meetings) at least twice annually. Such Joint Board Meetings shall be followed by a meeting to which the public is invited in advance and at which the public is informed of the New Hospital's activities and afforded an opportunity to ask questions and make comments. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-613(b), 19a-639(a)(2),(3),(5),(7),(8),(11) & (12); FF 28-30</i></p>	<p>Meetings occur twice annually followed by public meetings as required in Condition 19.</p>
<p><u>CON Condition 20:</u> For three (3) years following the Closing Date, PMH shall allow for one (1) community representative to serve as a voting member of the Local Board with rights and obligations consistent with other voting members under the Local Board Bylaws. The community representative shall be selected in consultation with the Mayor of Waterbury in order to ensure the appointment of an unbiased person who will fairly represent the interests of the communities served by the Hospital. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-613(b), 19a-639(a)(2),(3),(5),(7),(8),(11) & (12); FF 28-30</i></p>	<p>IM will verify the New MMH and New RGH include 2 community representatives that are voting members of the local boards.</p>
<p><u>CON Condition 21:</u> PMH, New GWHN and the New Hospital shall abide by all requirements of licensure that may be imposed by FLIS in any Pre-Licensing Consent Order or similar agreement that FLIS may enter with these parties. OHCA is imposing this condition to ensure that quality health care services are provided to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-490, 19a-493, 19a-639(a)(1),(2),(5) & (6); FF 30-37</i></p>	<p>IM will verify that all requirements of licensure are met.</p>

User, OHCA

From: Cotto, Carmen
Sent: Monday, March 20, 2017 4:17 PM
To: colleen713.smith@gmail.com
Cc: User, OHCA; Martone, Kim; Roberts, Karen
Subject: RE: CON Compliance issue for Docket # 15-32017-486 Prospect GWHN

To: Colleen O'Brien Smith MSN RN NEA-BC
Nursing Consulting Partners, LLC
690C9 S. Park View Court
Franklin, WI 53132
Phone: 203-245-1044
Cell: 203-671-1348
colleen713.smith@gmail.com
<http://nursingconsultingpartners.com>

Hi Colleen,

This email is being sent to you as the Independent Monitor for the Certificate of Need (CON) Order issued under Docket Number 15-32017-486 for Prospect GWHN. Please be informed OHCA finds that the submission sent by Prospect GWHN on October 19, 2016 which included the *final execution copies of the Asset Purchase Agreement with schedules* is deficient in terms of the wording of Condition 3 of the CON Order, which states the following (yellow highlighting added):

3. Applicants shall notify OHCA in writing of the Closing Date of the Asset Purchase authorized by this Order within twenty (20) days of such closing and shall supply final execution copies of all agreements related to same, including but not limited to:
 - a. the APA, including any and all schedules and exhibits; and
 - b. Bylaws or similar governance documents for New GWHN.

The Applicants may redact from the APA any information that is exempt from disclosure under Conn. Gen. Stat. §1-210. If the Applicants redact materials in accordance with the

previous sentence, the Applicants shall provide a list to OHCA, which identifies in general terms the nature of the redacted material and why it is claimed to be exempt for public record purposes.

The material filed by Prospect GWHN on October 19, 2016 which is on the OHCA website at http://www.ct.gov/dph/lib/dph/ohca/con_completed201615_32017_486_compliance.pdf has a significant number of Schedules to the Asset Purchase Agreement, but there are numerous Schedules wherein Prospect GWHN merely lists Redacted per Conn. Gen. Stat. §1-210(b)(5). There is no filing of the required list to OHCA identifying the redacted material and why it is claimed to be exempt for public record purposes.

As Independent Monitor for this CON Docket Number, please have this compliance issue resolved at the earliest possible convenience.

Sincerely,
Carmen

Carmen Cotto, MBA
Associate Health Care Analyst
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, CT 06134
P: (860) 418-7039 | F: (860) 418-7053 | E: carmen.cotto@ct.gov



www.ct.gov/dph

User, OHCA

From: colleen713.smith@gmail.com
Sent: Tuesday, March 21, 2017 9:26 AM
To: Cotto, Carmen
Cc: User, OHCA; Martone, Kim; Roberts, Karen
Subject: Re: CON Compliance issue for Docket # 15-32017-486 Prospect GWHN

Dear Carmen,

Thank you for your email regarding Condition #3 of the CON for Prospect Waterbury. I will communicate your concerns today to the appropriate people at Waterbury and assure a timely response to your comments and correction of the deficient wording.

Best regards,
Colleen Smith
Independent Monitor
Sent from my iPad

On Mar 20, 2017, at 4:16 PM, Cotto, Carmen <Carmen.Cotto@ct.gov> wrote:

To: Colleen O'Brien Smith MSN RN NEA-BC
Nursing Consulting Partners, LLC
690C9 S. Park View Court
Franklin, WI 53132
Phone: 203-245-1044
Cell: 203-671-1348
colleen713.smith@gmail.com
<http://nursingconsultingpartners.com>

Hi Colleen,

This email is being sent to you as the Independent Monitor for the Certificate of Need (CON) Order issued under Docket Number 15-32017-486 for Prospect GWHN. Please be informed OHCA finds that the submission sent by Prospect GWHN on October 19, 2016 which included the *final execution copies of the Asset Purchase Agreement with schedules* is deficient in terms of the wording of Condition 3 of the CON Order, which states the following (yellow highlighting added):

3. Applicants shall notify OHCA in writing of the Closing Date of the Asset Purchase authorized by this Order within twenty (20) days of such closing and shall supply final execution copies of all agreements related to same, including but not limited to:
 - a. the APA, including any and all schedules and exhibits; and
 - b. Bylaws or similar governance documents for New GWHN.

The Applicants may redact from the APA any information that is exempt from disclosure under Conn. Gen. Stat. §1-210. If the Applicants redact materials in accordance with the

previous sentence, the Applicants shall provide a list to OHCA, which identifies in general terms the nature of the redacted material and why it is claimed to be exempt for public record purposes.

The material filed by Prospect GWHN on October 19, 2016 which is on the OHCA website at http://www.ct.gov/dph/lib/dph/ohca/con_completed201615_32017_486_compliance.pdf has a significant number of Schedules to the Asset Purchase Agreement, but there are numerous Schedules wherein Prospect GWHN merely lists Redacted per Conn. Gen. Stat. §1-210(b)(5). There is no filing of the required list to OHCA identifying the redacted material and why it is claimed to be exempt for public record purposes.

As Independent Monitor for this CON Docket Number, please have this compliance issue resolved at the earliest possible convenience.

Sincerely,
Carmen

Carmen Cotto, MBA
Associate Health Care Analyst
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, CT 06134
P: (860) 418-7039 | F: (860) 418-7053 | E: carmen.cotto@ct.gov

<image001.png>
www.ct.gov/dph

User, OHCA

From: Buckley, Katherine <kBuckley@wtbyhosp.org>
Sent: Thursday, March 30, 2017 7:12 PM
To: User, OHCA
Subject: Waterbury Docket # 15-32017-486, COndition #8
Attachments: OHCA Condition # 8 filing-Capital Investments.xlsx

Attached is Greater Waterbury Health Network's submission related to OHCA condition #8 of the Certificate of Need Final Decision.

Katherine Buckley
Finance Department

CONFIDENTIALITY NOTICE: This email and any attachments contain confidential information that is legally privileged. This information is intended only for the use of the individual or entity named above. The authorized recipient of this information is prohibited from disclosing this information to any other party unless required to do so by law or regulation. If you are not the intended recipient, you are hereby notified that any disclosure, copying, distribution or action taken in reliance on the contents of these documents is strictly prohibited. If you have received this information in error, please notify the sender immediately and delete these documents.
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FY 16 Capital (April 2016-Sept 2016)						
Date	Vendor	Description	Dept	Reason	PO Number	Cost
April 7, 2016	Sorna Corp	Vertex System w/Starter Kit and Training	IS	Replacement of a broken and unrepairable CD burner which puts images to a CD for patients and physicians who need it.	374231B-002	\$4,410.00
April 21, 2016	Remarket Medical	Refurbished Jackson Axis Surgery Table	OR	Replaced, broken unrepairable	378846	\$42,050.00
May 27, 2016	Nova Biomedical Corp	Sensor Meter w/ Barcode Reader	Lab	Point of Care creatinine testing to enhance care of Stroke patients and avoid transfers out of WH	380409	\$8,990.00
June 3, 2016	Medical Packaging Inc	2D Barcode Scanner/ Materials & Training	Pharmacy	Process improvement and operating cost reduction	380661	\$18,320.40
June 7, 2016	Ultra Solutions, LLC	Philips Curved Array Transducer Probe	Radiology	Replace unrepairable, patient care	380762	\$37,000.00
June 8, 2016	Tri Anim Health Serv.	Cruiser Cart, Vent, Mounts, Oxygen Hose	Respiratory	Transport vents, unrepairable, patient safety	380852	\$27,806.08
June 21, 2016	Follett Corporation	Lab Upright Freezer & Shelves	Chemistry	Replace unrepairable, patient care	381399	\$5,439.00
June 24, 2016	WB Mason Inc	LazBoy Recliner w/ Locking Back	Special Care	Replaced, patient safety	381556	\$5,323.68
July 8, 2016	Health Stream Inc	Lectora Software & Training	Education	Healthstream License	271879B-002	\$100.00
August 23, 2016	Intuitive Surgical Inc	Blanket Order for OR Service Fees (DIVINCI)	OR	Necessary to maintain Robot	372495B-003	\$37,250.00
					Total	\$186,689.16

Greater Waterbury Health Network
Docket # 15-32017-486
OCHA Condition #8 (page 2/2)

Complete Yes

Year	Qtr	Date Sub.	em Description Justification	Cost
2016	Qtr 1	10/31/2016	Paving of park beyond repair	\$ 267,927.56
2016	Qtr 1	11/21/2016	Ultrasound EC services to	\$ 92,518.05
2016	Qtr 1	11/21/2016	X-Ray/Chase services to our	\$ 112,613.85
2016	Qtr 1	11/28/2016	Single Site Ins Patient preferen	\$ 24,819.63
2016	Qtr 1	11/30/2016	TROY Check upgrade for	\$ 8,250.63
2017	Qtr 2	11/30/2016	Respiratory C(Lithium	\$ 14,674.58
2017	Qtr 2	12/27/2016	BH - 6 beds current older	\$ 13,152.82
2017	Qtr 2	1/12/2017	Wilson Frame upgrade	\$ 5,295.10
2017	Qtr 2	1/12/2017	Wipe Test / W technology	\$ 4,350.00
2017	Qtr 2	1/23/2017	Shoulder Posit upgrade	\$ 5,424.29
			response times	
2017	Qtr 2	1/24/2017	Bloodbank Re for trauma	\$ 8,000.00
Grand Total				\$ 557,026.51

User, OHCA

From: Cotto, Carmen
Sent: Wednesday, May 17, 2017 2:31 PM
To: colleen713.smith@gmail.com
Cc: User, OHCA; Roberts, Karen; Clarke, Ormand
Subject: RE: CON Compliance issue for Docket # 15-32017-486 Prospect GWHN_Condition #3

Hi Colleen,

Please provide us with the status of our request below for missing information related to Condition#3, Docket #15-32017-486 Prospect and GWHN merger.

Our records do not show the receipt of the information.

Thank you,
Carmen

Carmen Cotto, MBA
Associate Health Care Analyst
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, CT 06134
P: (860) 418-7039 | F: (860) 418-7053 | E: carmen.cotto@ct.gov



www.ct.gov/dph

From: colleen713.smith@gmail.com [mailto:colleen713.smith@gmail.com]
Sent: Tuesday, March 21, 2017 9:26 AM
To: Cotto, Carmen <Carmen.Cotto@ct.gov>
Cc: User, OHCA <OHCA@ct.gov>; Martone, Kim <Kimberly.Martone@ct.gov>; Roberts, Karen <Karen.Roberts@ct.gov>
Subject: Re: CON Compliance issue for Docket # 15-32017-486 Prospect GWHN

Dear Carmen,

Thank you for your email regarding Condition #3 of the CON for Prospect Waterbury. I will communicate your concerns today to the appropriate people at Waterbury and assure a timely response to your comments and correction of the deficient wording.

Best regards,
Colleen Smith

Independent Monitor
Sent from my iPad

On Mar 20, 2017, at 4:16 PM, Cotto, Carmen <Carmen.Cotto@ct.gov> wrote:

To: Colleen O'Brien Smith MSN RN NEA-BC
Nursing Consulting Partners, LLC
690C9 S. Park View Court
Franklin, WI 53132
Phone: 203-245-1044
Cell: 203-671-1348
colleen713.smith@gmail.com
<http://nursingconsultingpartners.com>

Hi Colleen,

This email is being sent to you as the Independent Monitor for the Certificate of Need (CON) Order issued under Docket Number 15-32017-486 for Prospect GWHN. Please be informed OHCA finds that the submission sent by Prospect GWHN on October 19, 2016 which included the *final execution copies of the Asset Purchase Agreement with schedules* is deficient in terms of the wording of Condition 3 of the CON Order, which states the following (yellow highlighting added):

3. Applicants shall notify OHCA in writing of the Closing Date of the Asset Purchase authorized by this Order within twenty (20) days of such closing and shall supply final execution copies of all agreements related to same, including but not limited to:
 - a. the APA, including any and all schedules and exhibits; and
 - b. Bylaws or similar governance documents for New GWHN.

The Applicants may redact from the APA any information that is exempt from disclosure under Conn. Gen. Stat. §1-210. If the Applicants redact materials in accordance with the previous sentence, the Applicants shall provide a list to OHCA, which identifies in general terms the nature of the redacted material and why it is claimed to be exempt for public record purposes.

The material filed by Prospect GWHN on October 19, 2016 which is on the OHCA website at http://www.ct.gov/dph/lib/dph/ohca/con_completed201615_32017_486_compliance.pdf has a significant number of Schedules to the Asset Purchase Agreement, but there are numerous Schedules wherein Prospect GWHN merely lists Redacted per Conn. Gen. Stat. §1-210(b)(5). There is no filing of the required list to OHCA identifying the redacted material and why it is claimed to be exempt for public record purposes.

As Independent Monitor for this CON Docket Number, please have this compliance issue resolved at the earliest possible convenience.

Sincerely,
Carmen

Carmen Cotto, MBA
Associate Health Care Analyst
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, CT 06134
P: (860) 418-7039 | F: (860) 418-7053 | E: carmen.cotto@ct.gov

<image001.png>
www.ct.gov/dph

User, OHCA

From: Garrison De Lee (Legal Department) <Garrison.DeLee@prospectmedical.com>
Sent: Wednesday, May 24, 2017 6:56 PM
To: Cotto, Carmen; User, OHCA
Cc: 'colleen713.smith@gmail.com'; Schindel, Lester (lester.schindel@chartercare.org); Martone, Kim
Subject: Greater Waterbury Health Network, Inc. and Prospect Medical Holdings, Inc.--OHCA Docket No. 15-32017-486-CON
Attachments: Prospect Waterbury List of Redacted Schedules and Reasons.xlsx; SPMHLEGAL17052415530.pdf

Dear Ms. Cotto:

Pursuant to Condition Number Three (3) in the final Decision for Docket NO. 15-32017-486, enclosed please find, as requested, a list of the redacted material for the Asset Purchase Agreement of Prospect Waterbury, Inc., which identifies in general terms the nature of the redacted material and why it is claimed to be exempt for public record purposes, together with a cover letter.

Garrison G. DeLee
Assistant General Counsel
Prospect Medical Holdings, Inc.
310-943-4500

NOTICE: This message and any attachment(s) may contain PRIVILEGED and CONFIDENTIAL information that is proprietary to Prospect Medical and is intended only for the use of the specific individual(s) to which it is addressed. It may contain Protected Health Information that is privileged and Confidential Protected Health Information may be used or disclosed in accordance with law and you may be subject to penalties under law for improper use or further disclosure of the Protected Health Information in this email. If you are not an intended recipient of this email, you are hereby notified that any unauthorized use, dissemination or copying of this email or the information contained in it or attached to it is strictly prohibited. If you have received this email in error, please delete it and immediately notify the person named above by reply email.



3415 Sepulveda Boulevard
9th Floor
Los Angeles, CA 90034
Tel (310) 943-4500
Fax (310) 943-4501

May 24, 2017

VIA EMAIL

Carmen Cotto, MBA
Associate Health Care Analyst
Office of Health Care Access
Connecticut Department of Public Health
410 Capital Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134

Re: Transfer of Assets of Greater Waterbury Health Network, Inc. to Prospect Medical Holdings, Inc.

Project Title: Docket Number. 15-32017-486

Dear Ms. Cotto:

Pursuant to Condition Number Three (3) of the Order for the above referenced Certificate of Need Final Decision, please find the attached list of redacted material for the Asset Purchase Agreement for Prospect Waterbury, Inc., which identifies in general terms the nature of the redacted material and why it is claimed to be exempt for public record purposes.

If you have any questions, please contact the undersigned.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Garrison G. DeLee', is written over a light blue horizontal line.

Garrison G. DeLee
Assistant General Counsel

cc: Lester Schindel, Interim CEO, Prospect Waterbury, Inc.
Kimberly Martone, Director of Operations, Department of Public Health Division of
Office of Healthcare Access
Colleen Smith, Nursing Consultant Partners, LLC

Re: Docket Number: 15-32017-486
 Project Title: Transfer of assets of Greater Waterbury Health Network, Inc. to Prospect Medical Holdings, Inc.

Condition Number Three (3)
List of schedules redacted and reason for redaction

Redacted Schedule	Description	Statutory Reference	Reason
Schedule 1.01(4)	Accounts Receivable	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (b) commercial or financial information given in confidence
Schedule 1.02(i)	Persons with "Seller's Knowledge"	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(2)]	Contains files the disclosure of which would constitute an invasion of personal privacy
Schedule 2.01(b)	Leased Real Property	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (b) commercial or financial information given in confidence
Schedule 2.01(c)(i)	Description of Personal Property	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (b) commercial or financial information given in confidence
Schedule 2.01(c)(ii)	Leased Personal Property	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (b) commercial or financial information given in confidence
Schedule 2.01(f)	Assumed Contracts	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (b) commercial or financial information given in confidence
Schedule 2.01(m)	Prepays	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (b) commercial or financial information given in confidence
Schedule 2.02(q)	Excluded Contracts	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (b) commercial or financial information given in confidence
Schedule 2.02(t)	Other Excluded Assets	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy
Schedule 2.03(d)	Capital Lease Obligations	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (b) commercial or financial information given in confidence
Schedule 2.03(g)	Assumed Employee Benefit Plans	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (b) commercial or financial information given in confidence
Schedule 3.02(c)	Exceptions to Absence of Conflicts	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.04	Investments and Third Party Rights	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.05(a)	Legal Compliance	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.05(b)	Corporate Integrity Agreements, Investigations and Complaints	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(2) & (b)(5)]	Contains (a) files the disclosure of which would create an invasion of personal privacy; and (b) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (c) commercial or financial information given in confidence
Schedule 3.06	Financial Statements and Undisclosed Liabilities	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.9	Equipment Depreciation Schedule	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.11(b)	Real Property Disclosures	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.12	Environmental Claims	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.14	Insurance	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.17	Contracts Related to the Hospital Business	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.18	Consent, Assignment and Prohibition on Competition	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence

Schedule 3.19	Transactions with Affiliates	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.20(a)	Pending Labor Disputes	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(2)]	Contains personnel files the disclosure of which would constitute an invasion of personal privacy
Schedule 3.20(c)	Employment Matters	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(2)]	Contains personnel files the disclosure of which would constitute an invasion of personal privacy
Schedule 3.20(d)	Recently Terminated Employees	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(2)]	Contains personnel files the disclosure of which would constitute an invasion of personal privacy
Schedule 3.21(a)	Employee Benefit Plans	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.21(c)	Employee Benefit Plan Compliance and Issues	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(2) & (b)(5)]	Contains (a) files the disclosure of which would create an invasion of personal privacy; and (b) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (c) commercial or financial information given in confidence
Schedule 3.22	Proceedings and Claims	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(2) & (b)(5)]	Contains (a) files the disclosure of which would create an invasion of personal privacy; and (b) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy, and (c) commercial or financial information given in confidence
Schedule 3.24	Material Medical Staff Disputes	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(2)]	Contains personnel files and similar files the disclosure of which would constitute an invasion of personal privacy
Schedule 3.28	Joint Ventures and Converted Ventures	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 3.29	Material Tangible Assets	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence
Schedule 8.06	Consent to Assignment of Assumed Contracts	[REDACTED PER CONN. GEN. STAT. § 1-210(b)(5)]	Contains (a) information that derives independent economic value from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from their disclosure or use, and is the subject of efforts that are reasonable under the circumstances to maintain secrecy; and (b) commercial or financial information given in confidence

User, OHCA

From: Buckley, Katherine <kBuckley@wtbyhosp.org>
Sent: Wednesday, May 31, 2017 2:46 PM
To: User, OHCA
Cc: Martone, Kim; colleen713.smith@gmail.com; Garrison De Lee (Legal Department) (Garrison.DeLee@prospectmedical.com); Frank.Saidara@prospectmedical.com; Shin, Ellen (ellen.shin@prospectmedical.com); Roberts, Karen
Subject: Docket Number 15-32017-486-CON
Attachments: Docket Number 15-32017-486-CON OHCA Condition Numbers Eight Nine and Ten.pdf

Attached is the semi-annual submission related to condition numbers 8, 9, and 10 for the above referenced Certificate of Need Final Decision regarding the transfer of assets of Greater Waterbury Health Network to Prospect Medical Holdings, Inc.

Katherine Buckley-Finance Department
Waterbury Hospital

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WATERBURY HOSPITAL

May 31, 2017

Deputy Commissioner Yvonne Addo
Office of Health Care Access
Connecticut Department of Public Health
410 Capital Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134

RE: **Docket Number 15-32017-486**
Transfer of assets of Greater Waterbury Health Network, Inc. to Prospect
Medical Holdings, Inc.

Dear Ms. Addo:

This letter is submitted in accordance with the Order for the above referenced Certificate of Need Final Decision, specifically Condition Number Eight (8), Condition Number Nine (9), and Condition Number Ten (10) regarding the transfer of assets of Greater Waterbury Health Network (GWHN) to Prospect Medical Holdings, Inc (PMH). Please note that the transaction closed on October 1, 2016. ("Closing Date").

Condition Number Eight (8) requires submission of a report ("Capital Investment Report") on the capital investments PMH has made in the New GWHN. Exhibit A is a listing of the paid capital expenditures made between Oct 2016 and March 2017, along with a description of the projects and justifications for the expenses. Exhibit B is a listing of the estimated timeframe for rollout of approved capital projects as of May 2017.

Condition Number Nine (9) requires that PMH provide a report for New GWHN and New Waterbury Hospital with information regarding the following:

- a. The cost saving totals achieved in the following Operating Expense Categories for New GWHN and New Hospital: Salaries and Wages, Fringe Benefits, Contractual Labor Fees, Medical Supplies and Pharmaceutical Costs, Depreciation and Amortization, Interest Expense, Malpractice Expense, Utilities, Business expenses, and other Operating Expenses. The categories shall be consistent with the major operating expense categories which are in use at the time of reporting in the OHCA Hospital reporting

System ("HRS") Report 175 or successor report. The semi-annual submission shall also contain narratives describing:

1. The major cost savings achieved for each expense category for the semi-annual period: and
2. The effect of cost savings on the clinical quality of care.

- b. A Consolidated Balance Sheet, Statement of Operations, and Statement of Cash Flows for New GWHN and New Waterbury Hospital. The format shall be consistent with that which is in use at the time of reporting in OHCA's HRS Reports 100/150, 300/350 or successor reports.

For Condition Number Nine (9.a), please see Exhibit C which shows the expenses by category using the form of HRS Report 175 which will serve as the baseline for comparison to report any cost savings achieved under PMH's ownership when the next filing for this condition is due on November 30, 2017.

For Condition Number Nine (9.b), please see Exhibit D which includes the Balance Sheet, Statement of Operations, and Statement of Cash Flows for New GWHN and New Waterbury Hospital using the form of HRS reports 100/150 and 300/350.

Condition Number Ten (10) requires that on a semi-annual basis, PMH provide a report of specific financial measurements/indicators showing current month and year to date data and comparable prior period year to date data for New GWHN and New Waterbury Hospital. Exhibit E provides this requested detail for the period of October 1, 2016 through March 31, 2017. The referenced exhibit provides the required current month and year to date measurements. These measurements will serve as a basis for comparison measurements for the next report which will be filed by November 30, 2017.

If you have any questions or need anything further, please feel free to call me at 203-573-7280.

Sincerely,



Paul Golino
Senior Vice President/Chief Financial Officer

Attachments:

- Exhibit A-Condition Number Eight (8)-Capital Investment Report
- Exhibit B-Condition Number Eight (8)-Capital purchases that are currently approved
- Exhibit C-Condition Number Nine (9.a)-Expenses by Category
- Exhibit D-Condition Number Nine (9.b)-Consolidated Balance Sheets, Statement of Operations, and Statements of Cash Flows for New GWHN and New Waterbury Hospital
- Exhibit E-Condition Number Ten (10)-Current month and year to date measurements

- cc: Kimberly R. Martone, Director of Operations, Office of Health Care Access,
CT Department of Health
Karen Roberts, Principal Health Care Analyst, Office of Health Care Access,
CT Department of Public Health
Colleen Smith, Nursing Consultant Partners, LLC
Ellen J. Shin, General Counsel, Prospect Medical Holdings, Inc.
Frank Saidara, Vice President, Corporate Development, Prospect Medical Holdings, Inc.
Garrison De Lee, Assistant General Counsel, Prospect Medical Holdings, Inc

Exhibit A

Prospect Waterbury, Inc
 Capital Investment Report
 Paid Capital-Oct 2016 to Mar 2017

Fiscal Year	Fiscal Quarter	Date Sub.	Item Description	Justification	Cost
2017	Quarter 1	10/31/2016	Paving of parking lots	Many pot holes beyond repair	\$ 267,927.56
2017	Quarter 1	11/21/2016	Ultrasound ECHO	Expand services to patients with additional technology of STRAIN & 4D	\$ 92,518.05
2017	Quarter 1	11/21/2016	X-Ray/Chase Clinic	Expand services to our patients for a full service experience in our clinic	\$ 112,613.85
2017	Quarter 1	11/28/2016	Single Site Instruments Davinci Robot	Patient preference for surgical access 1 site versus 3 sites	\$ 24,819.83
2017	Quarter 1	11/30/2016	Respiratory COW Batteries	Upgraded to Lithium batteries	\$ 14,674.58
2017	Quarter 1	11/30/2016	TROY Check Software Upgrade	Mandatory upgrade for psych checks software sunsetting	\$ 8,250.63
2017	Quarter 1	12/27/2016	BH - 6 beds	Replacement of current older beds	\$ 13,152.82
2017	Quarter 2	1/12/2017	Wilson Frame (Neurosurgery)	Replacement upgrade	\$ 5,295.10
2017	Quarter 2	1/12/2017	Wipe Test / Well Counter	Updated technology	\$ 4,350.00
2017	Quarter 2	1/23/2017	Shoulder Positioner	Replacement upgrade	\$ 5,424.29
2017	Quarter 2	1/24/2017	Bloodbank Refrigerator - ER	Enhance response times for trauma patients providing resources closet to critical patients	\$ 6,000.00
2017	Quarter 2	2/28/2017	Resident Furniture	Updated furniture for the on call rooms	\$ 4,121.11
2017	Quarter 2	3/20/2017	OR Power Tools	Large Bone power tools replacement total joints/spine surgery	\$ 287,233.69
2017	Quarter 2	3/23/2017	Mini C-Arm	Replacement & upgrade of current equipment upper/lower extremity surgery	\$ 70,687.50
2017	Quarter 2	3/23/2017	Complement drives for necessary disk space	IT upgrade	\$ 38,394.96
2017	Quarter 2	3/23/2017	Computer Medical Carts	Computers on wheels for the nursing floors	\$ 138,281.59
2017	Quarter 2	3/23/2017	Lateral positioner for hip surgeries	Equipment for OR surgical cases	\$ 2,373.25
2017	Quarter 2	3/24/2017	Lumenis Laser - Urology	New Laser for urology services	\$ 133,700.00
2017	Quarter 2	3/24/2017	diVinci Software Upgrade	Necessary software upgrade	\$ 81,562.50
2017	Quarter 2	3/24/2017	diVinci Table	Trumpf bed/table to use with the diVinci robot	\$ 97,748.85
2017	Quarter 2	3/24/2017	Medical Basket Carts	Medical basket carts for patient care assistants on nursing floors	\$ 310,746.31
2017	Quarter 2	3/30/2017	2 Anesthesia Machines	New machines replacements for the OR	\$ 107,287.31
2017	Quarter 2	3/30/2017	OR Ultrasound System	New ultrasound machine for OR	\$ 132,501.00
2017	Quarter 2	3/30/2017	Remaining Power Tools	Small Bone power tools replacement	\$ 483,703.00
2017	Quarter 2	3/30/2017	Fracture Table	Replacement & new fracture table	\$ 84,254.64
2017	Quarter 2	3/30/2017	Medication Refrigerator	Replacement & new refrigerator	\$ 10,681.01
2017	Quarter 2	3/31/2017	Ultrasound Machine	New equipment for surgical services	\$ 80,322.75
2017	Quarter 2	3/31/2017	Vascular Probe	New probe for use with ultrasound machine	\$ 6,851.25
Grand Total					\$ 2,627,477.23

Complete Yes

Exhibit B

WATERBURY HOSPITAL
As of 5/23/17/2017
Capital Needs Approved-FY2017

Description
LS = Life Safety
ROI = Return on Investment
S = Spash
E = Everything Else

<u>QUARTER 1</u>	<u>Amount</u>	<u>Desc.</u>	<u>Year</u>	<u>Quarter</u>	<u>Commentary</u>	
ED Renovation	TBD	ROI	1	1	1st Quarter	LOI Architech selected \$135K
Parking lot repaving - lot 5A - Doctors	\$127,206	S	1	1	1st Quarter	Completed
2 OR lights	\$250,000	S	1	1	1st Quarter	Pilot ongoing
Ultrasound ECHO	\$81,470	ROI	1	1	1st Quarter	Ordered & Arrived
X-Ray/Chase Clinic	\$113,443	ROI	1	1	1st Quarter	Ordered & Arrived
Cart Washer	\$157,000	LS	1	1	1st Quarter	Ordered & Arrived
BH - 6 beds	\$12,000	E	1	1	1st Quarter	Ordered & Arrived
2 Anesthesia Machines	TBD	LS	1	1	1st Quarter	Ordered & Arrived
Single Site Instruments Davinci Robot	\$25,000	ROI	1	1	1st Quarter	Ordered & Arrived
Signage	<u>\$100,000</u>	S	1	1	1st Quarter	Ordered & Arrived
Q1 TOTAL: <u>\$866,119</u>						
<u>QUARTER 2:</u>						
1 Fracture Table	\$100,000	E	1	2	2nd Quarter	Ordered & Arrived
Med cart replacements	\$150,000	S	1	2	2nd Quarter	Ordered & Arrived
Merriman Hall Security	\$58,000	LS	1	2	2nd Quarter	Ordered & Arrived
Orthopedic Power Equipment	\$200,000	ROI	1	2	2nd Quarter	Ordered & Arrived
Blood Bank Refrigerator	\$6,000	LS	1	2	2nd Quarter	Ordered & Arrived
Trumpf Bed/Software	\$150,000	ROI	1	2	2nd Quarter	Ordered & Arrived
4 Ceiling Lifts	<u>\$40,000</u>	LS	1	2	2nd Quarter	Quotes pending
Q2 TOTAL: <u>\$704,000</u>						
<u>QUARTER 3:</u>						
Parking lot repaving - lot 1 - Patients	TBD	S	1	3	3rd Quarter	
Parking lot repaving - lot 2 - Employees	\$135,729	S	1	3	3rd Quarter	
Parking lot repaving - lot 3 - Patients	\$146,461	S	1	3	3rd Quarter	
Parking lot repaving - lot 4 - Employees	\$130,994	S	1	3	3rd Quarter	
Parking lot repaving - lot 5 - Employees	\$568,166	S	1	3	3rd Quarter	
Q3 TOTAL: <u>\$981,350</u>						
<u>QUARTER 4:</u>						
Nuclear Med	\$450,000	ROI	1	1,2,3,4	1st - 4th Quarter	Quotes pending
Digital radiology	\$450,000	ROI	2		2nd - 4th Quarter	Quotes pending
Mobile digital radiology	\$450,000	ROI	2		3rd - 4th Quarter	Quotes pending
Cardiac stress	\$60,000	E	2		4th Quarter	
Isolettes/Warmers	\$320,000	E	2		4th Quarter	Quotes pending CER submission
OR Tables	\$500,000	E	2		4th Quarter	Ordered
Med Cart Replacements	\$150,000	S	2+		4th Quarter	Ordered & Arrived
EKG	\$550,000	E	2+		4th Quarter	Quotes pending
Defibrillators	\$240,000	LS	2+		4th Quarter	Quotes pending
Bed Replacements	\$360,000	E	2+		4th Quarter	Quotes pending
Maternity department upgrade	<u>\$1,500,000</u>	S	2+		4th Quarter	Nurse Call/Flat Screen TVs/Paint/Carpet
Q4 TOTAL: <u>\$5,030,000</u>						
<u>GRAND TOTAL: <u>\$7,581,469</u></u>						

Exhibit CProspect Waterbury Hospital and Prospect GWHN
Report 175 Operating Expenses by Category
October 2016 to March 2017

Line	Category	New Waterbury Hospital	New GWHN
A	Salary and Wages	\$41,248,306	\$64,753,541
B	Fringe Benefits	\$12,496,525	\$16,137,692
C	Contracted Labor Fees	\$4,706,266	\$6,013,427
D	Medical Supplies and Pharmaceutical Cost	\$15,310,702	\$16,359,131
E	Depreciation and Amortization	\$3,079,500	\$3,477,535
F	Bad Debts	\$0	\$0
G	Interest Expense	\$633,140	\$634,280
H	Malpractice Insurance Cost	\$2,682,654	\$3,363,317
I	utilites	\$1,665,302	\$1,982,877
J	Business Expenses	\$17,955,483	\$22,050,800
K	Other Operating Expenses	\$3,089,328	\$3,089,328
	Total Operating Expenses-All Expense Categories	\$102,867,206	\$137,861,928

EXHIBIT D	
WATERBURY HOSPITAL	
SIX MONTH ACTUAL FILING - AS OF 3/31/17	
REPORT 100 - HOSPITAL BALANCE SHEET INFORMATION	
(1)	(2)
LINE	DESCRIPTION
I.	ASSETS
A.	Current Assets:
1	Cash and Cash Equivalents (\$89,372)
2	Short Term Investments \$0
3	Accounts Receivable (Less: Allowance for Doubtful Accounts) \$1,221,747
4	Current Assets Whose Use is Limited for Current Liabilities \$0
5	Due From Affiliates \$0
6	Due From Third Party Payers \$0
7	Inventories of Supplies \$3,242,867
8	Prepaid Expenses \$2,268,970
9	Other Current Assets \$388,269
	Total Current Assets \$7,032,511
B.	Noncurrent Assets Whose Use is Limited:
1	Held by Trustee \$0
2	Board Designated for Capital Acquisition \$0
3	Funds Held in Escrow \$0
4	Other Noncurrent Assets Whose Use is Limited \$0
	Total Noncurrent Assets Whose Use is Limited: \$0
5	Interest in Net Assets of Foundation \$0
6	Long Term Investments \$11,814,597
7	Other Noncurrent Assets \$165,565
C.	Net Fixed Assets:
1	Property, Plant and Equipment \$276,040,181
2	Less: Accumulated Depreciation \$22,153,026
	Property, Plant and Equipment, Net \$23,887,155
3	Construction in Progress \$9,803
	Total Net Fixed Assets \$23,896,958
	Total Assets \$72,909,631

WATERBURY HOSPITAL	
SIX MONTH ACTUAL FILING - AS OF 3/31/17	
REPORT 100 - HOSPITAL BALANCE SHEET INFORMATION	
(1)	(2)
LINE	DESCRIPTION
II. LIABILITIES AND NET ASSETS	
A. Current Liabilities:	
1	Accounts Payable and Accrued Expenses \$20,348,567
2	Salaries, Wages and Payroll Taxes \$2,894,125
3	Due To Third Party Payers \$3,204,387
4	Due To Affiliates \$5,053,769
5	Current Portion of Long Term Debt \$0
6	Current Portion of Notes Payable \$756,806
7	Other Current Liabilities \$0
	Total Current Liabilities \$32,297,644
B. Long Term Debt:	
1	Bonds Payable (Net of Current Portion) \$0
2	Notes Payable (Net of Current Portion) \$1,515,850
	Total Long Term Debt \$1,515,850
3	Accrued Pension Liability \$0
4	Other Long Term Liabilities \$13,734,292
	Total Long Term Liabilities \$15,249,942
5	Interest in Net Assets of Affiliates or Joint Ventures \$0
C. Net Assets:	
1	Unrestricted Net Assets or Equity \$25,362,045
2	Temporarily Restricted Net Assets \$0
3	Permanently Restricted Net Assets \$0
	Total Net Assets \$25,362,045
	Total Liabilities and Net Assets \$72,909,631

EXHIBIT D		WATERBURY HOSPITAL	
		OCTOBER 1, 2018 THROUGH MARCH 31, 2017 FILING	
		REPORT 150 - HOSPITAL STATEMENT OF OPERATIONS INFORMATION	
(1)	(2)		
LINE DESCRIPTION			
A. Operating Revenue:			
1	Total Gross Patient Revenue		\$446,713,287
2	Less: Allowances		\$39,667,114
3	Less: Charity Care		\$9,686,190
4	Less: Other Deductions		\$6,210,700
5	Total Net Patient Revenue		\$100,989,283
	Provision for Bad Debts		(\$17,607)
6	Net Patient Service Revenue less provision for bad debts		\$105,166,790
7	Other Operating Revenue		\$2,066,285
8	Net Assets Released from Restrictions		\$1,306,157
9	Total Operating Revenue		\$108,539,232
B. Operating Expenses:			
1	Salaries and Wages		\$41,246,806
2	Fringe Benefits		\$12,496,626
3	Physicians Fees		\$3,888,200
4	Supplies and Drugs		\$15,310,702
5	Depreciation and Amortization		\$3,079,500
6	Bad Debts		\$0
7	Interest Expense		\$937,140
8	Malpractice Insurance Cost		\$2,882,654
9	Other Operating Expenses		\$28,546,179
	Total Operating Expenses		\$102,967,206
Income/(Loss) From Operations			
			\$5,662,026
C. Non-Operating Revenue:			
1	Income from Investments		\$0
2	Gifts, Contributions and Donations		\$0
3	Other Non-Operating Gains/(Losses)		\$0
	Total Non-Operating Revenue		\$0
	Excess/(Deficiency) of Revenue Over Expenses (Before Other Adjustments)		\$5,662,026
Other Adjustments:			
	Unrealized Gains/(Losses)		\$0
	All Other Adjustments		\$0
	Total Other Adjustments		\$0
	Excess/(Deficiency) of Revenue Over Expenses		\$5,662,026
	Principal Payments		\$1,346,691

EXHIBIT D		
GREATER WATERBURY HEALTH NETWORK		
FISCAL YEAR 2017 - as of 3/31/17		
REPORT 300 - PARENT CORPORATION CONSOLIDATED BALANCE SHEET		
(1)	(2)	
LINE	DESCRIPTION	
I. ASSETS		
A. Current Assets:		
1	Cash and Cash Equivalents	\$4,589,736
2	Short Term Investments	\$555,361
3	Accounts Receivable (Less: Allowance for Doubtful Accounts)	\$40,487,277
4	Current Assets Whose Use is Limited for Current Liabilities	\$0
5	Due From Affiliates	\$0
6	Due From Third Party Payers	\$0
7	Inventories of Supplies	\$3,539,971
8	Prepaid Expenses	\$3,013,814
9	Other Current Assets	\$1,422,954
	Total Current Assets	\$54,018,083
B. Noncurrent Assets Whose Use is Limited:		
1	Held by Trusts	\$0
2	Board Designated for Capital Acquisition	\$0
3	Funds held in Escrow	\$0
4	Other Noncurrent Assets Whose Use is Limited	\$0
	Total Noncurrent Assets Whose Use is Limited:	\$0
5	Interest in Net Assets of Foundation	\$0
6	Long Term Investments	\$11,506,536
7	Other Noncurrent Assets	\$29,457
	Total Noncurrent Assets	\$11,535,993
C. Net Fixed Assets:		
1	Property, Plant and Equipment	\$291,326,583
2	Less: Accumulated Depreciation	\$293,826,878
	Property, Plant and Equipment, Net	\$27,499,705
3	Construction in Progress	\$9,903
	Total Net Fixed Assets	\$27,509,608
	Total Assets	\$93,661,984

EXHIBIT D		
GREATER WATERBURY HEALTH NETWORK		
FISCAL YEAR 2017 - as of 3/31/17		
REPORT 300 - PARENT CORPORATION CONSOLIDATED BALANCE SHEET		
(1)	(2)	
LINE	DESCRIPTION	
II. LIABILITIES AND NET ASSETS		
A. Current Liabilities:		
1	Accounts Payable and Accrued Expenses	\$22,448,070
2	Salaries, Wages and Payroll Taxes	\$4,959,701
3	Due To Third Party Payers	\$9,504,387
4	Due To Affiliates	\$9,579,332
5	Current Portion of Long Term Debt	\$21,571
6	Current Portion of Notes Payable	\$770,497
7	Other Current Liabilities	\$100,653
	Total Current Liabilities	\$41,384,211
B. Long Term Debt:		
1	Bonds Payable (Net of Current Portion)	\$0
2	Notes Payable (Net of Current Portion)	\$1,518,098
	Total Long Term Debt	\$1,518,098
3	Accrued Pension Liability	\$0
4	Other Long Term Liabilities	\$14,418,825
	Total Long Term Liabilities	\$15,936,923
5	Interest in Net Assets of Affiliates or Joint Ventures	\$2,584,538
C. Net Assets:		
1	Unrestricted Net Assets or Equity	\$33,755,312
2	Temporarily Restricted Net Assets	\$0
3	Permanently Restricted Net Assets	\$0
	Total Net Assets	\$33,755,312
	Total Liabilities and Net Assets	\$93,661,964

EXHIBIT D	(1)	(2)
LINE DESCRIPTION		
GREATER WATERBURY HEALTH NETWORK		
OCTOBER 1, 2016 THROUGH MARCH 31, 2017 FILING		
REPORT 350 - PARENT CORPORATION CONSOLIDATED STATEMENT OF OPERATIONS INFORMATION		
A. Operating Revenues:		
1. Total Gross Patient Revenue	\$499,814,687	
2. Less: Allowances	\$99,247,628	
3. Less: Charity Care	\$3,696,100	
4. Less: Other Deductions	\$8,210,700	
Total Net Patient Revenue	\$130,670,819	
5. Provision for Bad Debts	\$194,824	
Net Patient Service Revenue less provision for bad debts	\$130,455,985	
6. Other Operating Revenue	\$9,445,489	
7. Net Assets Released from Restrictions	\$1,306,157	
Total Operating Revenue	\$137,207,628	
B. Operating Expenses:		
1. Salaries and Wages	\$84,753,541	
2. Fringe Benefits	\$19,137,692	
3. Physicians Fees	\$4,438,933	
4. Supplies and Drugs	\$16,399,191	
5. Depreciation and Amortization	\$8,477,935	
6. Bad Debts	\$0	
7. Interest Expense	\$524,282	
8. Malpractice Insurance Cost	\$3,393,317	
9. Other Operating Expenses	\$28,697,499	
Total Operating Expenses	\$137,851,628	
Income/(Loss) From Operations	(\$624,900)	
C. Non-Operating Revenues:		
1. Income from Investments	\$0	
2. Gifts, Contributions and Donations	\$0	
3. Other Non-Operating Gains/(Losses)	(\$307,289)	
Total Non-Operating Revenues	(\$307,289)	
Excess/(Deficiency) of Revenue Over Expenses (Before Other Adjustments)	(\$931,669)	
Other Adjustments:		
Unrealized Gains/(Losses)	\$0	
All Other Adjustments	\$0	
Total Other Adjustments	\$0	
Excess/(Deficiency) of Revenue Over Expenses	(\$931,669)	

EXHIBIT D

Waterbury Hospital
Statement of Cash Flows
3/31/17

Y-T-D, March 2017

5,662,026

Net income/(Loss)

Adjustments to reconcile net income/(loss) to net cash
(used in)/provided by operating activities and nonoperating revenues:

(177,507)

Provision for bad debt

3,079,500

Depreciation and amortization

8,564,019

Changes in operating working capital other than cash
and cash equivalents:

(10,642,271)

Patient accounts receivable (net)

1,147,371

Grants and other receivables

(79,940)

Inventory of supplies

(1,066,932)

Prepaid insurance and other expenses

3,220,751

Accounts payable and accrued expenses

47,860

Salaries, wages, payroll taxes and amounts withheld from employees

215,482

Due to restricted funds

(174,979)

Other noncurrent liabilities

3,204,387

Due to 3rd party reimbursement agencies

(4,148,261)

Net cash (used in)/provided by operating activities and nonoperating gains

4,415,766

investing activities:

(5,220,025)

(Increase)/decrease in due from affiliates

(167,470)

Decrease/(increase) in other assets

(1,096,370)

Additions to property, plant and equipment

(6,485,865)

Net cash (used by)/provided by investing activities

0

Financing activities:

(1,348,691)

Proceeds from issuance of debt

(1,348,691)

Principal payments on debt obligations

(3,418,795)

Net cash (used in)/provided by financing activities

3,325,425

Net increase/(decrease) in cash and cash equivalents

(69,372)

Cash and cash equivalents at beginning of period

(69,372)

Cash and cash equivalents at end of period

EXHIBIT D

Greater Waterbury Health Network
Statement of Cash Flows
3/31/17

Y-T-D March 2017

Net Income/(Loss)	(931,569)
Adjustments to reconcile net income/(loss) to net cash (used in)/provided by operating activities and nonoperating revenues:	
Provision for bad debt	184,334
Depreciation and amortization	3,477,535
	<u>2,730,300</u>
Changes in operating working capital other than cash and cash equivalents:	
Patient accounts receivable (net)	(13,715,926)
Grants and other receivables	348,727
Inventory of supplies	(79,940)
Prepaid insurance and other expenses	(1,288,798)
Accounts payable and accrued expenses	4,210,251
Salaries, wages, payroll taxes and amounts withheld from employees	(319,506)
Due to restricted funds	215,482
Other noncurrent liabilities	16,130
Due to 3rd party reimbursement agencies	3,204,387
	<u>(7,407,583)</u>
Net cash (used in)/provided by operating activities and nonoperating gains	(4,677,283)
Investing activities:	
(Increase)/decrease in due from affiliates	5,640,376
Decrease/(increase) in other assets	(231,170)
Additions to property, plant and equipment	(1,267,934)
Net cash (used by)/provided by investing activities	<u>4,141,272</u>
Financing activities:	
Proceeds from issuance of debt	0
Principal payments on debt obligations	(1,335,587)
Net cash (used in)/provided by financing activities	<u>(1,335,587)</u>
Net increase/(decrease) in cash and cash equivalents	(1,871,598)
Cash and cash equivalents at beginning of period	7,425,695
Cash and cash equivalents at end of period	<u>5,554,097</u>

EXHIBIT E

Month of March, 2016
Hospital Only

Monthly Financial Measurement Indicators

A. Operating Performance

Operating Margin 12.01%
Non-Operating Margin 12.86%
Total Margin 12.90%
Bad Debt as % Gross Revenue 1.59%

B. Liquidity

Current Ratio 1.22
Days Cash on Hand 22.19
Days in Net Accounts Receivables 46.13
Average Payment Period 66.71

C. Leverage and Capital Structure

Long-term Debt to Equity (2,6502)
Long-term Debt to Capitalization 1,6060
Unrestricted Cash to Debt 0.4709
Times Interest Earned Ratio N/A
Debt Service Coverage Ratio (3.71)
Equity Financing Ratio (6.86)

D. Additional Statistics

Income from Operations 3,121,149
Revenue Over/(Under) Expense 2,681,454
Patient Cash Collected 18,661,051
Cash and Cash Equivalents 13,971,573
Net Working Capital 8,743,448
Free Cash Flow 13,832,250
Unrestricted Assets/Retained Earnings (10,514,041)
Credit Ratings (S&P, FITCH and Moody's) Not Applicable

Definitions

Ratio = Long-term debt / (Preferred stock + Common stock)
Ratio = Long-term debt / (Long-term debt + Preferred stock + Common stock)
Unrestricted Cash/Total Debt
company's savings, before interest and taxes by the total interest payable on its debt
calculated by dividing the company's total liabilities by stockholders' equity

Calculation Used

Ratio = Long-term debt / (Net Assets)
Ratio = Long-term debt / (Long-term debt + Net Assets)
Cash & Cash Equivalents/Total Debt (Current Portion and Non-Current Portion)
N/A since there is no interest payable at the balance sheet date
calculated by dividing the company's total liabilities by net assets

Month of March, 2016
Hospital and Affiliates

Monthly Financial Measurement Indicators

A. Operating Performance

Operating Margin 6.51%
Non-Operating Margin 7.20%
Total Margin 7.45%
Bad Debt as % Gross Revenue 1.62%

B. Liquidity

Current Ratio 1.44
Days Cash on Hand 44.59
Days in Net Accounts Receivables 42.94
Average Payment Period 57.98

C. Leverage and Capital Structure

Long-term Debt to Equity (2,3581)
Long-term Debt to Capitalization 1,7363
Unrestricted Cash to Debt 0.7077
Times Interest Earned Ratio N/A
Debt Service Coverage Ratio 2.38
Equity Financing Ratio (9.61)

D. Additional Statistics

Income from Operations 2,357,690
Revenue Over/(Under) Expense 1,811,193
Patient Cash Collected 22,825,438
Cash and Cash Equivalents 21,008,968
Net Working Capital 19,640,963
Free Cash Flow 20,829,213
Unrestricted Assets/Retained Earnings (11,816,346)
Credit Ratings (S&P, FITCH and Moody's) Not Applicable

EXHIBIT E

Month of March, 2017
Hospital Only

Monthly Financial Measurement/Indicators

A. Operating Performance

Operating Margin 6.14%
Non-Operating Margin 6.14%
Total Margin 6.14%
Bad Debt as % Gross Revenue 0.11%

B. Liquidity

Current Ratio 1.17
Days Cash on Hand (0.16)
Days in Net Accounts Receivables 50.32
Average Payment Period 50.01

C. Leverage and Capital Structure

Long-term Debt to Equity 0.0538
Long-term Debt to Capitalization 0.0564
Unrestricted Cash to Debt (0.0393)
Times Interest Earned Ratio N/A
Debt Service Coverage Ratio N/A
Equity Financing Ratio 1.08

D. Additional Statistics

Income from Operations 2,229,400
Revenue Over/(Under) Expense 1,140,870
Patient Cash Collected 20,849,371
Cash and Cash Equivalents (89,372)
Net Working Capital 4,734,867
Free Cash Flow (210,154)
Unrestricted Assets/Retained Earnings 25,362,045
Credit Ratings (S&P, FITCH and Moody's) Not Applicable

Month of March, 2017
Hospital and Affiliates

Monthly Financial Measurement/Indicators

A. Operating Performance

Operating Margin 0.15%
Non-Operating Margin 0.15%
Total Margin 0.15%
Bad Debt as % Gross Revenue 0.15%

B. Liquidity

Current Ratio 1.40
Days Cash on Hand 7.66
Days in Net Accounts Receivables 54.77
Average Payment Period 43.89

C. Leverage and Capital Structure

Long-term Debt to Equity 0.0450
Long-term Debt to Capitalization 0.0430
Unrestricted Cash to Debt 2.4042
Times Interest Earned Ratio N/A
Debt Service Coverage Ratio N/A
Equity Financing Ratio 1.41

D. Additional Statistics

Income from Operations 1,183,330
Revenue Over/(Under) Expense 35,595
Patient Cash Collected 25,113,759
Cash and Cash Equivalents 5,654,097
Net Working Capital 12,633,872
Free Cash Flow 5,554,097
Unrestricted Assets/Retained Earnings 33,756,312
Credit Ratings (S&P, FITCH and Moody's) Not Applicable

Calculation Used

Ratio = Long-term debt / (Net Assets)
Ratio = Long-term debt / (Long-term debt + Net Assets)
Cash & Cash Equivalents/Total Debt (Current Portion and Non-Current Portion)
N/A since there is no interest payable at the balance sheet date
calculated by dividing the company's total liabilities by net assets

Definitions

Ratio = Long-term debt / (Preferred stock + Common stock)
Ratio = Long-term debt / (Long-term debt + Preferred stock + Common stock)
Unrestricted Cash/Total Debt
company's earnings before interest and taxes by the total interest payable on its debts
calculated by dividing the company's total liabilities by stockholders' equity

Calculation Used

Ratio = Long-term debt / (Net Assets)
Ratio = Long-term debt / (Long-term debt + Net Assets)
Cash & Cash Equivalents/Total Debt (Current Portion and Non-Current Portion)
N/A since there is no interest payable at the balance sheet date
calculated by dividing the company's total liabilities by net assets

Calculation Used

EBITDA (Income from Operations plus Depreciation, Interest, and Amortization)
Net Income(Loss)

EXHIBIT E

YTD March, 2016
Hospital Only

Monthly Financial Measurements/Indicators

A. Operating Performance

Operating Margin 2.65%
Non-Operating Margin 5.20%
Total Margin 5.20%
Bad Debt as % Gross Revenue 0.56%

B. Liquidity

Current Ratio 1.22
Days Cash on Hand 22.19
Days in Net Accounts Receivables 46.13
Average Payment Period 66.71

C. Leverage and Capital Structure

Long-term Debt to Equity (2,6502)
Long-term Debt to Capitalization 1,6060
Unrestricted Cash to Debt 0.4709
Times Interest Earned Ratio N/A
Debt Service Coverage Ratio (3.71)
Equity Financing Ratio (8.86)

D. Additional Statistics

Income from Operations 6,706,634
Revenue Over/(Under) Expense 5,622,041
Patient Cash Collected 108,858,393
Cash and Cash Equivalents 13,971,573
Net Working Capital 8,743,448
Free Cash Flow 13,054,288
Unrestricted Assets/Retained Earnings (10,514,041)
Credit Ratings (S&P, FITCH and Moody's) Not Applicable

YTD March, 2016
Hospital and Affiliates

Monthly Financial Measurements/Indicators

A. Operating Performance

Operating Margin -1.72%
Non-Operating Margin 0.31%
Total Margin 0.34%
Bad Debt as % Gross Revenue 0.59%

B. Liquidity

Current Ratio 1.44
Days Cash on Hand 44.59
Days in Net Accounts Receivables 42.94
Average Payment Period 57.98

C. Leverage and Capital Structure

Long-term Debt to Equity (2,3581)
Long-term Debt to Capitalization 1,7363
Unrestricted Cash to Debt 0.7077
Times Interest Earned Ratio N/A
Debt Service Coverage Ratio 2.38
Equity Financing Ratio (8.61)

D. Additional Statistics

Income from Operations 1,898,922
Revenue Over/(Under) Expense 463,751
Patient Cash Collected 129,058,915
Cash and Cash Equivalents 21,006,968
Net Working Capital 19,640,363
Free Cash Flow 19,976,137
Unrestricted Assets/Retained Earnings (11,816,346)
Credit Ratings (S&P, FITCH and Moody's) Not Applicable

Calculations Used

Ratio = Long-term debt / (Net Assets)
Ratio = Long-term debt / (Long-term debt + Net Assets)
Cash & Cash Equivalents/Total Debt (Current Portion and Non-Current Portion)
N/A Since there is no interest payable at the balance sheet date
calculated by dividing the company's total liabilities by net assets

Definitions

Ratio = Long-term debt / (Preferred stock + Common stock)
Ratio = Long-term debt / (Long-term debt + Preferred stock + Common stock)
Unrestricted Cash/Total Debt
company's earnings before interest and taxes by the total interest payable on its debt
calculated by dividing the company's total liabilities by stockholders' equity

EBITDA (Income from Operations plus Depreciation, Interest, and Amortization)
Net Income/(Loss)

EXHIBIT E
YTD March, 2017
Hospital Only

Monthly Financial Measurement/Indicators

A. Operating Performance

Operating Margin 5.22%
Non-Operating Margin 5.22%
Total Margin 5.22%
Bad Debt as % Gross Revenue 0.19%

B. Liquidity

Current Ratio 1.17
Days Cash on Hand (0.16)
Days In Net Accounts Receivables 50.32
Average Payment Period 50.01

C. Leverage and Capital Structure

Long-term Debt to Equity 0.0598
Long-term Debt to Capitalization 0.0564
Unrestricted Cash to Debt (0.0393)
Times Interest Earned Ratio N/A
Debt Service Coverage Ratio N/A
Equity Financing Ratio 1.08

D. Additional Statistics

Income from Operations 9,374,856
Revenue Over/(Under) Expense 5,662,028
Patient Cash Collected 100,753,817
Cash and Cash Equivalents (89,372)
Net Working Capital 4,734,887
Free Cash Flow (1,041,253)
Unrestricted Assets/Retained Earnings 25,362,045
Credit Ratings (S&P, FITCH and Moody's) Not Applicable

5.22%
5.22%
5.22%
0.19%

1.17
(0.16)
50.32
50.01

0.0598
0.0564
(0.0393)
N/A
N/A
1.08

9,374,856
5,662,028
100,753,817
(89,372)
4,734,887
(1,041,253)
25,362,045
Not Applicable

Definitions

Ratio = Long-term debt / (Preferred stock + Common stock)
Ratio = Long-term debt / (Long-term debt + Preferred stock + Common stock
Unrestricted Cash/Total Debt
company's earnings before interest and taxes by the total interest payable on its of N/A since there is no interest payable at the balance sheet date
calculated by dividing the company's total liabilities by stockholders' equity

Calculation/Usage

Ratio = Long-term debt / (Net Assets)
Ratio = Long-term debt / (Long-term debt + Net Assets)
Cash & Cash Equivalents/Total Debt (Current Portion and Non-Current Portion)
calculated by dividing the company's total liabilities by net assets

EBITDA (Income from Operations plus Depreciation, Interest, and Amortization)
Net Income (Loss)

YTD March, 2017
Hospital and Affiliates

Monthly Financial Measurement/Indicators

A. Operating Performance

Operating Margin -0.68%
Non-Operating Margin -0.68%
Total Margin -0.68%
Bad Debt as % Gross Revenue 0.24%

B. Liquidity

Current Ratio 1.40
Days Cash on Hand 7.98
Days In Net Accounts Receivables 54.77
Average Payment Period 43.89

C. Leverage and Capital Structure

Long-term Debt to Equity 0.0460
Long-term Debt to Capitalization 0.0430
Unrestricted Cash to Debt 2.4042
Times Interest Earned Ratio N/A
Debt Service Coverage Ratio N/A
Equity Financing Ratio 1.41

D. Additional Statistics

Income from Operations 3,132,463
Revenue Over/(Under) Expense (81,980)
Patient Cash Collected 120,857,009
Cash and Cash Equivalents 5,853,087
Net Working Capital 42,633,872
Free Cash Flow 5,376,536
Unrestricted Assets/Retained Earnings 33,759,312
Credit Ratings (S&P, FITCH and Moody's) Not Applicable

User, OHCA

From: Buckley, Katherine <kBuckley@wtbyhosp.org>
Sent: Wednesday, May 31, 2017 2:48 PM
To: User, OHCA
Cc: Martone, Kim; colleen713.smith@gmail.com; Garrison De Lee (Legal Department) (Garrison.DeLee@prospectmedical.com); Frank.Saidara@prospectmedical.com; Shin, Ellen (ellen.shin@prospectmedical.com)
Subject: Docket Number 15-32017-486-CON
Attachments: Docket Number 15-32017-486-CON OHCA Condition Number Nineteen.pdf

Attached is the semi-annual submission related to condition number 19 for the above referenced Certificate of Need Final Decision regarding the transfer of assets of Greater Waterbury Health Network to Prospect Medical Holdings, Inc.

Katherine Buckley-Finance Department
Waterbury Hospital

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WATERBURY HOSPITAL

May 31, 2017

Ms. Karen Roberts
Office of Health Care Access
Connecticut Department of Public Health
410 Capital Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134

RE: **Docket Number: 15-32017-486**
Transfer of assets of Greater Waterbury Health Network, Inc. to Prospect
Medical Holdings, Inc.

Dear Ms. Roberts:

This letter is submitted in accordance with the Order for the above referenced Certificate of Need Final Decision, specifically Condition Number Nineteen (19) regarding the transfer of assets of Greater Waterbury Health Network (GWHN) to Prospect Medical Holdings, Inc (PMH).

Condition Number Nineteen (19) requires that PMH will hold a joint meeting of the New Waterbury Hospital Board and Local Board at least twice annually (for 3 years after closing). Such Joint Board Meetings must be followed by meeting for the public, where the public is informed of the New Waterbury Hospital activities and given the opportunity to ask questions and make comments.

A Joint Meeting of the Board of Directors for Prospect Waterbury, Inc. and the Local Board for Prospect Waterbury, Inc was held on May 11, 2017. That meeting was followed by a meeting on the same date for the Waterbury community where information about the hospital's activities was shared and the public was encouraged to ask questions and provide comments. This meeting was advertised in the Republican American newspaper on May 4, 2017 and May 8, 2017.

If you have any questions or need anything further, please feel free to call me at 203-573-7280.

Sincerely,

A handwritten signature in blue ink, appearing to read "Paul Golino".

Paul Golino
Senior Vice President/Chief Financial Officer

Attachments:

Exhibit A-Notice placed regarding notification of community forum
Exhibit B-Community Forum sign-in sheet
Exhibit C-Agenda for Community Forum held May 11, 2017
Exhibit D-Article in Republican American newspaper regarding the upcoming community forum

cc: Kimberly R. Martone, Director of Operations, Office of Health Care Access,
CT Department of Health
Colleen Smith, Nursing Consultant Partners, LLC
Ellen J. Shin, General Counsel, Prospect Medical Holdings, Inc.
Frank Saidara, Vice President, Corporate Development, Prospect Medical Holdings, Inc.
Garrison De Lee, Assistant General Counsel, Prospect Medical Holdings, Inc

Exhibit A.



A conversation about healthcare

Community Forum

Thursday, May 11, 2017 • 6:30 p.m. – 7:45 p.m.

Waterbury Hospital, Bizzozero Conference Room (4th floor), 64 Robbins Street, Waterbury

Waterbury Hospital/Greater Waterbury Health Network invite you to attend an upcoming community forum. During this event, you will learn how exciting new developments at our organization are strengthening the care you receive.

Leaders from the Waterbury Hospital/Greater Waterbury Health Network will share the new initiatives taking place and will answer your questions.

Please join us for this forum and find out more about how we are working to shape the future of healthcare in our community.



**WATERBURY
HOSPITAL**



**Greater Waterbury
Health Network**

Exhibit B

Community Forum: Waterbury Hospital/Greater Waterbury Health Network
 May 11, 2017
 6:30 p.m.

NAME	Contact Information
Rev. Roy Osborne	royosborne@sb.cqibol.net
Jacqueline Jackson	jacquerie11@gmail.com
Bishop Lionel Franch	BishopFranch1@Aol.com
Subash Cordeau	
Tara Cosgriff	
Colleen Amisya	Independent Monitor NCP
William Pizus	William.Pizus@uconn.edu
T.J. Selche	
Paul Golino	
Kevin Tierney	Harold Leever Cancer CTR
Lorraine Sheel	Eastuseal
Brian Amersbach	Denelick@ACCESSREKASCENTERS.COM
Anne Bokunich	
Dad Pastor Hodner WIFE	rdwade2002@Longhillbc.org
Becky Rustrough	BeckyRu@outlook.com

Exh. b. 7 B

Community Forum: Waterbury Hospital/Greater Waterbury Health Network
May 11, 2017
6:30 p.m.

NAME	Contact Information
Sue Castelli	6WIC X7103
CARL CONTADINI	P.M. DPM @ AOL.COM
Robert J. Masuse, DM	For more contact by hand please
Sally Foreman	prataled@snet.net
(Richard + Sandra Natale)	DRA 6279
(Naugatuck Valley Project)	(203) 757-9603 JSW@nvrumb-ct.org
Ross Atter	203-574-3636
Patty Charr	203-574-3611
Jahani Sullivan-Wiley	203-720-0378
Alex Johnson	203-755-5777
Charles Orzanski	
SCOTT BELUMAN	
Susan Beatty	

Exhibit B

Community Forum: Waterbury Hospital/Greater Waterbury Health Network
May 11, 2017
6:30 p.m.

NAME	Contact Information
Dana Godwin	
Kunira C. Cosby	(203) 573-7129 Kunira.C Cosby Cosby
Wank Hsu	203 573-7562

Exhibit C.

**Agenda
Community Forum
Waterbury Hospital/Greater Waterbury Health Network
May 11, 2017
6:30 p.m.**

- I. Welcome & Introductions (Lester Schindel, CEO)
- II. Our Focus on Quality and Patient Safety (Dr. Joey Cosgriff, Medical Director, Performance Improvement)
- III. Investment in our hospital and our community (Lester Schindel, CEO)
- IV. Meeting Community Health Needs (Patty Charvat, Public Affairs Director)
- V. Questions & Comments

Exhibit D.

Hospital has community forum

Update will be offered

BY ALEC JOHNSON
REPUBLICAN-AMERICAN

WATERBURY — Keeping up with a condition of its acquisition by Prospect Medical Holdings last year, Waterbury Hospital is inviting the public to a community forum Thursday.

Greater Waterbury Health Network, now part of the larger Prospect, which owns 20 hospitals in six states, plans to share what's new at the hospital, its community health initiatives and an update on quality and patient safety.

Patricia Charvat, a spokeswoman for the hospital, said Lester Schindel, the new chief executive officer, will join other hospital and Prospect officials to take questions. Prospect named Schindel as CEO in March when Darlene Stromstad, the CEO since 2011, was ap-



REPUBLICAN-AMERICAN ARCHIVES

Waterbury Hospital will host a community forum on Thursday.

pointed to a new role at Prospect.

Schindel was formerly CEO of Chartercare Health Partners, Prospect's two-hospital system in Rhode Island, from 2014 to 2016. He successfully oversaw Chartercare's transition to Prospect, the company stated.

Charvat said as a part of the sale state regulators asked the hospital to host two community forums a year to give the community the opportunity to learn more about what is going on at the hospital. This will be

the first such meeting.

"What we will be doing is giving an update on the status of the hospital since the sale, investments that have been made and any changes that have been made," she said. "Any community member is invited to come and hear what is going on and ask any questions they may have."

The meeting will be from 6:30 p.m. to 7:45 p.m. Thursday in the Bizzozero Conference Room on the hospital's fourth floor.

Contact Alec Johnson at ajohnson@rep-am.com.

User, OHCA

From: Charvat, Patricia <pcharvat@wtbyhosp.org>
Sent: Monday, October 30, 2017 4:31 PM
To: User, OHCA
Subject: Waterbury/Greater Waterbury Health Network: Docket Number: 15-32017-486
Attachments: Waterbury Hospital GWHN letter to OHCA 103017.pdf

Good afternoon!

Attached is the required filing from Waterbury Hospital/Greater Waterbury Health Network (Docket Number: 15-32017-486). This document provides information on the Order's Condition Number 13 and Condition Number 15 regarding the transfer of assets of the Greater Waterbury Health Network/Waterbury Hospital to Prospect Medical Holdings.

Best,
Patty

Patricia Charvat
Interim Director, Communications/Public Affairs
Waterbury Hospital
203.573.6718 (office)
978.273.7764 (mobile)

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October 30, 2017

VIA EMAIL DELIVERY

Deputy Commissioner Yvonne Addo
Office of Health Care Access
Department of Public Health
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134

Re: Docket Number: 15-32017-486

**Project Title: Transfer of assets of Greater Waterbury Health Network to
 Prospect Medical Holdings, Inc.**

Dear Ms. Addo:

This letter is submitted in accordance with the Order for the above referenced Certificate of Need Final Decision, specifically Condition Number Thirteen (13) and Condition Number 15 (15) regarding the transfer of assets of Greater Waterbury Health Network (GWHN)/Waterbury Hospital to Prospect Medical Holdings, Inc. (PMH).

Condition Thirteen

Condition Number Thirteen (13) requires that “PMH shall maintain community benefit programs and community building activities for New Waterbury Hospital for three (3) years after the Closing Date consistent with Waterbury Hospital’s most recent Schedule H of IRS Form 990 or shall provide such other community benefit programs and community building activities that are at least as generous and benevolent to the community as the Hospital’s current programs, and PMH shall apply a 1% increase per year for the next three (3) years toward community building activities in terms of dollars spent.”

For fiscal year 2017, Prospect Waterbury Hospital/GWHN increased community benefits activities and community building activities that Legacy Waterbury Hospital had offered the community prior to the acquisition by PMH. Overall, PMH invested \$21,433,156 in community benefits programs and community building activities in fiscal year 2017. This was \$1 million more than the investments made by Legacy Waterbury Hospital/GWHN in fiscal year 2016 representing a 5% increase.

The dollar amounts of community benefits programs and community building activities for Legacy Waterbury Hospital for fiscal year 2016 that were filed with the IRS on Schedule H in August 2017 and the amounts for Prospect Waterbury Hospital/GWHN for fiscal year 2017 are included in the following table.

Total Community Benefit – Waterbury Hospital	Legacy WH/GWHN FY 2016	Prospect WH/GWHN FY 2017
Financial Assistance at Cost <i>IRS 990 Schedule H Part I, 7a</i>	\$950,442	\$1,159,227
Unreimbursed Medicaid Services <i>IRS 990 Schedule H Part I, 7b</i>	\$9,514,951	\$8,910,153
Other Community Benefits <i>IRS 990 Schedule H Part I, 7j</i>	\$9,876,970	\$11,184,873
Community Building Activities <i>IRS 990 Schedule H Part II, 10</i>	\$142,530	\$178,903
Total	\$20,484,893	\$21,433,156

Financial Assistance

Prospect GWHN/Waterbury Hospital continues to treat patients regardless of their ability to pay for services and hospital policies regarding charity care have not changed since the transaction closed. The hospital continues to provide the same level of financial assistance to patients that qualify based on need.

Community Health Improvement and Health Needs Addressed

Waterbury Hospital/GWHN is an active participation in the Greater Waterbury Health Improvement Partnership (GWHIP), the coalition that works together to identify the community's needs through a Community Health Needs Assessment (CHNA). Based on the CHNA, the group then develops strategies and action plans to address these needs through – action plans are developed both for the group as well as a plan for each organization. Within the last year, the group conducted another CHNA and Waterbury Hospital/GWHN contributed \$40,600 toward this assessment initiative.

This year, the Greater Waterbury Health Improvement Partnership reviewed the findings and discussed cross-cutting approaches to further address the priority areas identified in the CHNA. The following four priority areas for Waterbury were adopted for the 2017-2019 implementation plan:

- Access to Care – including Mental Health/Substance Abuse,
- Healthy Lifestyle – including Obesity and Tobacco Use,
- Asthma, and
- Health Communications.

Access to Care

Representatives from Waterbury Hospital are currently chairing the GWHIP Access to Care Workgroup. The workgroup is working on developing infographics as a way to help people navigate the local health system for different areas including when to use ED vs. Urgent Care vs. Primary Care, Asthma, Mental Health, and Diabetes. The workgroup also continues to work on creating the Community Care Team, which will provide cross-organization case management between both hospital EDs and a comprehensive array of community organizations for high utilization emergency department visitors.

Waterbury Hospital employees contributed to the Access to Care Workgroup development of infographics for the Waterbury community and lead two sub-workgroups that worked on developing infographics for Asthma & Diabetes. We are also collaborating with the Waterbury Health Department on their Opioid grant to provide Narcan to the community.

Other Waterbury Hospital/GWHN initiatives related to Access to Care include the following.

The Waterbury Health Access Program (WHAP) improves access to high-quality medical care by providing comprehensive case management, pharmacy assistance, and access to primary and sub-specialty medical care for the uninsured and underinsured residents of the Greater Waterbury region. With the institution of the ACA, WHAP workers have become Access Health CT Assisters, have increased their navigation services to include the Medicaid population, and continue to add to its repertoire addressing the social determinants of health for those who are identified as high utilizers with chronic health conditions. During FY 2017, WHAP had over 5,726 active clients. Given the challenges of the State Budget, funding for WHAP was stalled, thus, Waterbury Hospital/GWHN covered nearly \$50,000 in costs for this program.

In order to ensure that patients have access to medical appointments, at the hospital and at local physicians' offices, **Waterbury Hospital's Be Well Bus** provides transportation services to patients from Waterbury and eleven of its surrounding towns. Waterbury Hospital/GWHN covers the full cost of this service, which is \$95,000.

Waterbury Hospital's Center for Behavioral Health is one of the region's largest service providers offering a full continuum of care for children, adolescents and adults. Our services include psychiatric evaluations, OT/AT evaluations, family and group therapy, didactic educational groups, individual counseling, recreational services, and mental health services. This year, the Center began an open access program in which appointments are not necessary on Monday – Wednesday each with, with the goal of expanding this to all week in the future. We also do outreach to the community through regular participation in health fairs, elected membership in the Northwest Regional Mental Health Board, as a host site to numerous twelve-step meetings, and the provision of case management as well as acute services to the homeless within the City of Waterbury. During FY 2017, the Center for Behavioral Health cared for 8,707 persons.

The Yale-Waterbury Hospital Internal Medicine Residency Program, initiated three years ago, is sponsored by Yale-New Haven Hospital and affiliated with Yale University. Activities include participation in research days at Yale and Waterbury Hospital/Saint Mary's Hospital, home and office visits for clinic patients and education seminars held at Waterbury Hospital and Yale University. In FY 2017, we had 38 residents in our program.

In addition, Waterbury Hospital/GWHN supports the education of healthcare professionals in all fields. In 2017, the hospital offered clinical training opportunities for students of college and university programs. Exhibit A lists the educational institutions that the hospital has agreements with to provide clinical experiences to students. The amount of community benefit provided by the hospital for health professionals education in 2017 was \$7,380,592.

This year, Waterbury Hospital offered its Evergreen 50 wellness programs to the entire community through **two new series of educational programs**, Spring Into Wellness and Fall Into Wellness. These presentations were on a variety of health topics including heart health, depression, muscles and joint pain, osteoporosis, healthy eating, asthma, bone health, and a range of other medical topics. **The Community Educator** employed by Waterbury Hospital and Saint Mary's Hospital conducts a series of health fairs and various health and wellness education sessions, including "Health Screenings," which provides patients with complimentary blood pressure screenings and health awareness education. In addition, Waterbury Hospital/GWHN representatives participated in a number of community programs to provide health and wellness information to our communities. (See Exhibit B for a full listing of programs and participation.)

Healthy Lifestyles

GWHIP's Healthy Lifestyle workgroup is working on mapping existing community resources in order to have a database on what exists and to identify the activities and initiatives of organizations within the community. The workgroup is also working on establishing the State of CT Livewell Diabetes Self-Management Program in Waterbury or having some type of diabetes education available to the community.

To address the community's health needs related to obesity and diabetes management, Waterbury Hospital, in conjunction with local churches, launched the **Reinventing Banana Pudding** program. Through this program Waterbury Hospital hosts a cooking demonstration/nutrition (diabetes) presentation in the community. Also, Waterbury Hospital in partnership with the Western CT Area on Aging is facilitating the Livewell Diabetes Self-Management Program. In June 2017, Waterbury Hospital had three employees trained as Livewell Diabetes Facilitators. The program started on October 2, 2017 at the Saint Francis Xavier Church in Waterbury and the classes are in Spanish.

The Comprehensive Weight Management Program offers medical and surgical weight loss options for patients. Services include medical nutrition therapy, medical weight loss, and surgical weight loss. Medical Nutrition Therapy with a registered dietitian is available to patients with a variety of medical conditions such as diabetes, chronic kidney disease, hypertension, high cholesterol, as well as for those who are looking to lose weight.

The Evergreen 50 Club has 9,200 members over the age of 50. The Club offers fitness classes including weight training and Pilates, wellness classes, and health education presentations on a variety of topics are presented by healthcare professionals. This year, many of these programs were offered to the entire community.

The Food for Life Program is an innovative program that provides access to fresh fruits and vegetables and enrollment in exercise programs to qualified HIV patients at no cost. The program offers a fitness and yoga class monthly and Nutrition, Health, and Wellness Support Group biweekly to engage patients in positive activities.

The Live Well with Diabetes Workshop is a partnership with Waterbury Community Organizations to offer a six-week program open to the public that will help people learn about what to eat, foot care, blood sugar, sick day guidelines, tips for dealing with stress, how to set small and achievable goals.

Through GWHIP, we are partnering with the Waterbury Health Department for **the Putting on AIRS Program**. The ED is referring qualified patients to the Waterbury Health Department with an asthma action plan. The program is an evidenced based free home visitation program focusing on indoor asthma triggers and education about asthma as a chronic illness. Posters for the Putting on AIRS Program have been displayed in our ED in both English and Spanish.

Waterbury Hospital is participating in the CT Hospital Association Asthma Initiative which is working towards having an asthma action plan given to every patient who comes into the Emergency Department (ED) with an asthma diagnosis and providing education on proper use of inhaler. The Asthma Action Plan was updated to match the CT Department of Public Health and was put into the Cerner System by our IS Department in March 2017.

Health Communications

The Health Communications Workgroup was a new work group that was added after the 2016 CHNA process. The workgroup's goal is to increase messaging and communications to the partners, community organizations, and the Greater Waterbury community. They have identified a vendor that will be in charge of the web design, social media, logo, and color scheme and the work should be completed by Fall 2017.

Waterbury Hospital's PR Department is currently including information on community events and programs on the Waterbury Hospital's website – community calendar, Facebook page, and Evergreen newsletter.

Our Community Health Needs Assessment and Implementation Plan can be found on our website: <http://www.waterburyhospital.org/community/chna/2016-chna-final-report/>
<http://www.waterburyhospital.org/community/chna/2016-chna-implementation-plan/>

Community Building Activities

The WH Youth Pipeline Initiatives were established in 2001 as a partnership between Waterbury Hospital and Waterbury Public Schools. The mission of the program is: “to close the achievement gap for minority and economically disadvantaged students in Waterbury so they can matriculate and compete nationally for placement in post-secondary education programs in preparation for health careers.” WH has remained committed to enhancing and enriching the academic opportunities and personal journeys of our youth, who are the emerging workforce of tomorrow. During 2017, WH provided 78 students and parents in Greater Waterbury with unique educational programs that will enhance the overall welfare of our community. Previously funded by grants, Waterbury Hospital/GWHN now covers \$104,573 in costs for these essential community programs.

The WH Youth Pipeline Initiatives had five focus areas during FY 2017, including:

1. **Parent Leadership Training Institute (PLTI)** – In 2017, nine individuals from Greater Waterbury successfully completed Waterbury’s PLTI, a 20-week curriculum teaching leadership and advocacy skills, as well as individual community project planning. PLTI’s core mission is to impart leadership and advocacy skills to parents while simultaneously educating them about volunteerism, civic life, and the process by which state and local governments enact and change laws. Each participant completes and implements a community project.
2. **Children Leadership Training Institute (CLTI)** – CLTI is run in connection with the PLTI program. 10 children participated in the program in 2017.
3. **UConn People Empowering People (PEP)** –The program included a 10-week parent leadership and advocacy regimen through which eight participants successfully completed the PEP course. UConn PEP is a personal, family, and leadership development program with a strong community focus. PEP is designed to build on the unique strengths and life experiences of participants and emphasizes the connection between an individual and community action. Participants work individually or collaboratively to create a community project which is completed as portion of the program. Waterbury Hospital/GWHN conducts three PEP programs, one in English, one in Spanish and one in Albanian.
4. **WH PEACH Spring Break Program** – The PEACH Spring Break Program is a three-day program for middle school students. During their time at the hospital, 27 students complete hands-on learning activities including: CPR or First Aid Certification, nutrition class, job shadowing, and a fieldtrip.

5. **WH Summer Bridge Program** – During the summer of 2017, 24 students from Waterbury, grades 6-11, participated in the WH Summer Bridge Program. The students participated in academic classes, the Poetry Slam, attended a medical module at Stone Academy, science module at Naugatuck Valley Community College – Starbase, and worked with the Waterbury Health Department Assistant Director to include pictures, recipes, and tips on website.

Waterbury Hospital/GWHN community building activities go beyond these programs. Staff from both the hospital and GWHN volunteer to serve on boards and committees of local charitable organizations and Chambers of Commerce. In addition, Waterbury Hospital and GWHN sponsored local charitable organizations' fundraising events. The organizations which Waterbury Hospital/GWHN has provided support for are listed in Exhibit C; support is defined as both financial support and employee participation.

Throughout Fiscal Year 2017, the community benefit initiatives of Waterbury Hospital/GWHN engaged nearly 35,000 people.

Condition Fifteen

A Condition Number Fifteen (15) states that New Waterbury Hospital shall work toward making culturally and linguistically appropriate services available and integrated throughout the hospital operations guided by the National Standards for Culturally and Linguistically Appropriate Services in Health and Health Care published by the U.S. Department of Health and Human Services' Office of Minority Health. In addition, the New Waterbury Hospital shall take reasonable steps to provide meaningful access to each individual with limited English proficiency eligible to be served in accordance with the regulations of Section 1557 of the Patient Protection and Affordable Care Act. Finally, New Waterbury Hospital shall provide insurance navigator services for patients and, where appropriate, English as a second language and cultural competency training for employees.

Prospect Waterbury Hospital/GWHN is committed to making culturally and linguistically appropriate services available and integrated throughout the organization, providing meaningful access to individuals with limited English proficiency, providing insurance navigator services and providing cultural competency training for all employees.

Waterbury Hospital has Corporate Administrative Policies in place to ensure persons with limited English proficiency and persons requiring auxiliary aids and services have access to the healthcare services available at the hospitals and throughout the organization. They include:

- Policy: Assessment of Patients – Deaf and Hard of Hearing People (Exhibit D)
- Policy: Patients Rights/Organization Ethics – Foreign Language Interpreter Service (Exhibit E)

These policies are available on-line for all employees. Waterbury Hospital offers access to auxiliary communication aids and services, including alternative formats and sign language interpreters, for individuals with disabilities. Information about these services are posted throughout the hospitals.

Also posted throughout the hospitals is a notice of consumer rights, providing information about communication assistance, with tag lines posted in the top 15 languages spoken by individuals with limited English proficiency, indicating the availability of such assistance.

Waterbury Hospital/GWHN partners with Cyacom to provide interpretation services for patients. All of these services are provided at no cost to our patients. All staff is educated annually on these policies and procedures and the services are used without hesitation to serve the needs of our patients. Video Remote Interpreting (VRI) equipment is available for use throughout the organization.

Additionally, New Waterbury Hospital provides insurance navigation services for uninsured patients who are identified as eligible for Medicaid or have the financial ability to purchase health insurance. The Charity Care and Financial Assistance Policy and Procedure describes the services provided (Exhibit F). The policy is available on the GWHN website. Waterbury Hospital contracts with MedData to make a Medicaid Eligibility counselor available Monday through Friday during normal business hours to assist patients with determining eligibility and the application process. Waterbury Health Access Program representatives are available Monday through Friday to assist the outpatient population with determining eligibility and the application process.

Two full-time Financial Counselors are employed by the hospital to assist eligible patients in obtaining health insurance.

New Waterbury Hospital's commitment to enhancing cultural awareness and embracing diversity is evident through numerous employee education initiatives including:

- **New Employee Orientation:** Diversity training is provided to all new staff members of the Waterbury Hospital as part of orientation. An online course entitled, "Diversity in the Workplace," developed by Health Care Compliance Strategies, a HealthStream Company, is included with general information about culture, belief systems and cultural responsiveness
- **Annual Mandatory Education:** This requirement of all employees includes a review of the patient experience, the organization's mission and core values, and a review of services and equipment available for patients and families who are visually impaired, deaf or hearing impaired, speech impaired or with limited English proficiency. All staff members complete an online course entitled "Rapid Regulatory Compliance," developed by Health Care Compliance Strategies, a HealthStream Company, which is included with general information about nondiscrimination.

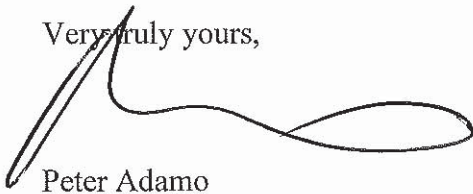
Deputy Commissioner Yvonne Addo
October 30, 2017
Page 9

- Additional Education: New Waterbury Hospital/GWHN employees use the HealthStream Online Learning Center for staff to complete various online education modules throughout the year.

Waterbury Hospital/GWHN are committed to improving the health and quality of life of our community and are very proud of the many initiatives conducted by the employees and medical staff members of GWHN. We look forward to continuing our work for and with the community.

If you have any questions or need anything further, please feel free to contact me at (203) 573-7101.

Very truly yours,

A handwritten signature in black ink, appearing to read "Peter Adamo". The signature is fluid and cursive, with a large loop at the end.

Peter Adamo

Enclosures

cc: Kimberly Martone, Director of Operations, Department of Public Health Division
of Office of Health Care Access
Colleen Smith, Nursing Consultant Partners, LLC
Von Crockett, Senior Vice President, Corporate Development, Prospect Medical
Holdings, Inc
Ellen J. Shin, General Counsel, Prospect Medical Holdings, Inc.
Frank Saidara, Vice President, Corporate Development, Prospect Medical
Holdings, Inc.
Garrison De Lee, Assistant General Counsel, Prospect Medical Holdings, Inc.

Exhibits

Exhibit A – Waterbury Hospital Affiliations with Educational Institutions

Exhibit B – Community Outreach Programs & Engagement

Exhibit C – Community Organizations Supported by Waterbury Hospital

Exhibit D – Policy: Assessment of Patients – Deaf and Hard of Hearing People

Exhibit E – Policy: Patients' Rights/Organization Ethics – Foreign Language Interpreter Service

Exhibit F – Charity Care & Financial Assistance Policy

Exhibit A – Waterbury Hospital Affiliations with Educational Institutions

Bridgeport Hospital School of Nursing
Capital Community College Paramedics
Central Connecticut State University
Frank H. Netter MD School of Medicine at Quinnipiac University
Gateway Community College (4 different health professional programs)
Goodwin College
Hoffman Heart and Vascular Institute of CT Vascular Tech
Kinds College Physician Assistant Program
MCPHS University
National Medical Education and Training Center, Inc.
Naugatuck Valley Community College (School of Nursing)
NorthWestern Connecticut Community College School of Nursing
Nova Southeastern University Biomedical Informatics Program
Post University
Quinnipiac University (3 medical professional programs)
Sacred Heart University
South Connecticut State University School of Nursing
Springfield College Physician Assistant Program
St. George's University Sub-Interns
Stone Academy
Tufts University Physician Assistant Program
UConn Pharmacy
UConn School of Nursing
University of Bridgeport Medical Laboratory Services
University of Bridgeport (PA programs)
University of Connecticut School of Medicine
University of St. Joseph School of Nursing
University of St. Joseph Dietetics Program
Western CT State University School of Nursing
Wilby High School
Yale School of Medicine
Yale School of Nursing

Exhibit B – Community Outreach Programs & Engagement (FY17)

Fall into Wellness/Spring into Wellness Talk Series

- Nutrition tips at any age, Kendall Dyer, Registered Dietician, Waterbury Hospital/Alliance Medical Group
- Mind, Body and Soul Wellness, D. Kothari, Geriatrician, Waterbury Hospital (2 hours, MD)
- Managing Depression in the elderly. Dr. Leonard Stern, Waterbury Hospital Geriopsychiatry.
- Are you at risk for osteoporosis? Joan Doback, PA, Waterbury Hospital Bone Health Center
- Managing Muscle and Joint Pain with Dr. Tejas Sheth, rheumatologist with Alliance Medical Group/Waterbury Hospital

Special Screenings for the Community

November 7 – Alpha 1 Lung Screening. Screenings include genetic screening for the Alpha 1 protein deficiency and screening for COPD. Event co-sponsored with Alpha 1 Foundation and Waterbury Pulmonary Associates.

Sept. 22 Fall Prevention Day Greater Waterbury Health Network at Waterbury Hospital

Outreach in the Community:

Oxford Senior Center, Mind, Body and Soul Wellness, Dr. Kothari

Middlebury Senior Center, Mind, Body and Soul Wellness, Dr. Kothari

Woodbury Senior Center, The Importance of Sleep, Saloua Mabkhouti, APRN

Naugatuck Senior Center Health Fair, Dr. Silva

Reinventing Banana Pudding Food Demonstration and Diabetes Education Series, Community Tabernacle and Waterbury Health Fair

Village at East Farms, Talks on Poli-pharmacy, Waterbury Hospital Pharmacist
Falls Avenue Senior Center (Watertown), Dr. Kothari presentation

Jewish Federation Wellness Event, Southbury, Waterbury Hospital RN

Village at East Farms, Waterbury, Fall Prevention Lecture

Exhibit B – Community Outreach Programs & Engagement (FY17) – continued

Greater Waterbury Spirit of Unity Festival Health Fair, health screenings by RN

Walk from Obesity – Hubbard Park, Bristol

Naugatuck Senior Day, PT and RN screening

Just For the Health of It, Oxford Senior Center Fair, PT and RN Screening

Harold Leever Regional Cancer Center, Colorectal Awareness Presentations by Dr. Zhang

Classes and support groups include:

Bereavement Group “Journey Through Grief”
8-week sessions with Pastoral Care and Case Management

Diabetes Management
Manejo Personal de la Diabetes – (Live Well with Diabetes) 9 a.m. to 12 p.m., St. Xavier Church, 625 Baldwin Street (Waterbury Hospital Sponsored)
Manejo Personal de la Diabetes Rivera Baldwin Center, 135 East Liberty Street (Hispanic Coalition sponsored).

Weight Loss Surgery Support Group
Mind Full Eating is Not Mindful Eating

Intermediate Pilates
8 Week sessions, four times a year

Weight Training
12-week sessions, 3 times this year

Movie Series for Evergreen 50 Club Members (once a month)

Exhibit C – Community Organizations Supported by Waterbury Hospital

Acts 4 Ministry
Albanian/American Muslim Community
American Cancer Society
American Legion
Boy Scouts
EasterSeals
Girls, Inc.
Greater Waterbury Health Improvement Partnership
Greater Waterbury Interfaith Ministries
Litchfield County Fire Chiefs Board of Directors
March of Dimes
Mattatuck Museum
Mayor's Drug Task Force
Neighborhood Housing Services of Waterbury
Naugatuck Senior Center
Northfield Fire Company
North and South Foundation
Pomperaug Health District
Pomperaug River Watershed Coalition
Rotary and Rotary International
Safe Haven of Greater Waterbury
Silas Bronson Library
Stone Academy Academic Advisor
St. Vincent DePaul Shelter
United Way of Greater Waterbury
VFW
Waterbury Development Corporation
Waterbury Hospital Auxiliary Inc.
Wolcott Board of Education
Waterbury Ole Skool
Waterbury Neighborhood Council
Waterbury Police Explorers
Waterbury Public Schools
Waterbury Regional Chamber
Wolcott High School Robotic Team

Deputy Commissioner Yvonne Addo
October 30, 2017
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**Exhibit D – Policy: Assessment of Patients – Deaf and Hard of
Hearing People**

WATERBURY HOSPITAL
ADMINISTRATIVE POLICY & PROCEDURE MANUAL

POLICY: DEAF AND HARD OF HEARING PEOPLE		
CATEGORY: ASSESSMENT OF PATIENTS		PAGE (s): 7
OWNER: TELECOMMUNICATIONS COORDINATOR		ORIGINATED: 4/15/95
LAST REVIEWED: 07/16	LAST REVISED: 10/17	RETIRED:

SCOPE: All Healthcare providers

PURPOSE: To provide staff with information that will enable them to provide effective communication with deaf or hard of hearing patients, family members or companions during their Waterbury Hospital experience. In accordance with state and federal laws as well as regulatory guidelines, responsible health care providers will ensure that auxiliary aids and sign language services are provided when appropriate or upon request.

POLICY:

Interpreter Services will be provided for all patients and/or their families/companions as requested or required. Video remote interpreters are available 24/7. In-person interpretation needs to be scheduled in advance for non-emergency situations when video remote interpreting is not appropriate.

1. Arrange for **video interpreting** by notifying your supervisor or the administrative nursing supervisor on the off shift or weekends to retrieve the video remote equipment cart. Video interpreting services are provided by CyraCom and are available 24/7. Instructions for use are attached.
2. If video remote interpreting is not appropriate then follow the instructions below to obtain an in-person interpreter:
 - Contact Life Bridge (formerly FSW Inc). at 1-888-676-8554. During evenings, nights, and weekends, this number rolls over to 2-1-1. Let it ring through (it could be up to 10 rings).
 - In the event that LifeBridge is not available to provide services, call 9+211. 2-1-1 is a statewide resource to find sign language interpreting service providers.
 - If an interpreter is not available through either LifeBridge or 2-1-1, please contact your supervisor or the administrative nursing supervisor during off shift or weekends.

Inform the patient, family member or companion of the efforts you have taken to obtain an interpreter, and that those efforts have been unsuccessful. Any reasonable suggestions for locating an interpreter by the patient or family member should be followed, such as contacting an interpreter known to that person. This is an interim step. Attempts to locate a certified interpreter must continue. This shall be documented in the record.

When an interpreter is obtained, inform the patient, family member, or companion that arrangements have been made for an interpreter and the anticipated time of arrival. Document all steps you have taken to obtain an interpreter in the patient record.

TTY Relay Services

If you need to contact a deaf patient over the telephone, you will use the Connecticut Relay Service. A free public service for communication between standard (voice) users and persons who are deaf, hard-of-hearing, deaf-blind, and speech-disabled using text telephones (TTYs) or PCs via the Internet. To reach the relay, service dial 9+1+711.

Other Communication Services

Family members, except with full permission of the individual, should not be utilized solely as interpreters, as they may not be able to fully translate complex medical information, and patient confidentiality could be jeopardized.

If a patient or family member insists, an interpreter may be released only after the initial contact is made. Documentation must be concise and must validate that the patient or family member is requesting termination of interpretive services. This needs to be documented in the patient record.

All available resources will be used until a sign language interpreter arrives including staff that knows American Sign Language, written communication (clipboard, paper, pen), and auxiliary aids such as TTY.

Auxiliary aids available for Deaf and Hard of Hearing persons

- TTY (print)
- Visual alarms
- Amplified telephones
- Flashing light signals for telephones
- Assisted listening devices
- Closed-captioned TV's
- Waiting rooms equipped with a "courtesy" telephone can also be utilized for TTY's. To utilize these courtesy phones, access the TTY assigned to the department or call the operator.

Auxiliary aids have been assigned to patient care areas (contact your Department Manager for location of equipment) or they can be obtained through Security (dial 0) or the Program Administrator at ext. 7201.

Program Administrator

If you have general questions on the deaf and hard of hearing and available services, please contact your supervisor or the administrative nursing supervisor during off shift or weekends.



VRI User Quick Start Guide

A quick reference guide on how to access Cyracom's Video Remote interpretation service

Waterbury Hospital

1. Power Up Dell Laptop
2. Turn power on Speaker/Microphone (on top of monitor)
3. Sign into Account Management Portal:

User Name:

Password:

CYRACOM
Video Remote Interpretation

You are Signed In as Video Remote Interpretation
Sign Out Quick Links

Account Management

Sign In

User Name:

Password:

Remember me next time.

[Forgot your password?](#)

Problems logging in? Contact client services at 400-481-3289.

CyraCom's online Account Management

- Monitor and manage Over-the-Phone Interpretation users
- Add and modify user accounts and settings
- Access real-time reporting and invoicing

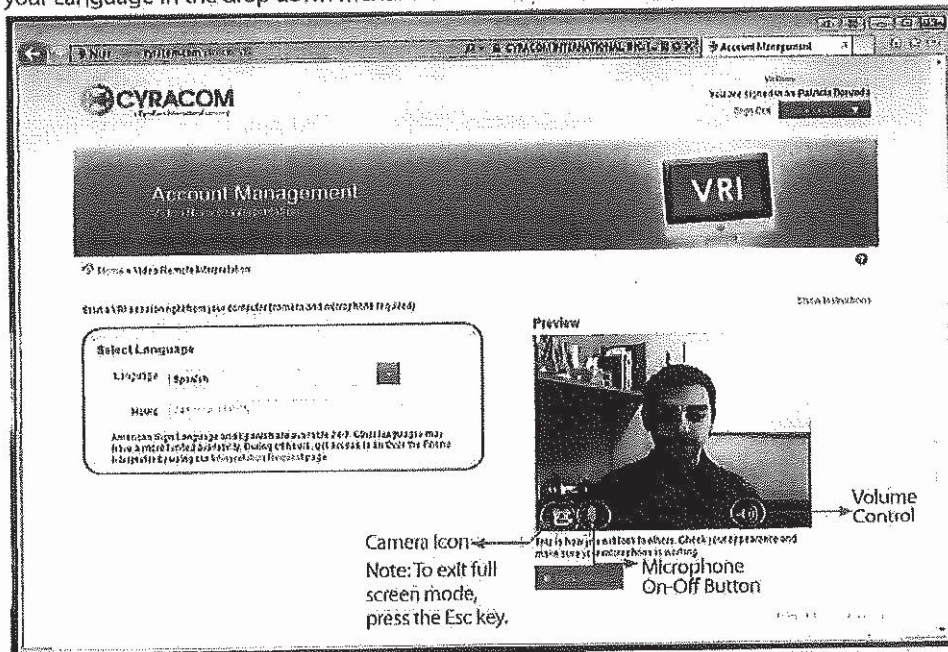
Effective Thursday, July 28, 2016 CyraCom will discontinue support for Transport Layer Security (TLS) 1.0 encryption. Older Internet browsers that solely rely on this encryption protocol will not be able to access CyraCom's Account Management portal. Please visit [www.cyracom.com](#) for additional information.

If you would like to sign up for a CyraCom Account Management profile please contact your Account Manager or email support@cyracom.com.



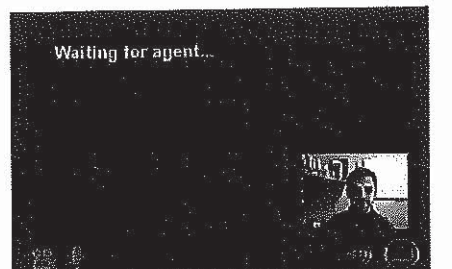
Step 4: Setup VRI Session

Select your Language in the drop down menu. *Please Note: The information below is an example.*



Step 5: Begin VRI Call

Click the  button to begin.



Full Screen Mode Button
To exit full screen mode, press the Esc key.

Step 6: End VRI Call

Click the  button to end the VRI call.

If you have any questions, contact your Account Manager, call our Client Services at 1-800-481-3289, or email us at support@cyracom.com.

Your Account No.: 501019763

Your PIN No.: 7809

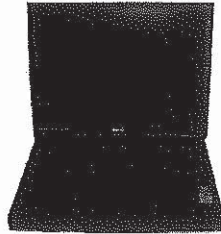
Learn more at www.cyracom.com
© 2013 Cyracom, LLC

2



Cyracom's interpretation and translation solutions are exclusively endorsed by the American Hospital Association

SPECIAL NOTES FOR DELL INSPIRION 17, 5000 SERIES

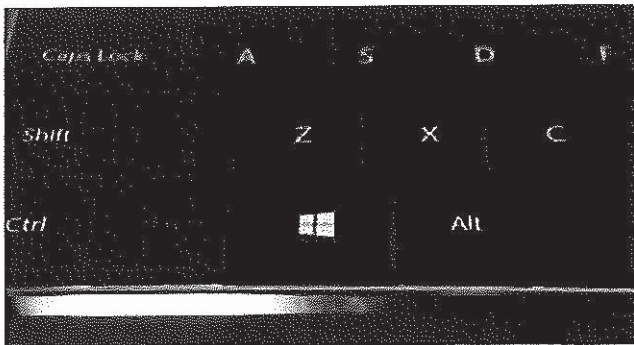


POWER BUTTON: Round button located above the keyboard.

TO SHUTDOWN:



Press Windows key on the keyboard.

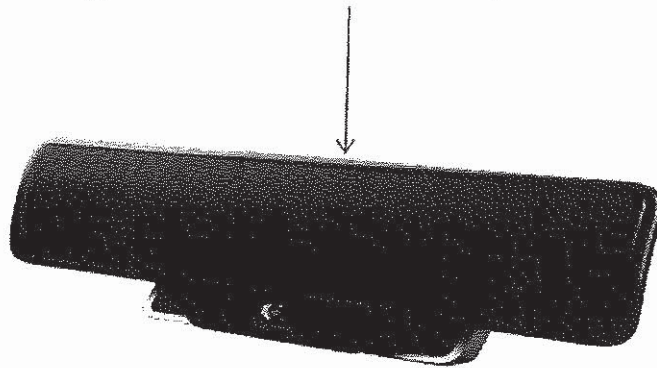


Click on Shutdown.

LOGITECH LAPTOP SPEAKER Z305


Power Button

(blue light comes on when power is on)

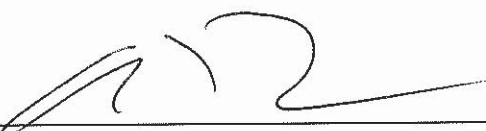


WATERBURY HOSPITAL
ADMINISTRATIVE POLICY & PROCEDURE MANUAL


DEAF AND HARD OF HEARING PEOPLE

Approved: 
Pat Robinson
Telecommunications Coordinator

10-30-17
Date

Approved: 
Chief Information Officer

10-30-17
Date

Approved: 
Renee Mauriello, RN, NEA-BC
CNO/VP Patient Care Services

10-30-17
Date

Deputy Commissioner Yvonne Addo
October 30, 2017
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**Exhibit E – Policy: Patients’ Rights/Organization Ethics – Foreign
Language Interpreter Service**

WATERBURY HOSPITAL
ADMINISTRATIVE POLICY & PROCEDURE MANUAL

POLICY: FOREIGN LANGUAGE INTERPRETER SERVICE		
CATEGORY: PATIENT RIGHTS/ORGANIZATION ETHICS		PAGE (s): 6
OWNER: CHIEF INFORMATION OFFICER		ORIGINATED: 10/1/00
LAST REVIEWED: 7/16	LAST REVISED: 10/17	RETIRED:

SCOPE: Applies to all employees.

PURPOSE: To identify an appropriate resource for interpreter services by qualified individuals to patients whose primary language is other than English in an effort to ensure effective communication. Effective communication is the basis of the trusting relationship between patients and healthcare providers and can improve patient safety. Waterbury Hospital will provide patients of Limited English Proficiency (LEP) and their companions who are designated to communicate with medical personnel, interpretative services as necessary for effective communication in the delivery of quality medical care.

POLICY:

1. Ensure that vital medical information is interpreted by certified, professional interpreter by using CyraCom Telephonic Interpreter services for:
 - health assessment, detailed present/past health history
 - explanation of diagnosis or diagnostic test results
 - treatment options
 - consent for treatment, surgery, blood or procedures
 - detailed discharge instructions, medication regime, and necessary follow-up
 - or any other vital information

2. For other interpretation needs:
 - Bilingual employees within a department who are fluent in the patient's language or a family member with the patient's permission can assist with basic patient identification, demographics, and to convey information to inform, reassure or gain cooperation of the patient with routine patient care.
 - Use of non-Waterbury Hospital personnel, friends, family, or waiting room by-standers constitutes a violation of confidentiality if used to translate any protected health information. With the patient's permission, such persons may be used to translate non-vital medical information.

3. Equipment:
 - Each WHHC inpatient unit and outpatient department will be assigned a dual handset telephone that may be used for over the telephone interpretation.
 - Speaker phones may also be used as long as patient privacy/confidentiality is maintained.
 - Department managers are responsible for establishing a safe place to store the interpreting phones and for informing staff about the location, setup and storage of the same.
 - The inpatient unit and other departments will be responsible for returning defective/damaged equipment to the Telecommunication Coordinator in the IS Dept.
 - The Telecommunication Coordinator will arrange for repair or replacement of the telephone and will maintain an adequate number of spare telephones.

4. Documentation:
 - The use of interpretive services must be documented in a clinical document.
 - If a patient refuses the interpreter services or services are unable to be used due to patient condition, this must be documented in a clinical document.



Accessing a Medical Interpreter

Using Any Phone

Dial **1-800-481-3293** to access the interpretation services.

When prompted, enter your 9-digit account number:

At the second prompt, enter your 4-digit PIN number:

Say the language you need.

Select if you would like to add an additional person to the call.

When the interpreter comes on the line, give the interpreter a brief explanation of the call.

Additional Person Anytime Option

With this option, in addition to having the interpreter and the patient on the call, you can conference in another person. You can also use this option to make outbound calls to a patient with the interpreter on the line with you.

To add the additional person at the start of your interpretation session:

Press "1" when prompted if you would like to add an additional person to the call. Follow the prompts to enter the person's phone number.

When the interpreter greets you, say you are adding an additional person. Give the interpreter the name of the person you are calling and the purpose of the call.

Press "1" when you are ready to connect the additional person to the call.

To add an additional person when the interpretation session is already in progress:

Press *8 to be prompted to enter the additional person's phone number, or ask the interpreter to add the additional person for you.

Working Effectively with a Medical Interpreter

Allow the interpreter to greet you and to provide an interpreter ID number.

Write the interpreter ID number in the patient's file or progress notes for documentation.

Provide the interpreter with a brief explanation of the call.

Allow the interpreter to introduce him/herself to the patient.

Speak directly to your patient and make eye contact.

Speak in the first person.

Use short but complete phrases.

Avoid slang, jargon or metaphors.

Allow the interpreter to clarify linguistic and cultural issues.

Remember that everything is repeated and kept confidential.

Identifying Your Patient's Language

This chart reads, "Do you speak [language]?" Show this chart to your patients and have them point to their language.

Arabic	هل تتكلم اللغة العربية؟
Bengali	আপনি কি বাংলা বলতে পারেন?
Bosnian	Govorite li Bosanski?
Cambodian	តើអ្នកនិយាយភាសាខ្មែរ ឬទេ?
Cantonese	您講廣東話嗎?
Chinese	您讲中文吗?
Farsi	آیا شما فارسی صحبت میکنید؟
French	Parlez-vous français?
Haitian Creole	Èske ou pale Kreyòl?
Hmong	Koj puas hais lus Hmoob?
Italian	Parlate italiano?
Japanese	日本語を話しますか。
Korean	한국어 통역이 필요하십니까?
Mandarin	您讲普通话吗?
Polish	Czy mówi Pan/Pani po polsku?
Portuguese	Você fala português?
Russian	Вы говорите по-русски?
Somali	Af Soomaaliga ma ku hadashaa?
Spanish	¿Habla español?
Vietnamese	Ông/bà nói tiếng Việt phải không?

For 24-hour assistance call Client Services at 800-481-3289.

Learn more at www.cyracom.com

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Language List

Our language list contains languages coded into our calling platform. When entering the corresponding code while calling CyraCom, the call will route to the interpreter queue for that language. The availability of interpreters for some less-frequently-used languages may vary, and increased requests for languages help us gauge demand and may influence interpreter staffing changes. If an interpreter for the language you are looking for is not currently available, your call will route to Client Services for further assistance.

Afghan	265	Cape Verdean	013	Farsi	107	Hungarian	065
Afrikaans	224	Cebuano	122	Filipino	395	Ibo	218
Akan	016	Chaldean	138	Finnish	052	Ilocano	113
Akateko	418	Chamorro	403	Flemish	227	Ilonggo	121
Albanian	070	Chao Chow	038	Foochow	276	Indonesian	050
Amharic (Ethiopia)	027	Chin	378	French	058	Iraqi Arabic	399
Arabic	090	Chin (Falam)	405	French Cajun	277	Italian	059
Armenian	072	Chin (Hakha)	406	French Canadian	383	Japanese	040
Armenian (Eastern)	420	Chin (Tedim)	408	French Creole	217	Jingpho	379
Armenian (Western)	421	Chin (Zophei)	407	Fukienese	032	Jula	328
Ashanti	365	Chinese	030	Fulani	014	Kachchi	371
Assyrian	139	Chiu Chow	346	Fuzhou	229	Kamba	412
Azerbaijani	109	Chungshan	034	Ga	230	Kanjobal	288
Bambara	019	Chuukese	316	Garri	388	Karen	369
Belarusian	225	Crioulo	341	Georgian	216	Karenni/Kayah	384
Bemba (Zambia)	324	Croatian	067	German	057	Kashmiri	237
Bengali	084	Czech	063	Greek	071	Kazakh	238
Berber	269	Danish	055	Guamanian	125	Khmer	023
Bhutanese/ Dzongkha	391	Dari (Afghanistan)	111	Gujarati	083	Kikuyu	239
Borana	382	Dinka (Sudan)	131	Gulf Arabic	401	Kinya/Rwanda	366
Bosnian	263	Dutch	056	Haitian Creole	129	Kirundi	338
Brazil-Portuguese	270	Ebon	272	Hakka	039	Kiswahili	424
Bulgarian	069	Edo	273	Hamer-Bana	396	Kizigua	425
Burmese	042	Egyptian Arabic	398	Hausa	022	Kongo	376
Cambodian	048	Eritrean	274	Hebrew	106	Korean	041
Cantonese	031	Estonian	077	Hindi	082	Krahn	320
		Ethiopian	275	Hmong	046	Kunama	370
		Ewe	321	Hokkien	286	Kurdish	140
		Fanti	074	Hunanese	147	Kurdish (Badini)	414

Kurdish (Kurmanji)	375	Neapolitan	249	Slovakian	301	Uzbek	336
Kurdish (Sorani)	375	Nepali	081	Slovenian	134	Vietnamese	049
Kyrgyz	240	Nigerian English Pidgin	363	Somali	142	Visayan	214
Lao	043	Norwegian	054	Soninke	312	Waray-Waray	119
Levantine Arabic	402	Nuer (Sudan)	294	Soninke (Maraka)	413	Wolof	020
Lingala	024	Oromo (Ethiopia)	251	Soninke (Sarahuleh)	337	Wuxinese	260
Lithuanian	075	Ouatchi	386	Soninke (Sarakole)	419	Yemeni Arabic	387
Luo	329	Pashto (Afghanistan)	110	Spanish	060	Yiddish	135
Mayy Somali	315	Persian	297	Sudanese Arabic	311	Yoruba	021
Macedonian	068	Pidgin English	254	Swahili	026	Yugoslavian	262
Malay	051	Polish	062	Swahili (Kibajuni)	422	Zambal	115
Malayalam	088	Portuguese	061	Swedish	053		
Malinke	354	Portuguese Creole	141	Sylheti	377		
Mandarin	035	Punjabi	080	Tadzhik	302		
Mandingo	015	Quechua	145	Tagalog	117		
Mandinka	246	Quiche	317	Taiwanese	033		
Marathi	205	Romanian	066	Tamil	137		
Marshallese	291	Russian	078	Telugu	303		
Mien	045	Samoan	126	Thai	047		
Mirpuri	373	Saudi Arabic	400	Tibetan	105		
Mixteco	292	Serbian	148	Tigrigna (Eritrea)	028		
Mixteco Alto	415	Serbo-Croatian	299	Toisan	305		
Mixteco Bajo	416	Shanghainese	037	Toishanese	036		
Mola/Mossi	389	Sichuan/Szechuan	333	Tongan	128		
Moldovan	340	Sicilian	256	Trukese/Chuukese	342		
Mongolian	150	Sinhala	089	Turkish	112		
Montenegrin	339	Slovak	064	Twi	095		
Moroccan Arabic	381			Ukrainian	076		
Navajo	144			Urdu	079		

Contact CyraCom

Contact CyraCom today to discuss how we can improve your language services program.

Phone: (800) 713-4950, ext. 1 | Fax: (520) 745-9022 | info@cyracom.com | www.cyracom.com

Mailing Address: CyraCom | 5780 North Swan Road | Tucson, Arizona 85718

Interpreters Available

You have access to interpretation services 24/7 at no personal cost to you.
Ask your healthcare provider for help.

Español (Spanish)

ATENCIÓN: si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística.

Shqip (Albanian)

KUIDES: Nëse fllitni shqip, për ju ka në dispozicion shërbime të asistencës gjuhësore, pa pagesë.

Português (Portuguese)

ATENÇÃO: Se fala português, encontram-se disponíveis serviços linguísticos, grátis.

Polski (Polish)

UWAGA: Jeżeli mówisz po polsku, możesz skorzystać z bezpłatnej pomocy językowej.

italiano (Italian)

ATTENZIONE: In caso la lingua parlata sia l'italiano, sono disponibili servizi di assistenza linguistica gratuiti.

Français (French)

ATTENTION : Si vous parlez français, des services d'aide linguistique vous sont proposés gratuitement.

繁體中文 (Chinese)

注意：如果您使用繁體中文，您可以免費獲得語言援助服務。請致電

Kreyòl Ayisyen (French Creole)

ATANSYON: Si w pale Kreyòl Ayisyen, gen sèvis èd pou lang ki disponib gratis pou ou.

Deutsch (German)

ACHTUNG: Wenn Sie Deutsch sprechen, stehen Ihnen kostenlos sprachliche Hilfsdienstleistungen zur Verfügung.

हिंदी (Hindi)

ध्यान दें: यदि आप हिंदी बोलते हैं तो आपके लिए मुफ्त में भाषा सहायता सेवाएं उपलब्ध हैं।

Русский (Russian)

ВНИМАНИЕ: Если вы говорите на русском языке, то вам доступны бесплатные услуги перевода.

العربية (Arabic)

تنبيه: إذا كنت تتحدث اللغة العربية، يمكنك الحصول على خدمات الترجمة اللغوية مجاناً. يرجى الاتصال بخدماتنا للحصول على مزيد من المعلومات.

Ελληνικά (Greek)

ΠΡΟΣΟΧΗ: Αν μιλάτε ελληνικά, στη διάθεσή σας βρίσκονται υπηρεσίες γλωσσικής υποστήριξης, οι οποίες παρέχονται δωρεάν.

Tagalog (Tagalog – Filipino)

PAUNAWA: Kung nagsasalita ka ng Tagalog, maaari kang gumamit ng mga serbisyo ng tuong sa wika nang walang bayad.

Tiếng Việt (Vietnamese)

CHÚ Ý: Nếu bạn nói Tiếng Việt, có các dịch vụ hỗ trợ ngôn ngữ miễn phí dành cho bạn.



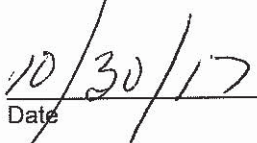
World Class Care. *Right At Home.*





WATERBURY HOSPITAL
ADMINISTRATIVE POLICY & PROCEDURE MANUAL

FOREIGN LANGUAGE INTERPRETER SERVICE

Approved: 
Pat Robinson
Telecommunications Coordinator


Date

Approved: 
Chief Information Officer


Date

Deputy Commissioner Yvonne Addo
October 30, 2017
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Exhibit F – Charity Care & Financial Assistance Policy

WATERBURY HOSPITAL
ADMINISTRATIVE POLICY & PROCEDURE MANUAL

POLICY: CHARITY CARE		
CATEGORY: MANAGEMENT OF INFORMATION		PAGE (s): 3
OWNER: DIRECTOR, PATIENT ACCOUNTS & FINANCIAL SERVICES		ORIGINATED: 12/5/97 (From PAFS manual)
LAST REVIEWED: 8/15	LAST REVISED: 10/17	RETIRED:

SCOPE: Determination of when charity care is appropriate.

PURPOSE: To make provisions for situations in which charity care is appropriate based on aggregate balance and Encounter review.

POLICY: It is the policy of Waterbury Hospital to appropriately offer charity care in situations where the responsible party for the balance due does not have the financial resources necessary to satisfy their obligation within a reasonable period of time.

1. All patients who request consideration for charity care will be required to apply for public assistance in addition to completing a charity care application unless identified as ineligible by a qualified case worker.
2. In order to be considered for charity care, full financial disclosure is required including:
 - a. All sources of income available at the time of application;
 - b. Assets excluding:
 - i. Primary Residence;
 - ii. Vehicles required for commuting to or facilitating employment;
 - iii. Retirement Accounts.
3. Responsible parties with assets of \$7,500 or less (\$15,000 for a couple) will receive the following discounts based on their annual household income and the published federal poverty guidelines in effect at the date of application:

Income as a % of FPL	Discount
<200%	100%
<= 225%	60%
<= 275%	40%
<= 300%	20%
<= 400%	10%

4. Charity care discounts are to be applied after the 50% uninsured discount from charges.
5. Documentation required to validate declarations made on the charity care application shall include:
 - a. A credit report;
 - b. Most recent 1040 tax return;
 - c. Copies of all bank statements to include but not limited to:
 - i. Checking accounts;
 - ii. Savings accounts;
 - iii. Investment accounts;
 - iv. Certificates of deposit
 - d. Proof of income for the immediate 12 months preceding the application date.
 - e. Public assistance determination.

PROCEDURE:

1. The availability of charity care will be disclosed on all dunning notices issued prior to bad debt assignment.
2. Patients who indicate they are unable to pay for services rendered will be offered charity care;
3. Financial Counselors shall evaluate each applicant's eligibility.
4. Accounts determined to be eligible for charity care discounts shall require the following authorization based on amount to be adjusted:
 - a. PAFS Manager < \$5,000
 - b. PAFS Director \$5,000 or more
 - c. Chief Financial Officer \$10,000 or more
5. Patients shall be issued a determination letter within 30 days of receipt of a completed charity care application.
6. Patients who do not apply for or do not qualify for charity care will be expected to pay the balance due. For uninsured patients, this will be equivalent to 50% of charges. Insured patients will be expected to pay any deductible or co-payment due in addition to 50% of non-covered charges.
7. Patient who do not enter into a payment plan or pay satisfy the balance due will be placed with a collection agency for further collection efforts. The collection agency may report the balance due to credit reporting bureaus and/or initiate legal action to resolve the debt.

WATERBURY HOSPITAL
ADMINISTRATIVE POLICY & PROCEDURE MANUAL

POLICY: UNINSURED PATIENT DISCOUNT		
CATEGORY: MANAGEMENT OF INFORMATION		PAGE (s): 2
OWNER: DIRECTOR, PATIENT ACCOUNTS & FINANCIAL SERVICES		ORIGINATED: 4/13
LAST REVIEWED: 4/17	LAST REVISED: 10/17	RETIRED:

SCOPE: All PFS and Patient Access staff.

PURPOSE: To align balances due from uninsured patients with payments received from insurance carriers.

POLICY:

1. Uninsured patients shall be entitled to a discount of 50% of charges.
2. This discount shall be posted to the patient's account at the time a final bill is generated.
3. Any additional discounts such as prompt pay or charity care shall be calculated after the uninsured discount is applied.
4. Accounts forwarded to collections shall be placed net of the uninsured discount.

PROCEDURES:

1. Posting of the uninsured discount shall be automated through the HIS in place at the time the bill is generated.
2. In the event insurance coverage is identified after the uninsured adjustment has been posted, the adjustment shall be reversed and any applicable contractual allowance posted as per standing protocol for the specific payer.

WATERBURY HOSPITAL
ADMINISTRATIVE POLICY & PROCEDURE MANUAL

UNINSURED PATIENT DISCOUNT

Approved:



Director, PAFS

10/30/17
Date

Approved:



Paul Golino
CFO/VP Finance

10/30/17
Date

User, OHCA

From: Roberts, Karen
Sent: Friday, November 17, 2017 11:01 AM
To: User, OHCA
Cc: Cotto, Carmen
Subject: FW: Request for an extension

From: Martone, Kim
Sent: Friday, November 17, 2017 10:59 AM
To: 'Golino, Paul' <pgolino@wtbyhosp.org>; Roberts, Karen <Karen.Roberts@ct.gov>
Subject: RE: Request for an extension

Paul, that is fine. Extension is approved.

Kim

Kimberly R. Martone

Director of Operations, Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS #13 CMN, Hartford, Connecticut 06134
Phone: 860-418-7029 Fax: 860-418-7053
Email: Kimberly.Martone@ct.gov Website: www.ct.gov/ohca



From: Golino, Paul [<mailto:pgolino@wtbyhosp.org>]
Sent: Friday, November 17, 2017 10:47 AM
To: Martone, Kim; Roberts, Karen
Cc: Golino, Paul
Subject: Request for an extension

Kim/Karen,

I'm writing to request an extension for a filing that is due November 30 for DN# 15-32017-486. Conditions 8, 9 and 10 from that decision require us to file financial information and our finance staff have asked if it is possible to move the due date to December 15. We are currently in the middle our audit.

Please let me know. Thank you.

Sincerely,

Paul

Paul Golino
CFO
Greater Waterbury Health Network
pgolino@wtbyhosp.org
Office: 203.573.7280

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User, OHCA

From: Roberts, Karen
Sent: Friday, May 04, 2018 2:07 PM
To: User, OHCA
Subject: FW: Request for an extension #32017

From: Martone, Kim
Sent: Friday, December 15, 2017 2:12 PM
To: 'Golino, Paul' <pgolino@wtbyhosp.org>; Roberts, Karen <Karen.Roberts@ct.gov>
Cc: Cotto, Carmen <Carmen.Cotto@ct.gov>
Subject: RE: Request for an extension

Paul, I am granting your extension but since this is the second request and approval, January 5th is the very last date the information will be accepted.

Kim

Kimberly R. Martone

Director of Operations, Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS #13 CMN, Hartford, Connecticut 06134
Phone: 860-418-7029 Fax: 860-418-7053
Email: Kimberly.Martone@ct.gov Website: www.ct.gov/ohca



From: Golino, Paul [<mailto:pgolino@wtbyhosp.org>]
Sent: Friday, December 15, 2017 11:47 AM
To: Martone, Kim; Roberts, Karen
Cc: Golino, Paul
Subject: Request for an extension

Kim/Karen,

I am writing to request an extension to the filing that is due December 15 for DN# 15-32017-486 to January 5th.

I apologize for the late notice. We have been working diligently on the pulling together all the information required, but need some more time to ensure completeness and accuracy

Sincerely,

Paul

Paul Golino
CFO
Greater Waterbury Health Network
pgolino@wtbyhosp.org
Office: 203.573.7280

From: Golino, Paul
Sent: Friday, November 17, 2017 10:47 AM
To: 'Kimberly.Martone@ct.gov'; 'Karen.Roberts@ct.gov'
Cc: Golino, Paul
Subject: Request for an extension

Kim/Karen,

I'm writing to request an extension for a filing that is due November 30 for DN# 15-32017-486. Conditions 8, 9 and 10 from that decision require us to file financial information and our finance staff have asked if it is possible to move the due date to December 15. We are currently in the middle our audit.

Please let me know. Thank you.

Sincerely,

Paul

Paul Golino
CFO
Greater Waterbury Health Network
pgolino@wtbyhosp.org
Office: 203.573.7280

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User, OHCA

From: Charvat, Patricia <pcharvat@wtbyhosp.org>
Sent: Tuesday, November 28, 2017 1:36 PM
To: User, OHCA
Cc: Martone, Kim; Colleen Smith; Adamo, Peter; Lumia, Kim; von.crockett@prospectmedical.com; Ellen J. Shin (Legal Department); Frank Saidara (frank.saidara@prospectmedical.com); Garrison De Lee (Legal Department)
Subject: Waterbury Hospital/GWHN 11/16 community forum materials
Attachments: Waterbury Hospital GWHN letter to OHCA November 28 2017.pdf

Good afternoon:

Enclosed please find the announcements, agenda and presentation, and other materials related to the November 16 community forum held by Waterbury Hospital/Greater Waterbury Health Network in accordance with Condition Number 19 of the Order from the CON Final Decision for the transfer of assets of GWHN to Prospect Medical Holdings.

Please let us know if you have any questions or require additional information.

Best,
Patty

Patricia Charvat
Interim Director, Communications/Public Affairs
Waterbury Hospital
203.573.6718 (office)
978.273.7764 (mobile)

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November 28, 2017

VIA EMAIL DELIVERY

Deputy Commissioner Yvonne Addo
Office of Health Care Access
Department of Public Health
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134

Re: Docket Number: 15-32017-486

**Project Title: Transfer of assets of Greater Waterbury Health Network to
Prospect Medical Holdings, Inc.**

Dear Ms. Addo:

This letter is submitted in accordance with the Order for the above referenced Certificate of Need Final Decision, specifically Condition Number Nineteen (19) regarding the transfer of assets of Waterbury Hospital/Greater Waterbury Health Network to Prospect Medical Holdings, Inc. (PMH).

Condition Number Nineteen (19) requires that PMH shall "hold a joint meeting of the Board of Directors of the New Hospital Board and the Local Board ("Joint Board Meetings") at least twice annually. Such Joint Board Meetings shall be followed by a meeting to which the public is invited in advance and at which the public is informed of the New Hospital,' activities and afforded an opportunity to ask questions and make comments."

A Joint Meeting of the Boards of Directors for Waterbury Hospital/Greater Waterbury Health Network was held on Thursday, November 16, 2017 at Waterbury Hospital. That meeting was followed by a meeting for the Greater Waterbury community where information about the hospital's activities was shared and the public was encouraged to ask questions and provide comments. The meeting was advertised in the Waterbury Republican American on November 6 and November 13, 2017, and an article announcing the forum appeared in the Republican American on November 14.

If you have any questions or need anything further, please feel free to contact me at (203) 573-7101.

Very truly yours,

A handwritten signature in black ink, appearing to read 'Peter Adamo'. The signature is fluid and cursive, starting with a large 'P' and ending with a long horizontal stroke that loops back slightly.

Peter Adamo
President & Chief Executive Officer
Waterbury Hospital/Greater Waterbury Health Network

Enclosures:

Community Forum ad in Republican American (11/6 and 11/13)
Business Brief from Republican American (11/14)
Presentation and agenda for the meeting
Sign-in sheets from the November 16 Forum
Republican American article about the Forum (11/17)

cc: Kimberly Martone, Director of Operations, Department of Public Health Division
of Office of Health Care Access
Colleen Smith, Nursing Consultant Partners, LLC
Von Crockett, Senior Vice President, Corporate Development, Prospect Medical Holdings, Inc
Ellen J. Shin, General Counsel, Prospect Medical Holdings, Inc.
Frank Saidara, Vice President, Corporate Development, Prospect Medical Holdings, Inc.
Garrison De Lee, Assistant General Counsel, Prospect Medical Holdings, Inc.

Appeared in Republican American
Monday, November 6
Monday, November 13



Community Forum

Learn more about Waterbury Hospital

Thursday, November 16, 2017 • 6:00 p.m. – 7:15 p.m.

Waterbury Hospital, Bizzozero Conference Room (4th floor), 64 Robbins Street, Waterbury

Waterbury Hospital/Greater Waterbury Health Network invite you to attend an upcoming community forum. During this event, you will learn how exciting new developments at our organization are strengthening the care you receive and how we are striving to improve the health and quality of life in our community.

Leaders from the Waterbury Hospital/Greater Waterbury Health Network will share the new initiatives taking place and will answer your questions.

Please join us for this forum and find out more about how we are working to shape the future of healthcare in our community.



WATERBURY
HOSPITAL



Greater Waterbury
Health Network

Business

DAILY BRIEFING

Waterbury Hospital to host community forum on Thursday

WATERBURY — Waterbury Hospital on Thursday is hosting its second community forum.

The forums provide the hospital a chance to update the community on its agenda and programs and to hear direct feedback from the community.

The forums are part of a state mandate attached to Prospect Mediscal Inc.'s acquisition of the hospital which requires the hospital to hold two forums per year. The last forum was held in May.

The meeting will be held at 6 p.m. in the hospital's Bizzozero Conference Room on the fourth floor.



Waterbury Hospital Community Forum

November 16, 2017



Welcome and Introductions

Tonight's Agenda

- **Quality of Care Update: Drs. Cosgriff and Lundbye**
 - Focus on readmissions and strengthening culture of HRO
- **Investments: Dr. William Flynn**
 - \$6.6 million OR instrumentation & equipment, IT infrastructure, imaging equipment, and numerous improvements throughout the hospital
- **Improvements in Patient Care: Dr. Ije Akunyili**
 - Reductions in door to provider times
 - ED expansion
- **Taking Care of Our Community: Patty Charvat**
 - 35,000 community members served
 - \$21.4 million invested, \$1 million - 5% - more than FY 2016
- **What's next: Mark Holtz**
 - Continued investment and improvements
- **Questions and Answers**

Waterbury HEALTH

**Waterbury
Hospital**
Waterbury HEALTH

 **Access Rehab
Centers**
Waterbury HEALTH

 **Cardiology
Associates**
Waterbury HEALTH

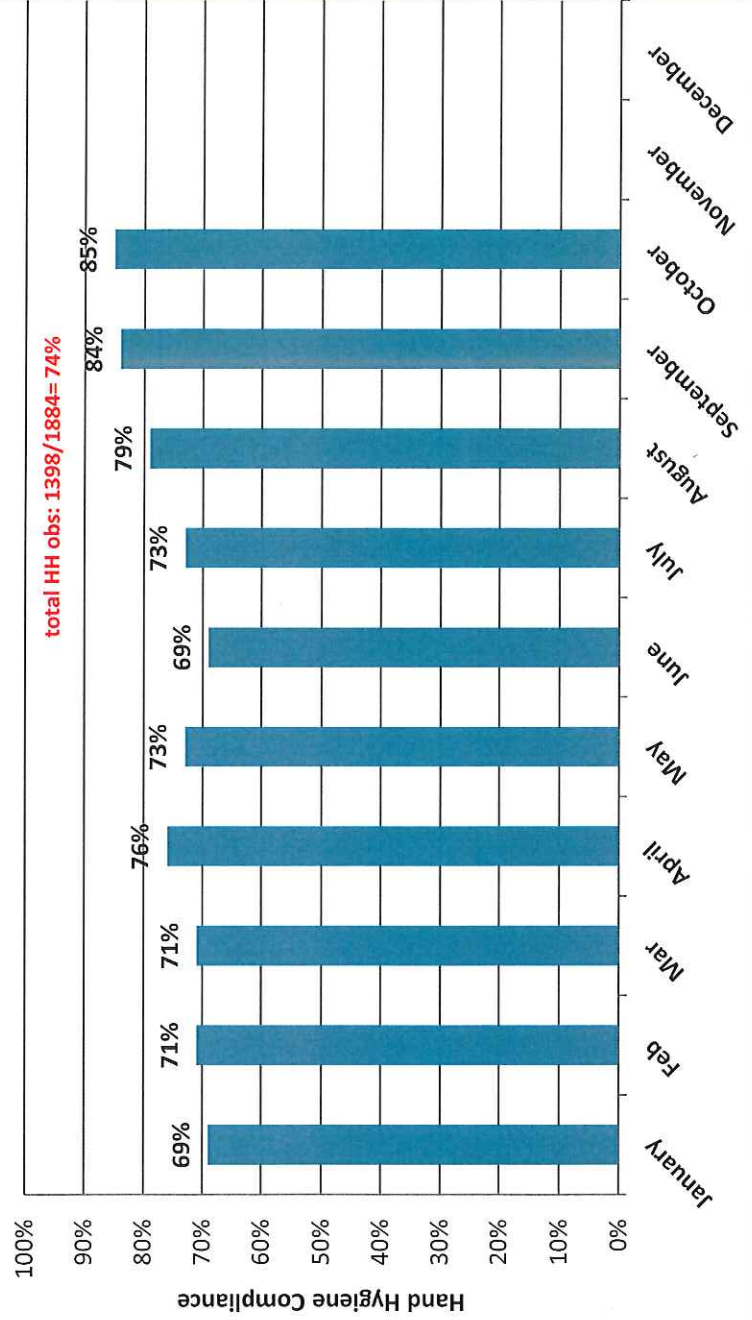
 **Alliance
Medical Group**
Waterbury HEALTH

 **VNA Health
at Home**
Waterbury HEALTH

Quality of Care Update: Dr. Joey Cosgriff

- **Decreasing Readmissions**
 - CHF clinic
 - Transition of care nurses
- **Improving the Patient Experience**
 - New multidisciplinary team
 - Focus on transition of care
- **Reducing Infections**
 - Significantly improving hand hygiene compliance
 - Zero infections in the ICU for 12 months & decrease in CLABSI and CAUTI
- **Improving opioid utilization**
 - Alternatives to non-opioid pain treatment
 - Ensuring appropriate use and dosage
- **Strengthening culture as a High Reliability Organization**
 - Feedback from employees and physicians to identify areas of improvement

12 month Housewide Hand Hygiene Compliance 2017



Recent awards

Waterbury Hospital: Top Honors



ONLY hospital in the State of CT to be named America's 100 Best for Coronary Intervention Procedures in 2018!!



Quality of Care Update: Dr. Justin Lundbye

- **Decreasing Readmissions as a community**
 - Community Care Team development with Greater Waterbury Health Improvement Partnership
- **Focusing on stroke and trauma care**
 - Attaining certifications
- **Building innovative specialty centers**
 - Establishing colorectal surgery center
- **Strengthening physician retention**
 - Developed academic affiliation with Quinnipiac
- **Expanding cardiothoracic surgery capabilities**

Investments in patient care: Dr. William Flynn

- **Advanced orthopedic surgery equipment**
 - Leading-edge power tools for large and small bone surgeries
 - New lateral positioner for hip replacement surgeries
 - New mini C-Arm for hand and other upper/lower extremity surgeries
 - New fracture table, enables more efficient surgeries while maintaining patient safety
- **Waterbury Hospital's Center for Surgical Innovation**
 - Enhancements to the daVinci Xi Surgical Robotic System
 - Advanced operating room tables and lights and updated anesthesia equipment
- **New diagnostic equipment and technology**
 - Bladder scanner and ultrasound
 - Perinatal ultrasound
 - Probe for detailed, enhanced vascular studies
 - New EKG equipment
 - Portable X-ray equipment and testing
- **Substantial upgrading of information technology**

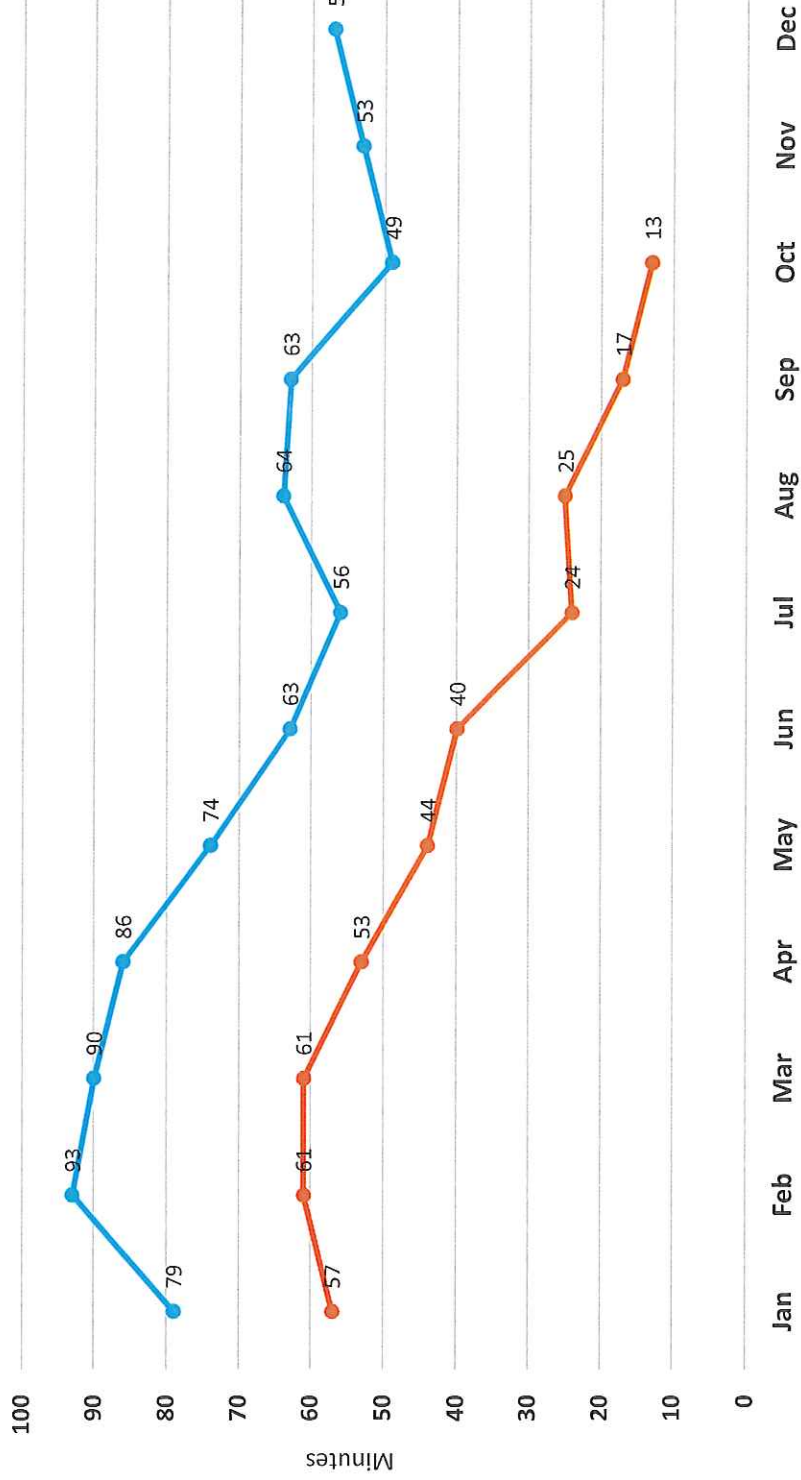
Improvements in Patient Care: Dr. Ije Akunyili

- Focus on improving performance of the Emergency Department
- Organizational effort that involves every department: lab, radiology, housekeeping, transport, patient floors, etc.
- Expanding and upgrading the Emergency Department



Door to Provider

—●— 2016 —●— 2017



Taking Care of Our Community: Patty Charvat

- Maintained the same charity care policy
- In FY2017, we provided \$21 million in community benefit—\$1 million more than in FY 2016
- Now paying more than \$5M annually in new taxes to the City of Waterbury
- Expanded our community outreach initiatives, while losing grant funding and 340(b) funding (\$2M) for medications for vulnerable patients



Taking Care of Our Community: Programs

Traditional (Hospital)

- Youth Pipeline Initiatives (designed to build tomorrow's workforce)
- Summer Bridge
- PEACH
- PEP Parent/Children Leadership Training Institute
- Waterbury Health Access Program (WHAP)
- Be Well Bus
- Evergreen 50 Club
- Numerous sponsorships and fundraising support



Taking Care of Our Community: Programs

New programs

- Diabetes Management, “Reinventing Banana Pudding” with inner city churches
- Fall Into/Spring Into Wellness series of health lectures, at hospital and in community
- Senior wellness fairs in communities around the region
- More than 60 programs and events during CY2017



Organizations supported by our employees

- Greater Waterbury Health Improvement Partnership
- Mayor's Drug Task Force
- Waterbury Development Corporation
- Boy Scouts
- Wolcott High School Robotic Team mentor
- Northfield Fire Company
- Litchfield County Fire Chiefs Board of Directors
- Connecticut Fire Chief Association
- North and South Foundation
- Pomperaug River Watershed Coalition
- CT Nurses Association
- Board of Finance, Morris, CT
- American Legion
- Stone Academy Academic Advisor
- Pomperaug Health District
- Waterbury Hospital Auxiliary Inc.
- Wolcott Board of Education
- Silas Bronson Library
- Rotary and Rotary International
- VFW
- Albanian/American Muslim Community



Waterbury Regional Chamber
driving business to business



St. Vincent DePaul
Mission of Waterbury



What's next?

- Remodeling Labor & Delivery
- Opening a multi-specialty site in Southbury
- Continuing our renovations
- Working closely with ECHN, our sister hospital
- Continuing our outreach into the community
- Finding ways to keep the business local

Questions?

Waterbury Hospital Community Forum
 Thursday, November 16, 2017

NAME	Contact Information
Stacey Addo	718-450-1252
Angela Toolins	203-560-8235
Michael Holmes	
Lateana Barte	203-560-9705
Jamie Shabaz	203-573-6530
Omar Shabaz	203-207-7336
Adeli Rodriguez	203-850-8822
Debbie DeLaRosa	ODS
Tony Bawi	203-573-6721
Edith Dasilva	203-573-6231
Scott Bowman	203-720-0378
Bonnie Ray Williams	203-751-6362
Brenda Morissette	
SAKY Lombardi	61477932
Susan Cordeiro	203-573-7516
Scott Kurzman	203-910-2086
Kim Kukulich	203-573-7257
Paul Galindo	203-527-7107
Leslie Swiderski	203-573-7689

Waterbury Hospital Community Forum
Thursday, November 16, 2017

NAME	Contact Information
Natalie Cook	
Yanixa Lopez	
Gabriel Smith	
Lorena Perez	
Evelyn Alejandro	W H A B (203) 513-6293
Reann Sahaedo	918-908-6023
Brandon Sahaedo	203-440-5937
Tiffany Batista	407 235 5505
Shirell DeCasta	917 204 0179
Selgan Rhina	
I Svon Vanyu	
CARMO SILVA	203 554 9641
Sue Marabini	
Cooper Nelson	
Mary Baskin	
Eileah Woods	
Mary O'Hara	
Celeste Schmitt	

Waterbury Hospital Community Forum
Thursday, November 16, 2017

NAME	Contact Information
Michelle Valentino	
Nicole Thomas	
Maurice Paul Thomas	
Joy Bryant	
Eriana Washington	
Agnique Leach	
Kymberia Barnes	
Carol Graham	
Pastor Shirley Brown	cbccc@waterbury; theholystone48@yahoo.com
Rev. Scott Nessel, St. James, Southbury	
Kim McLane	
FAZZ - Nancy Sudd	
Erika Clements	
Jesse France	

Waterbury Hospital Community Forum
Thursday, November 16, 2017

NAME	Contact Information
Dorothy Pittelle <i>[Handwritten Signature]</i>	



HARRISON CONNERY REPUBLICAN-AMERICAN

The Rev. Ray Odiorne of the Naugatuck Valley Project reads a written statement to Waterbury Hospital CEO Peter Adamo. *Rep Am 11/12/17*

Waterbury Hospital lists improvements since sale

BY HARRISON CONNERY
REPUBLICAN-AMERICAN

WATERBURY—Waterbury Hospital held the second of its state mandated community forums Thursday night.

Peter Adamo, CEO, spoke in broad strokes to a packed conference room of about 75 people on the hospital's fourth floor about improvements to the hospital since it was acquired by Prospect

Medical Holdings, Inc. last year. He left the details to his physicians who spoke of the improved quality of care, investments in equipment and infrastructure totaling over \$6 million, and community outreach.

According to Hospital Spokeswoman Patricia Charvat, the hospital invested \$21 million in the local care, investments in equip-

See **HOSPITAL**, Page 5B

HOSPITAL: Paid \$5M in taxes

ment and infrastructure totaling over \$6 million, and community outreach.

According to Hospital Spokeswoman Patricia Charvat, the hospital invested \$21 million in the local community in fiscal year 2017, \$1 million more than the year before, and paid \$5 million in annual taxes from which it was exempt when it was a nonprofit institution. She said the hospital hosted more than 60 community outreach programs this calendar year.

The theme throughout the night was the improved patient care at the hospital as a result of new staff initiatives and equipment. Dr. Joey Cosgriff said the number of patient readmissions is down thanks in part to a growing congestive heart failure clinic, and transition-of-care nurses who see patients before their discharge to make sure they understand their care to facilitate the transition home or to an outpatient care facility. There have been no infections caused by stays in the Intensive Care Unit in the last year, which has helped lower readmissions.

"We have had a campaign that is related to hand hygiene making sure that all of our providers wash their hands when they go in and out of the room, that's the thing that decreases infection most," she said. "We just heard a story at the board where we actually are having staff members mention to physicians if they're not washing their hands, so that's a culture change here."

Massive improvements have been made to the emergency department, said Dr. Ije Akunyili. Door-to-provider wait times have been cut to 10 to 13 minutes and patients' length of stays

are below the national average.

"This is record breaking," said Akunyili. "Industry standard is about 20 minutes. Our goal is that sometime in the not too distant future 100 percent of our patients will be seen in 10 minutes of arrival to the emergency room."

She said that fewer than 1 percent of emergency department patients leave before being treated.

The hospital has made investments in new equipment for orthopedic surgery, anesthesia, bladder scans and ultrasounds, perinatal ultrasounds, probes for vascular studies, EKGs and X-Rays.

Community members who benefited from the hospital's charitable initiatives and student development programs were on hand to vocalize their appreciation. Waterbury Hospital runs several programs to serve local middle and high school students.

Leaders of the Naugatuck Valley Project questioned Adamo on the hospital's corporate structure and if its commitments to the community will continue after the terms and conditions the Connecticut Office of Health Care Access imposed on Prospect expire in 2019.

Rev. Dr. Ray Odiorne read a letter addressed to Adamo from the NVP accusing the hospital of not doing enough

to promote news of the meeting to suppress community turnout.

"We want transparency, we want honesty," said Odiorne, who invited Adamo and other board members to meet with his group in January. A prior meeting between Adamo and members of the NVP in September ended abruptly when Adamo felt the topic of staffing ratios encroached on confidential union negotiations.

Brenda Morissette, a member of the NVP's executive board and a retired Waterbury Hospital employee of 32 years, said that the public had a right to know about staffing ratios as it affects patient care.

Odiorne acknowledged that many of his initial concerns were addressed by the forum.

The first forum was held in May.

User, OHCA

From: Buckley, Katherine <kBuckley@wtbyhosp.org>
Sent: Friday, January 05, 2018 2:15 PM
To: User, OHCA
Cc: Martone, Kim; colleen713.smith@gmail.com; Garrison De Lee (Legal Department) (Garrison.DeLee@prospectmedical.com); Frank.Saidara@prospectmedical.com; Shin, Ellen (ellen.shin@prospectmedical.com); Roberts, Karen; Adamo, Peter; Golino, Paul
Subject: Docket Number 15-32017-486-CON
Attachments: Docket Number 15-32017-486-CON OHCA Condition Numbers Eight Nine and Ten (April to Sept17 Reporting).pdf

Attached is the semi-annual submission related to condition numbers Eight (8), Nine (9), and Ten (10) for the above referenced Certificate of Need Final decision regarding the transfer of assets of Greater Waterbury Health Network to Prospect Medical Holdings, Inc.

Katherine Buckley-Finance Department
Waterbury Hospital

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Waterbury HEALTH

January 3, 2018

VIA EMAIL DELIVERY

Deputy Commissioner Yvonne Addo
Office of Health Care Access
Department of Public Health
410 Capitol Avenue, MS#13HCA
P.O. Box 340308
Hartford, CT 06134

Re: Docket Number: 15-32017-486

Project Title: Transfer of assets of Greater Waterbury Health Network to Prospect Medical Holdings, Inc.

Dear Ms. Addo:

This letter is submitted in accordance with the Order for the above referenced Certificate of Need Final Decision, specifically Condition Number Eight (8), Condition Number Nine (9) and Condition Number Ten (10) regarding the transfer of assets of Greater Waterbury Health Network (now called Waterbury HEALTH) to Prospect Medical Holdings, Inc. (PMH).

Condition Number Eight (8) requires that on a semi-annual basis until the capital commitment is satisfied, PMH shall submit to OHCA a report on the capital investments ("Capital Investment Report") it has made in the New Waterbury Hospital/Waterbury HEALTH and its affiliates from the \$55 million Commitment Amount. Please find the Capital Investment Report for the second half of Fiscal Year 2017 labeled as Exhibit A. In addition, please find Exhibit B which includes current planned capital needs for the upcoming Fiscal Year 2018. The exhibits contain the following information:

- a. The capital expenditures that have been made in the second half of Fiscal Year 2017, with description of each associated project ; and
- b. An explanation as to why each expenditure was made.

Condition Number Nine (9) requires that PMH provide a report for New Waterbury Hospital/Waterbury HEALTH on a semi-annual basis with the following information:

- a) The cost saving totals achieved in the following Operating Expense Categories for New Waterbury Hospital/Waterbury HEALTH: Salaries and Wages, Fringe Benefits, Contractual Labor Fees, Medical Supplies and Pharmaceutical Costs, Depreciation and Amortization, Interest Expense, Malpractice Expense, Utilities, Business Expenses, and other Operating Expenses. The categories shall be consistent with the major operating expense categories (Categories A, B, C, D, E, G, H, I, J, and K) which are in use at the time of reporting in the OHCA Hospital Reporting System ("HRS") Report 175 or successor report. The semi-annual submission shall also contain narratives describing:
 1. The major cost savings achieved for each expense category for the semi-annual period; and
 2. The effect of cost savings on the clinical quality of care.
- b) A Consolidated Balance Sheet, Statements of Operations, and Statements of Cash Flows for New Waterbury Hospital/Waterbury HEALTH. The format shall be consistent with that which is in use at the time of reporting in OHCA's HRS Reports 100/150, 300/350 or successor reports.

For Condition Number Nine (9.a.), please find Exhibit C which shows the expenses by category using the form of HRS Report 175 for the period of April 1, 2017 through September 30, 2017 as compared to the first half of Fiscal Year 2017, October 1, 2016 through March 31, 2017. Exhibit D contains information relating to the clinical quality of care provided at Waterbury Hospital/Waterbury HEALTH this past year.

For Condition Number Nine (9.b.), please find Exhibit E using the form of HRS Reports 100/150 and 300/350 which includes the Consolidated Balance Sheet, Statements of Operations, and Statements of Cash Flows for New Waterbury Hospital/Waterbury HEALTH.

Condition Number Ten (10) requires that on a semi-annual basis, PMH provide a report for New Waterbury Hospital/Waterbury HEALTH with the following financial measurements/indicators showing current month and year-to-date data and comparable prior year period data for New Waterbury Hospital/Waterbury HEALTH:

Financial Measurement/Indicators

- A. Operating Performance**
 1. Operating Margin
 2. Non-Operating Margin
 3. Total Margin
- B. Liquidity**
 1. Current Ratio
 2. Days Cash on Hand
 3. Days in Net Accounts Receivables
 4. Average Payment Period
- C. Leverage and Capital Structure**
 1. Long-term Debt to Equity
 2. Long-term Debt to Capitalization
 3. Unrestricted Cash to Debt
 4. Times Interest Earned Ratio
 5. Debt Service Coverage Ratio
 6. Equity Financing Ratio

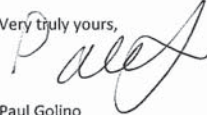
D. Additional Statistics

1. Income from Operations
2. Revenue Over/(Under) Expense
3. Cash from Operations
4. Cash and Cash Equivalents
5. Net Working Capital
6. Free Cash Flow (and the elements used in the calculation)
7. Unrestricted Assets/Retained Earnings
8. Bad Debt as % of Gross Revenue
9. Credit Ratings (S&P, FITCH, or Moody's)

Please find Exhibit F for the periods beginning on April 1, 2017 through September 30, 2017 showing current month and year to date measurements as required for Condition Ten (10). Future reports will compare the data to the comparable period for the prior year.

If you have any questions or need anything further, please feel free to contact me at 203-573-7280. .

Very truly yours,



Paul Golino
Chief Financial Officer
Waterbury Hospital/Waterbury HEALTH

Enclosures:

- Exhibit A- Condition Number Eight (8) - Capital Investment Report
- Exhibit B – Condition Number Eight (8) – Fiscal Year 2018 Planned Capital Expenditures
- Exhibit C – Condition Number Nine (9.a) - Expenses by Category
- Exhibit D – Condition Number Nine (9.a) – Effect of Cost Savings on Clinical Quality of Care
- Exhibit E – Condition Number Nine (9.b.) - Consolidated Balance Sheets, Statements of Operations, and Statements of Cash Flows for New Waterbury Hospital/Waterbury Health
- Exhibit F – Condition Number Ten (10) - Current Month and Year to Date Measurements

cc: Kimberly R. Martone, Director of Operations, Office of Health Care Access, Connecticut
Department of Public Health
Karen Roberts, Principal Health Care Analyst, Office of Health Care Access, Connecticut
Department of Public Health
Colleen Smith, Nursing Consultant Partners, LLC
Peter Adamo, Waterbury Hospital/Waterbury HEALTH
Ellen J. Shin, General Counsel, Prospect Medical Holdings, Inc.
Frank Saidara, Vice President, Corporate Development, Prospect Medical
Holdings, Inc.
Garrison De Lee, Assistant General Counsel, Prospect Medical Holdings, Inc

Fiscal Year	Fiscal Quarter	Item Description	Justification	Cost
2017	Quarter 1	Cart Washer	Replacement	167,108.82
2017	Quarter 3	Hospital Signage	Replacement	111,824.41
2017	Quarter 3	BH PDS Cosh	Repair Upgrade	21,852.15
2017	Quarter 2	OR Storage Cabinets	Replacement	89,731.85
2017	Quarter 3	OS Air Handler BL #1	Replacement	85,287.40
2017	Quarter 3	FBC Surgical Lights	Replacement	52,151.60
2017	Quarter 3	OR Surgical Lights	Replacement	78,962.50
2017	Quarter 1	Stain/ID Upgrade	New equipment in outpatient area to provide new testing services to patients	52,637.48
2017	Quarter 3	Washable Keyboards for COWs	Infection control issue for the WOVs	52,468.45
2017	Quarter 3	Anorectal Probe	New equipment to expand service in analogy for prostate cancer	548,288.89
2017	Quarter 3	CAOW Telephone System	Upgraded and replaced aged equipment	565,205.68
2017	Quarter 3	Chase Telephone System	Upgraded and replaced aged equipment	59,778.88
2017	Quarter 3	125 WOW Laptop Adapters	Upgraded and replaced aged equipment to ensure nursing can do bedside work	51,697.39
2017	Quarter 3	Access Implementation	Ability for providers to have a single sign on when working in the ED	599,764.30
2017	Quarter 3	26 Additional Med Carts	Upgraded and replaced aged equipment for our nursing team for medication management	513,514.59
2017	Quarter 3	Nequif	Added equipment for neonatal resuscitation that OR did not have previously	52,312.81
2017	Quarter 3	CAOW UPS Battery Replacement	Upgraded and replaced aged equipment	52,744.99
2017	Quarter 3	OR to DR Ultrasound Unit	Part of a multi year project to enhance imaging equipment to digital	521,492.00
2017	Quarter 3	OPMT Recliners	Upgraded and replaced aged recliners for our patients who receive infusions	514,190.15
2017	Quarter 3	Stretchers	Upgraded and replaced aged equipment	556,950.43
2017	Quarter 3	Bladder Scanner	New equipment for our nursing units each unit will have their own versus sharing with the ED	519,800.13
2017	Quarter 3	Runoff Sign - LED upgrade	Current sign was an old neon gas and not able to replace several letters were out	525,258.00
2017	Quarter 3	Architectural Fees for GI Move	Moving GI closer proximity to the surgical services area and readying this space for the wound care center	528,980.38
2017	Quarter 3	Monitors for WOVs	Upgraded and replaced with new equipment larger screens for nursing	518,207.12
2017	Quarter 3	Telepsychiatry Telehealth Evaluation - 1yrns (4)	Behavioral health physicians and staff will have the ability to provide telehealth services	57,956.00
2017	Quarter 4	FBC Gynae Stretcher	Upgraded and replaced aged equipment with new	55,542.96
2017	Quarter 4	Asson Phone Upgrade - Telemetry	Upgraded and replaced aged equipment with new for the clinical staff for purposes of communication	58,605.84
2017	Quarter 4	Alt-in-One Computers for AMG	Upgraded and replaced aged equipment with new	56,695.48
2017	Quarter 4	Ormbid Question	Upgraded and replaced aged equipment with new for the OS program	533,637.95
2017	Quarter 4	Closed Loop Door Operator - Elevators - 1 unit	Upgraded and replaced aged equipment	517,115.47
2017	Quarter 4	Closed Loop Door Operator - Elevators - 5 units	Upgraded and replaced aged equipment	585,577.35
2017	Quarter 4	Elevators, Closed Loop Door Operator Install (8)	Upgraded and replaced aged equipment	596,511.39
2017	Quarter 4	Laptop - C. Sinhalak	Upgraded and replaced laptop with new	51,014.04
2017	Quarter 4	PACS upgrade	Upgrade of the radiology PACS system	562,151.25
2017	Quarter 4	Exterior Restoration Main Building	Cleaning of marble and painting of exterior	5174,145.00
2017	Quarter 4	Sternal Saw	Provided new equipment to OR for orthopedic program	510,943.49
2017	Quarter 4	Tyco Support Reinstatement	IT software and backup system installed	568,397.73
2017	Quarter 4	IT Laptops (4) and Docking Station (1)	Computer inventory for system	55,693.54
2017	Quarter 4	IT Monitors (2)	IT inventory for system	54,466.70
2017	Quarter 4	IT PDS Links (2)	IT inventory for system	519,894.28
2017	Quarter 4	Cephed Equipment	New lab service with ability to screen patients for C-Off (Infection Control)	599,119.20
2017	Quarter 4	Window Renovations - Meridian Hall	Replacement with new for old windows	524,104.56
2017	Quarter 4	Freezer, Ultra Low Temperature Storage	Lab services for pathology replacement with new	511,242.89
2017	Quarter 4	BH TV, Computers, etc.	Upgraded and replaced with new for POM & BH Inpatient Unit	51,490.24
2017	Quarter 4	OR Tables - Barfolds	Upgraded and replaced with new equipment for Bariatric Program	599,121.07
2017	Quarter 4	Folding Chairs - Critical Care	Visitor chairs	54,472.00
2017	Quarter 4	ICU Waiting Room Furniture	Replacement for new furniture for visitors (family waiting room)	519,416.74
2017	Quarter 4	IT Data Center Uplift	Upgraded and replaced with new to ensure IT infrastructure is stable	5971,890.15
2017	Quarter 4	Data Center re-architect	Upgraded and replaced with new to ensure IT infrastructure is stable	5971,891.36
2017	Quarter 4	Bar Code Scanners (4)	New equipment for medication administration	52,864.21
2017	Quarter 4	IT Network Uplift	Preparation of the CERNER EMR System Core Upgrade	5182,751.41
2017	Quarter 4	Network, CORE re-architect	Upgraded and replaced with new to ensure IT infrastructure is stable	5146,169.41
2017	Quarter 4	Stairwell Replacement	Current stairwell cement was crumbling and a danger to visitors	518,868.18
2017	Quarter 4	GI Motorized Endoscopy Cart	Current equipment was difficult to move and posed a danger to employees	56,624.62
2017	Quarter 4	IT Laptops for stock - quantity of 5	IT inventory for system	54,466.70
2017	Quarter 4	North Four Carpeting	Replacement to new of carpeting for the Finance Department	512,086.75
2017	Quarter 4	Portable XRAY Units	Multi-year plan to upgrade all imaging equipment to digital	5296,716.50
2017	Quarter 4	Meridian Hall Security	Enhancement of the front end registration area for employee safety	544,376.08
				54,913,137.66

Exhibit B

GWEN Planned Capital Needs
for FY 2018
(as of Nov 2017)

General Department	Specific Department	Item/Investment	Total Cost
Diagnostic Imaging	Cardiology	EKG Machines	\$261,969
Surgical Services	OR	Anesthesia Machines	\$471,949
Nursing Unit	OB	Upsift/Renovation	\$600,000
Emergency Department	ED	Renovation	\$5,000,000
All Other	AMG	Southbury MGB	\$406,000
Plant Operations	Facilities	Physician Lounge	\$35,352
Plant Operations	Facilities	Parking Lot Guard Rail	\$47,000
All Other	BI Outpatient	Chairs	\$15,000
Lab	Serology	Vidas	\$5,500
All Other	Hospital	Furniture	\$50,000
Information Services(IT)	IT	Infrastructure Replacement	\$616,000
All Other	Wound Care	Construction Wound Care	\$550,000
Nursing Unit	OB	Fetal Monitor	\$145,000
Plant Operations	Facilities	Roofing	\$125,512
Plant Operations	Facilities	Pomeroy Building Exterior	\$528,000
Plant Operations	Facilities	Air Handler Replacements	\$1,635,520
Plant Operations	Facilities	Absorption Chiller Replacement	\$822,000
Plant Operations	Facilities	Elevators	\$300,000
Plant Operations	Facilities	Parking Lots/Driveways	\$282,180
Plant Operations	Facilities	Building Up Lighting	\$30,000
Diagnostic Imaging	Medical Imaging	Siemens Symbia Dual Head Camera	\$276,356
Diagnostic Imaging	Medical Imaging	Diagnostic Room #9 Renovations	\$230,000
Diagnostic Imaging	Medical Imaging	Intervention Radiology Suite Renovation	\$750,000
Diagnostic Imaging	Medical Imaging	Ultrasound Units (4)	\$200,000
Diagnostic Imaging	Medical Imaging	Lead Shield Replacement	\$5,000
Diagnostic Imaging	Medical Imaging	CT Dual Head Injector	\$50,000
Diagnostic Imaging	Medical Imaging	Mobile C-Arm (3)	\$175,000
Administration	Administration	AV Equipment Upgrade	\$30,000
Nursing Unit	Various	Patient Beds	\$480,000
Nursing Unit	Various	Nurse Call System	\$384,580
Nursing Unit	Various	Defibrillator	\$410,000
Nursing Unit	Various	Patient Televisions	\$130,000
All Other	Chase Clinic	Flooring	\$49,490
All Other	Chase Clinic	Painting	\$60,000
Lab	Microbiology	Bacter	\$7,720
Lab	Microbiology	Microscopes (4)	\$15,000
Lab	Microbiology	Centrifuge	\$7,500
Lab	Point of Care	Hemochron (4)	\$39,180
Lab	Point of Care	Driver to Telcor	\$15,000
Lab	Chemistry	Stat Spin (ABG)	\$3,000
Lab	Chemistry	Atlas Urinalysis Instrument	\$40,000
Lab	Chemistry	Freezers (2) Lab Grade	\$15,000
Lab	Hematology	Instruments	\$350,000
Lab	Hematology	Slide Stainer	\$18,000
Lab	Blood Bank	ProVue	\$125,000
Lab	Blood Bank	Cell Washer	\$10,000
Lab	Blood Bank	Equipment	\$5,000
Lab	Blood Bank	Immunofuges (3)	\$10,000
Lab	Serology	Equipment	\$2,000
Lab	Anatomic Pathology	Tissue Processor	\$60,000
Lab	Anatomic Pathology	Color Printers (3)	\$8,000
Lab	Anatomic Pathology	Microtomes	\$12,000
Lab	Anatomic Pathology	Equipment	\$5,000
Total			\$16,167,940

Exhibit C

Prospect Waterbury, Inc.

Report 175-Operating Expenses by Category

Comparison: October 2016 to March 2017 and April 2017 to Sept 2017

	Oct to Mar 17	Apr to Sept 17	Total FY 2017
A-Salary	\$41,248,305	\$39,173,117	\$80,421,422
B-Fringes	\$12,496,525	\$11,027,639	\$23,524,164
C-Contracted Labor	\$4,706,266	\$4,174,954	\$8,881,220
D-Supplies/Drugs	\$15,310,701	\$15,677,650	\$30,988,351
E-Depreciation	\$3,079,500	\$3,079,500	\$6,159,000
F-Bad Debts	\$0	\$0	\$0
G-Interest	\$633,140	\$623,312	\$1,256,453
H-Malpractice	\$2,682,654	\$1,081,863	\$3,764,517
I-Utilities	\$1,665,302	\$1,692,705	\$3,358,007
J-Business Expenses	\$17,955,486	\$20,559,283	\$38,514,769
K-Other Operating Expenses	\$3,089,327	\$3,006,172	\$6,095,499
	<u>\$102,867,206</u>	<u>\$100,096,195</u>	<u>\$202,963,401</u>

Exhibit D

Waterbury Hospital

Quality Metric	2016	2017	Change
Overall Infection Rate	NA	NA	NA
Surgical Site Infection Rate	NA	NA	NA
Abd Hysterectomy SSIs Per 100 cases (# cases)	0/30=0%	0/26=0%	0
Total Hip and Knee Infections Per 100 cases (# cases)	5/511=0.98%	2/488=0.41%	-0.57
C-Section Infections	NA	NA	NA
C-diffie Rate (per 1000 pt days, exc. BH)	0.58	0.46	-0.12
CLABSI, ICU per 1000 catheter days (# cases)	1.86 (6)	0.33 (1)	-1.53 (-5)
CLABSI, Non-ICU per 1000 catheter days (# cases)	1.65 (8)	0.70 (3)	-0.95 (-6)
CAUTIs, ICU (# cases)	2.48 (6)	0.40 (1)	-2.08 (-5)
CAUTIs, Non-ICU (# cases)	1.61 (6)	1.71 (6)	0.1 (0)
Hospital Wide 30 day Readmission Rates FY data. (FY 17 through July)	10.8%	10.8%	0
Penalty Rates (readmissions)	0.73%	1.04%	0.31

Exhibit E

PROSPECT WATERBURY INC.		
REPORT 100 - HOSPITAL BALANCE SHEET INFORMATION		
(1)	(2)	(4)
LINE	DESCRIPTION	Sept 2017 ACTUAL
I.	ASSETS	
A.	Current Assets:	
1	Cash and Cash Equivalents	\$778,454
2	Short Term Investments	\$0
3	Accounts Receivable (Less: Allowance for Doubtful Accounts)	\$29,688,229
4	Current Assets Whose Use is Limited for Current Liabilities	\$0
5	Due From Affiliates	\$1,128,784
6	Due From Third Party Payers	\$2,455,418
7	Inventories of Supplies	\$3,370,466
8	Prepaid Expenses	\$3,433,254
9	Other Current Assets	\$832,363
	Total Current Assets	\$41,686,968
B.	Noncurrent Assets Whose Use is Limited:	
1	Held by Trustee	\$0
2	Board Designated for Capital Acquisition	\$0
3	Funds Held in Escrow	\$0
4	Other Noncurrent Assets Whose Use is Limited	\$0
	Total Noncurrent Assets Whose Use is Limited:	\$0
5	Interest in Net Assets of Foundation	\$0
6	Long Term Investments	\$12,290,999
7	Other Noncurrent Assets	\$169,601
C.	Net Fixed Assets:	
1	Property, Plant and Equipment	\$279,452,435
2	Less: Accumulated Depreciation	\$255,232,526
	Property, Plant and Equipment, Net	\$24,219,909
3	Construction in Progress	\$324,848
	Total Net Fixed Assets	\$24,544,757
	Total Assets	\$78,692,325

Exhibit E

PROSPECT WATERBURY INC.		
REPORT 100 - HOSPITAL BALANCE SHEET INFORMATION		
(1)	(2)	(4)
LINE	DESCRIPTION	Sept 2017 ACTUAL
II. LIABILITIES AND NET ASSETS		
A. Current Liabilities:		
1	Accounts Payable and Accrued Expenses	\$22,819,300
2	Salaries, Wages and Payroll Taxes	\$2,908,528
3	Due To Third Party Payers	\$0
4	Due To Affiliates	\$0
5	Current Portion of Long Term Debt	\$0
6	Current Portion of Notes Payable	\$711,334
7	Other Current Liabilities	\$0
	Total Current Liabilities	\$26,439,162
B. Long Term Debt:		
1	Bonds Payable (Net of Current Portion)	\$0
2	Notes Payable (Net of Current Portion)	\$1,199,158
	Total Long Term Debt	\$1,199,158
3	Accrued Pension Liability	\$0
4	Other Long Term Liabilities	\$14,182,174
	Total Long Term Liabilities	\$15,381,332
5	Interest in Net Assets of Affiliates or Joint Ventures	\$0
C. Net Assets:		
1	Unrestricted Net Assets or Equity	\$36,871,831
2	Temporarily Restricted Net Assets	\$0
3	Permanently Restricted Net Assets	\$0
	Total Net Assets	\$36,871,831
	Total Liabilities and Net Assets	\$78,692,325

Exhibit E

PROSPECT WATERBURY INC.				
REPORT 150 - HOSPITAL STATEMENT OF OPERATIONS INFORMATION				
(1)	(2)	(3)	(4)	(5)
LINE	DESCRIPTION	OCT - MAR 17 ACTUAL	APR - SEP17 ACTUAL	YTD SEPT 17 ACTUAL
A. Operating Revenue:				
1	Total Gross Patient Revenue	\$448,713,287	\$450,969,319	\$899,682,606
2	Less: Allowances	\$333,827,114	\$331,840,249	\$665,667,363
3	Less: Charity Care	\$3,686,190	3,154,861	\$6,841,051
4	Less: Other Deductions	\$6,210,700	\$7,465,653	\$13,676,353
	Total Net Patient Revenue	\$104,989,283	\$108,508,556	\$213,497,839
5	Provision for Bad Debts	(\$177,507)	(\$394,409)	(\$571,916)
	Net Patient Service Revenue less provision for bad debts	\$105,166,790	\$108,902,965	\$214,069,755
6	Other Operating Revenue	\$2,056,285	\$969,679	\$3,025,964
7	Net Assets Released from Restrictions	\$1,305,157	\$1,733,337	\$3,039,494
	Total Operating Revenue	\$108,529,232	\$111,605,981	\$220,135,213
B. Operating Expenses:				
1	Salaries and Wages	\$41,248,305	39,173,117	\$80,421,423
2	Fringe Benefits	\$12,496,525	11,027,639	\$23,524,164
3	Physicians Fees	\$3,868,200	4,154,151	\$8,022,351
4	Supplies and Drugs	\$15,310,702	15,677,650	\$30,988,352
5	Depreciation and Amortization	\$3,079,500	3,079,500	\$6,159,000
6	Bad Debts	\$0	0	\$0
7	Interest Expense	\$633,140	623,312	\$1,256,452
8	Malpractice Insurance Cost	\$2,682,654	1,081,863	\$3,764,517
9	Other Operating Expenses	\$23,545,179	25,278,963	\$48,822,142
	Total Operating Expenses	\$102,867,208	\$100,096,195	\$202,963,401
	Income(Loss) From Operations	\$5,662,026	\$11,509,786	\$17,171,812
C. Non-Operating Revenue:				
1	Income from Investments	\$0	\$0	\$0
2	Gifts, Contributions and Donations	\$0	\$0	\$0
3	Other Non-Operating Gains/(Losses)	\$0	\$0	\$0
	Total Non-Operating Revenue	\$0	\$0	\$0
	Excess/(Deficiency) of Revenue Over Expenses (Before Other Adjustments)	\$5,662,026	\$11,509,786	\$17,171,812
Other Adjustments:				
	Unrealized Gains/(Losses)	\$0	\$0	\$0
	All Other Adjustments	\$0	\$0	\$0
	Total Other Adjustments	\$0	\$0	\$0
	Excess/(Deficiency) of Revenue Over Expenses	\$5,662,026	\$11,509,786	\$17,171,812
	Principal Payments	\$1,348,691	\$360,307	\$1,708,998

GREATER WATERBURY HEALTH NETWORK		
REPORT 300 - PARENT CORPORATION CONSOLIDATED BALANCE SHEET		
INFORMATION		
(1)	(2)	(4)
LINE	DESCRIPTION	Sept 2017 ACTUAL
I.	ASSETS	
	A. Current Assets:	
1	Cash and Cash Equivalents	\$7,372,971
2	Short Term Investments	\$584,520
3	Accounts Receivable (Less: Allowance for Doubtful Accounts)	\$39,177,208
4	Current Assets Whose Use is Limited for Current Liabilities	\$0
5	Due From Affiliates	\$0
6	Due From Third Party Payers	\$2,455,418
7	Inventories of Supplies	\$3,624,919
8	Prepaid Expenses	\$4,150,292
9	Other Current Assets	\$1,844,577
	Total Current Assets	\$59,209,905
	B. Noncurrent Assets Whose Use is Limited:	
1	Held by Trustee	\$0
2	Board Designated for Capital Acquisition	\$0
3	Funds Held in Escrow	\$0
4	Other Noncurrent Assets Whose Use is Limited	\$0
	Total Noncurrent Assets Whose Use is Limited:	\$0
5	Interest in Net Assets of Foundation	\$0
6	Long Term Investments	\$12,383,906
7	Other Noncurrent Assets	\$233,493
	C. Net Fixed Assets:	
1	Property, Plant and Equipment	\$294,325,947
2	Less: Accumulated Depreciation	\$266,830,034
	Property, Plant and Equipment, Net	\$27,495,913
3	Construction in Progress	\$324,848
	Total Net Fixed Assets	\$27,820,761
	Total Assets	\$99,648,065

GREATER WATERBURY HEALTH NETWORK		
REPORT 300 - PARENT CORPORATION CONSOLIDATED BALANCE SHEET INFORMATION		
(1)	(2)	(4)
LINE	DESCRIPTION	Sept 2017 ACTUAL
II.	LIABILITIES AND NET ASSETS	
A.	Current Liabilities:	
1	Accounts Payable and Accrued Expenses	\$26,954,372
2	Salaries, Wages and Payroll Taxes	\$4,938,515
3	Due To Third Party Payers	\$300,000
4	Due To Affiliates	\$10,572,308
5	Current Portion of Long Term Debt	\$14,965
6	Current Portion of Notes Payable	\$717,832
7	Other Current Liabilities	\$117,618
	Total Current Liabilities	\$43,615,410
B.	Long Term Debt:	
1	Bonds Payable (Net of Current Portion)	\$0
2	Notes Payable (Net of Current Portion)	\$1,199,158
	Total Long Term Debt	\$1,199,158
3	Accrued Pension Liability	\$0
4	Other Long Term Liabilities	\$14,182,174
	Total Long Term Liabilities	\$15,381,332
5	Interest in Net Assets of Affiliates or Joint Ventures	\$2,834,849
C.	Net Assets:	
1	Unrestricted Net Assets or Equity	\$37,816,474
2	Temporarily Restricted Net Assets	\$0
3	Permanently Restricted Net Assets	\$0
	Total Net Assets	\$37,816,474
	Total Liabilities and Net Assets	\$99,648,065

Exhibit E

GREATER WATERBURY HEALTH NETWORK

REPORT 350 - PARENT CORPORATION CONSOLIDATED STATEMENT OF OPERATIONS INFORMATION

(1)	(2)	(3)	(4)	(5)
LINE	DESCRIPTION	OCT-MAR ACTUAL	APR - SEP ACTUAL	YTD SEPT 17 ACTUAL
A. Operating Revenue:				
1	Total Gross Patient Revenue	\$499,814,837	\$500,625,759	\$1,000,440,596
2	Less: Allowances	\$358,232,236	\$356,099,935	\$714,332,171
3	Less: Charity Care	\$3,685,190	\$3,154,861	\$6,841,051
4	Less: Other Deductions	\$6,210,700	\$7,465,653	\$13,676,353
	Total Net Patient Revenue	\$131,686,711	\$133,905,310	\$265,591,021
5	Provision for Bad Debts	\$1,199,508	(\$71,297)	\$1,128,211
	Net Patient Service Revenue less provision for bad debts	\$130,486,203	\$133,976,607	\$264,462,810
6	Other Operating Revenue	\$5,287,137	\$4,253,684	\$9,540,821
7	Net Assets Released from Restrictions	\$1,464,288	\$2,673,603	\$4,137,891
	Total Operating Revenue	\$137,237,628	\$140,903,894	\$278,141,522
B. Operating Expenses:				
1	Salaries and Wages	\$64,753,540	\$63,688,688	\$128,442,228
2	Fringe Benefits	\$16,140,047	\$14,575,679	\$30,715,726
3	Physicians Fees	\$4,438,933	\$5,662,221	\$10,101,154
4	Supplies and Drugs	\$16,359,131	\$16,550,812	\$32,909,943
5	Depreciation and Amortization	\$3,434,898	\$3,552,994	\$6,987,892
6	Bad Debts	\$0	\$0	\$0
7	Interest Expense	\$634,281	\$624,046	\$1,258,327
8	Malpractice Insurance Cost	\$3,363,317	\$1,633,167	\$4,996,484
9	Other Operating Expenses	\$28,690,065	\$30,172,253	\$58,862,318
	Total Operating Expenses	\$137,814,212	\$136,459,860	\$274,274,072
	Income/(Loss) From Operations	(\$576,584)	\$4,444,034	\$3,867,450
C. Non-Operating Revenue:				
1	Income from Investments	\$0	\$0	\$0
2	Gifts, Contributions and Donations	\$0	\$0	\$0
3	Other Non-Operating Gains/(Losses)	(\$354,995)	(\$383,872)	(\$738,867)
	Total Non-Operating Revenue	(\$354,995)	(\$383,872)	(\$738,867)
	Excess/(Deficiency) of Revenue Over Expenses (Before Other Adjustments)	(\$931,569)	\$4,060,162	\$3,128,583
Other Adjustments:				
	Unrealized Gains/(Losses)	\$0	\$0	\$0
	All Other Adjustments	\$0	\$0	\$0
	Total Other Adjustments	\$0	\$0	\$0
	Excess/(Deficiency) of Revenue Over Expenses	(\$931,569)	\$4,060,162	\$3,128,583

EXHIBIT E

Waterbury Hospital
Statement of Cash Flows
4/1/17 through 9/30/17

Net Income/(Loss)	11,509,786
Adjustments to reconcile net income/(loss) to net cash (used in)/provided by operating activities and nonoperating revenues:	
Provision for bad debt	(394,409)
Depreciation and amortization	<u>3,079,500</u>
	14,194,877
Changes in operating working capital other than cash and cash equivalents:	
Patient accounts receivable (net)	1,927,927
Grants and other receivables	(113,723)
Inventory of supplies	(127,599)
Prepaid insurance and other expenses	(1,164,284)
Accounts payable and accrued expenses	2,470,743
Salaries, wages, payroll taxes and amounts withheld from employees	(25,597)
Due to restricted funds	(545,833)
Other noncurrent liabilities	447,882
Due to 3rd party reimbursement agencies	<u>(5,659,805)</u>
	(2,790,289)
Net cash (used in)/provided by operating activities and nonoperating gains	11,404,588
Investing activities:	
(Increase)/decrease in due from affiliates	(5,967,061)
Decrease/(increase) in other assets	(480,438)
Additions to property, plant and equipment	<u>(3,727,299)</u>
Net cash (used by)/provided by investing activities	(10,174,798)
Financing activities:	
Proceeds from issuance of debt	0
Principal payments on debt obligations	<u>(361,964)</u>
Net cash (used in)/provided by financing activities	(361,964)
Net increase/(decrease) in cash and cash equivalents	867,826
Cash and cash equivalents at beginning of period	<u>(89,372)</u>
Cash and cash equivalents at end of period	<u>778,454</u>

EXHIBIT E

Greater Waterbury Health Network
Statement of Cash Flows
4/1/17 through 9/30/17

Net Income/(Loss)	4,060,162
Adjustments to reconcile net income/(loss) to net cash (used in)/provided by operating activities and nonoperating revenues:	
Provision for bad debt	(71,297)
Depreciation and amortization	<u>3,552,994</u>
	7,541,859
Changes in operating working capital other than cash and cash equivalents:	
Patient accounts receivable (net)	1,381,366
Grants and other receivables	(421,593)
Inventory of supplies	(85,008)
Prepaid insurance and other expenses	(1,136,478)
Accounts payable and accrued expenses	4,523,267
Salaries, wages, payroll taxes and amounts withheld from employees	(21,186)
Due to restricted funds	(545,833)
Other noncurrent liabilities	13,660
Due to 3rd party reimbursement agencies	<u>(5,659,805)</u>
	(1,951,610)
Net cash (used in)/provided by operating activities and nonoperating gains	5,590,249
Investing activities:	
(Increase)/decrease in due from affiliates	1,538,809
Decrease/(increase) in other assets	(481,306)
Additions to property, plant and equipment	<u>(3,865,947)</u>
Net cash (used by)/provided by investing activities	(2,808,444)
Financing activities:	
Proceeds from issuance of debt	0
Principal payments on debt obligations	<u>(378,411)</u>
Net cash (used in)/provided by financing activities	(378,411)
Net increase/(decrease) in cash and cash equivalents	2,403,394
Cash and cash equivalents at beginning of period	<u>5,554,097</u>
Cash and cash equivalents at end of period	<u><u>7,957,491</u></u>

PROSPECT WATERBURY INC.
REPORT 305 - HOSPITAL CONSOLIDATED FINANCIAL DATA ANALYSIS

LINE	DESCRIPTION	MTD												YTD											
		APRIL		MAY		JUNE		JULY		AUGUST		SEPTEMBER		APRIL		MAY		JUNE		JULY		AUGUST		SEPTEMBER	
		E 2017	E 2018	E 2017	E 2018	E 2017	E 2018	E 2017	E 2018	E 2017	E 2018	E 2017	E 2018	E 2017	E 2018	E 2017	E 2018	E 2017	E 2018	E 2017	E 2018	E 2017	E 2018		
1	Total Gross Revenue	\$72,005,707	\$78,445,779	\$77,182,200	\$72,556,611	\$76,364,640	\$73,000,074	\$57,318,664	\$597,764,773	\$676,597,081	\$748,511,592	\$525,075,532	\$666,680,096	\$72,005,707	\$78,445,779	\$77,182,200	\$72,556,611	\$76,364,640	\$73,000,074	\$57,318,664	\$597,764,773	\$676,597,081	\$748,511,592	\$525,075,532	\$666,680,096
2	Bad Debt	\$54,972,791	\$59,780,309	\$59,015,612	\$45,314,302	\$48,237,023	\$55,120,785	\$396,693,785	\$459,468,154	\$617,503,506	\$572,817,688	\$631,054,881	\$666,184,766	\$54,972,791	\$59,780,309	\$59,015,612	\$45,314,302	\$48,237,023	\$55,120,785	\$396,693,785	\$459,468,154	\$617,503,506	\$572,817,688	\$631,054,881	\$666,184,766
3	Net Patient Revenue/Net Operating Revenue	\$17,032,913	\$18,138,699	\$17,822,601	\$16,606,932	\$17,150,617	\$22,254,869	\$122,246,502	\$149,396,101	\$198,017,292	\$174,666,264	\$191,614,801	\$184,909,787	\$17,032,913	\$18,138,699	\$17,822,601	\$16,606,932	\$17,150,617	\$22,254,869	\$122,246,502	\$149,396,101	\$198,017,292	\$174,666,264	\$191,614,801	\$184,909,787
4	Net Patient Revenue/Net Operating Revenue	\$196,464,171	\$169,654,939	\$16,079,163	\$16,664,178	\$1,203,574	\$1,027,849	\$6,336,166	\$4,627,786	\$4,111,971	\$4,882,399	\$11,157,763	\$17,168,612	\$196,464,171	\$169,654,939	\$16,079,163	\$16,664,178	\$1,203,574	\$1,027,849	\$6,336,166	\$4,627,786	\$4,111,971	\$4,882,399	\$11,157,763	\$17,168,612
5	Net Patient Revenue/Net Operating Revenue	\$440,687	\$302,269	\$2,180,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459	\$440,687	\$302,269	\$2,180,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459
6	Income/(Loss) From Operations	\$16,542	\$1,464,205	\$1,840,418	\$1,205,374	\$1,027,849	\$6,336,166	\$8,627,766	\$8,111,971	\$8,602,389	\$11,157,763	\$12,168,612	\$18,627,807	\$16,542	\$1,464,205	\$1,840,418	\$1,205,374	\$1,027,849	\$6,336,166	\$8,627,766	\$8,111,971	\$8,602,389	\$11,157,763	\$12,168,612	\$18,627,807
7	Total Non-Operating Revenue	\$17,032,913	\$18,138,699	\$17,822,601	\$16,606,932	\$17,150,617	\$22,254,869	\$122,246,502	\$149,396,101	\$198,017,292	\$174,666,264	\$191,614,801	\$184,909,787	\$17,032,913	\$18,138,699	\$17,822,601	\$16,606,932	\$17,150,617	\$22,254,869	\$122,246,502	\$149,396,101	\$198,017,292	\$174,666,264	\$191,614,801	\$184,909,787
8	Income/(Loss) From Operations	\$440,687	\$302,269	\$2,180,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459	\$440,687	\$302,269	\$2,180,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459
9	Income/(Loss) From Operations	\$16,542	\$1,464,205	\$1,840,418	\$1,205,374	\$1,027,849	\$6,336,166	\$8,627,766	\$8,111,971	\$8,602,389	\$11,157,763	\$12,168,612	\$18,627,807	\$16,542	\$1,464,205	\$1,840,418	\$1,205,374	\$1,027,849	\$6,336,166	\$8,627,766	\$8,111,971	\$8,602,389	\$11,157,763	\$12,168,612	\$18,627,807
10	Operating Margin	2.29%	1.85%	2.38%	1.63%	1.33%	8.49%	12.16%	14.45%	14.50%	15.17%	21.15%	27.81%	2.29%	1.85%	2.38%	1.63%	1.33%	8.49%	12.16%	14.45%	14.50%	15.17%	21.15%	27.81%
11	Non-Operating Margin	2.36%	2.31%	2.28%	2.28%	2.23%	2.93%	16.33%	19.33%	25.83%	22.43%	26.16%	26.43%	2.36%	2.31%	2.28%	2.28%	2.23%	2.93%	16.33%	19.33%	25.83%	22.43%	26.16%	26.43%
12	Total Margin	6.03%	4.16%	4.66%	3.91%	3.56%	11.42%	18.49%	23.79%	24.33%	27.64%	29.31%	34.28%	6.03%	4.16%	4.66%	3.91%	3.56%	11.42%	18.49%	23.79%	24.33%	27.64%	29.31%	34.28%
13	Bad Debt as % of Gross Revenue	0.76%	0.76%	0.76%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.76%	0.76%	0.76%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
14	Income/(Loss) From Operations	\$16,542	\$1,464,205	\$1,840,418	\$1,205,374	\$1,027,849	\$6,336,166	\$8,627,766	\$8,111,971	\$8,602,389	\$11,157,763	\$12,168,612	\$18,627,807	\$16,542	\$1,464,205	\$1,840,418	\$1,205,374	\$1,027,849	\$6,336,166	\$8,627,766	\$8,111,971	\$8,602,389	\$11,157,763	\$12,168,612	\$18,627,807
15	Total Operating Revenue	\$17,032,913	\$18,138,699	\$17,822,601	\$16,606,932	\$17,150,617	\$22,254,869	\$122,246,502	\$149,396,101	\$198,017,292	\$174,666,264	\$191,614,801	\$184,909,787	\$17,032,913	\$18,138,699	\$17,822,601	\$16,606,932	\$17,150,617	\$22,254,869	\$122,246,502	\$149,396,101	\$198,017,292	\$174,666,264	\$191,614,801	\$184,909,787
16	Total Non-Operating Revenue	\$440,687	\$302,269	\$2,180,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459	\$440,687	\$302,269	\$2,180,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459
17	Total Revenue	\$17,473,600	\$18,440,968	\$19,999,698	\$18,273,601	\$18,500,953	\$24,244,041	\$132,667,677	\$159,519,179	\$202,129,263	\$202,119,263	\$196,115,141	\$190,916,246	\$17,473,600	\$18,440,968	\$19,999,698	\$18,273,601	\$18,500,953	\$24,244,041	\$132,667,677	\$159,519,179	\$202,129,263	\$202,119,263	\$196,115,141	\$190,916,246
18	Percent/Deficiency of Revenue Over Expenses	\$1,056,659	\$1,794,424	\$2,186,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459	\$1,056,659	\$1,794,424	\$2,186,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459
19	Unrestricted Net Assets	\$21,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831	\$31,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831	\$21,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831	\$31,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831
20	Total Net Assets	\$21,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831	\$31,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831	\$21,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831	\$31,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831
21	Total Gross Revenue	\$72,005,707	\$78,445,779	\$77,182,200	\$72,556,611	\$76,364,640	\$73,000,074	\$57,318,664	\$597,764,773	\$676,597,081	\$748,511,592	\$525,075,532	\$666,680,096	\$72,005,707	\$78,445,779	\$77,182,200	\$72,556,611	\$76,364,640	\$73,000,074	\$57,318,664	\$597,764,773	\$676,597,081	\$748,511,592	\$525,075,532	\$666,680,096
22	Total Expenses	\$56,492,973	\$59,780,309	\$59,015,612	\$45,314,302	\$48,237,023	\$396,693,785	\$459,468,154	\$617,503,506	\$572,817,688	\$631,054,881	\$666,184,766	\$72,005,707	\$56,492,973	\$59,780,309	\$59,015,612	\$45,314,302	\$48,237,023	\$396,693,785	\$459,468,154	\$617,503,506	\$572,817,688	\$631,054,881	\$666,184,766	\$72,005,707
23	Operating Margin	23.1%	19.2%	23.2%	22.7%	23.1%	41.2%	71.3%	71.3%	71.3%	71.3%	71.3%	71.3%	23.1%	19.2%	23.2%	22.7%	23.1%	41.2%	71.3%	71.3%	71.3%	71.3%	71.3%	71.3%
24	Non-Operating Margin	2.5%	1.6%	2.5%	2.3%	1.7%	15.7%	18.4%	18.4%	18.4%	18.4%	18.4%	18.4%	2.5%	1.6%	2.5%	2.3%	1.7%	15.7%	18.4%	18.4%	18.4%	18.4%	18.4%	18.4%
25	Total Margin	25.6%	20.8%	25.7%	25.0%	24.8%	56.9%	89.7%	89.7%	89.7%	89.7%	89.7%	89.7%	25.6%	20.8%	25.7%	25.0%	24.8%	56.9%	89.7%	89.7%	89.7%	89.7%	89.7%	89.7%
26	Bad Debt as % of Gross Revenue	0.75%	0.76%	0.76%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.75%	0.76%	0.76%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%	0.63%
27	Income/(Loss) From Operations	\$16,542	\$1,464,205	\$1,840,418	\$1,205,374	\$1,027,849	\$6,336,166	\$8,627,766	\$8,111,971	\$8,602,389	\$11,157,763	\$12,168,612	\$18,627,807	\$16,542	\$1,464,205	\$1,840,418	\$1,205,374	\$1,027,849	\$6,336,166	\$8,627,766	\$8,111,971	\$8,602,389	\$11,157,763	\$12,168,612	\$18,627,807
28	Total Operating Revenue	\$17,032,913	\$18,138,699	\$17,822,601	\$16,606,932	\$17,150,617	\$22,254,869	\$122,246,502	\$149,396,101	\$198,017,292	\$174,666,264	\$191,614,801	\$184,909,787	\$17,032,913	\$18,138,699	\$17,822,601	\$16,606,932	\$17,150,617	\$22,254,869	\$122,246,502	\$149,396,101	\$198,017,292	\$174,666,264	\$191,614,801	\$184,909,787
29	Total Non-Operating Revenue	\$440,687	\$302,269	\$2,180,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459	\$440,687	\$302,269	\$2,180,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459
30	Total Revenue	\$17,473,600	\$18,440,968	\$19,999,698	\$18,273,601	\$18,500,953	\$24,244,041	\$132,667,677	\$159,519,179	\$202,129,263	\$202,119,263	\$196,115,141	\$190,916,246	\$17,473,600	\$18,440,968	\$19,999,698	\$18,273,601	\$18,500,953	\$24,244,041	\$132,667,677	\$159,519,179	\$202,129,263	\$202,119,263	\$196,115,141	\$190,916,246
31	Percent/Deficiency of Revenue Over Expenses	\$1,056,659	\$1,794,424	\$2,186,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459	\$1,056,659	\$1,794,424	\$2,186,097	\$1,666,669	\$1,349,336	\$1,989,129	\$10,421,175	\$4,103,078	\$4,111,971	\$4,448,357	\$2,211,329	\$6,006,459
32	Total Net Assets	\$21,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831	\$31,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831	\$21,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,575,799	\$38,871,831	\$31,078,740	\$22,245,021	\$23,811,697	\$24,843,028	\$25,57	

PROSPECT WATERBURY, INC.
REPORT 388 - HOSPITAL CONSOLIDATED FINANCIAL DATA ANALYSIS

LINE	DESCRIPTION	YTD											
		APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER	APRIL	MAY	JUNE	JULY	AUGUST	SEPTEMBER
		E1:2017	E1:2017	E1:2017	E1:2017	E1:2017	E1:2017	E1:2017	E1:2017	E1:2017	E1:2017	E1:2017	E1:2017
3	Debit in Net Accounts Receivable												
	Net Patient Accounts Receivable	\$20,166,316	\$20,403,833	\$24,419,233	\$24,156,000	\$24,731,237	\$24,731,237	\$20,460,833	\$24,419,233	\$24,156,000	\$24,731,237	\$24,731,237	
	Less From Third Party Payers	\$0	\$0	\$0	\$1,838,598	\$990,195	\$990,195	\$0	\$0	\$1,838,598	\$990,195	\$990,195	
	Less From Other Payers	\$4,697,483	\$1,991,921	\$945,638	\$0	\$0	\$0	\$0	\$4,697,483	\$1,991,921	\$945,638	\$0	
	Less From Other Accounts Receivable and Third Party Payer Facility	\$25,098,833	\$26,501,912	\$24,773,625	\$26,991,598	\$29,421,402	\$24,773,625	\$25,098,833	\$25,001,912	\$24,773,625	\$26,991,598	\$24,773,625	
	Total Net Patient Revenue	\$17,070,713	\$18,138,888	\$17,622,601	\$16,666,522	\$17,150,647	\$17,150,647	\$14,036,503	\$17,150,647	\$16,666,522	\$17,622,601	\$17,622,601	
4	Debit in Payment Pooled												
	Total Current Liabilities	\$28,624,694	\$27,793,497	\$27,647,048	\$28,603,839	\$27,792,390	\$27,792,390	\$26,439,192	\$27,647,048	\$27,793,497	\$27,647,048	\$28,624,694	
	Total Net Assets	\$16,464,171	\$16,654,303	\$16,702,183	\$15,441,178	\$16,122,796	\$16,122,796	\$15,918,601	\$16,464,171	\$16,654,303	\$16,702,183	\$16,464,171	
	Depreciation Expense	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	
	Depreciation Expense less Depreciation on Leases	\$15,950,921	\$16,141,143	\$15,278,933	\$14,927,228	\$15,608,248	\$15,608,248	\$15,005,411	\$15,950,921	\$16,141,143	\$15,278,933	\$15,950,921	
	Total Gross Revenue	\$72,005,707	\$78,443,779	\$77,182,208	\$72,554,611	\$76,366,840	\$73,000,074	\$72,118,864	\$76,976,373	\$76,976,373	\$77,182,208	\$78,443,779	
	Total Expenses	\$54,678,781	\$59,286,589	\$59,070,542	\$55,314,582	\$58,237,023	\$54,120,785	\$58,689,785	\$59,468,154	\$59,286,589	\$59,070,542	\$60,164,789	
C	Lease and Capital Structure												
1	Long-Term Debt to Equity		0.72	0.69	0.62	0.61	0.61	0.72	0.69	0.65	0.62	0.62	
2	Long-Term Debt to Consolidation Ratio		41.8	40.8	39.4	38.1	37.8	29.4	40.8	39.4	38.1	29.4	
	Total Long Term Debt	\$15,141,378	\$15,318,647	\$16,450,199	\$16,436,408	\$16,568,530	\$16,589,332	\$15,141,378	\$15,318,647	\$16,450,199	\$16,436,408	\$16,589,332	
	Total Net Assets	\$21,078,740	\$22,446,021	\$23,811,697	\$24,843,028	\$25,613,799	\$26,871,831	\$23,078,740	\$22,446,021	\$23,811,697	\$24,843,028	\$25,613,799	
	Total Long Term Debt and Total Net Assets	\$36,220,118	\$37,265,099	\$39,261,996	\$40,279,436	\$41,141,119	\$42,253,163	\$38,220,118	\$37,265,099	\$39,261,996	\$40,279,436	\$42,253,163	
3	Unrestricted Cash to Total Debt Ratio		3.6	3.3	6.3	4.9	4.3	18.4	3.7	4.1	4.1	3.1	
	Depreciation/Amortization of Revenues Over Expenses	\$1,026,020	\$1,744,724	\$2,185,027	\$1,668,829	\$1,340,320	\$7,100,204	\$10,431,175	\$12,215,620	\$14,400,246	\$16,047,025	\$17,289,841	
	Depreciation Expense	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	\$513,250	
	Expenses Over Revenues	\$1,569,739	\$2,237,724	\$2,698,347	\$2,169,109	\$1,862,889	\$1,703,514	\$14,023,925	\$16,321,649	\$19,018,996	\$21,180,105	\$23,042,891	
	Total Current Liabilities	\$28,624,694	\$27,793,497	\$27,647,048	\$28,603,839	\$27,792,390	\$28,439,162	\$28,624,694	\$27,793,497	\$27,647,048	\$28,603,839	\$27,792,390	
	Total Long Term Debt	\$15,141,378	\$15,318,647	\$16,450,199	\$16,436,408	\$16,568,530	\$16,589,332	\$15,141,378	\$15,318,647	\$16,450,199	\$16,436,408	\$16,589,332	
	Total Current Liabilities and Total Long Term Debt	\$43,763,972	\$43,295,144	\$44,097,247	\$44,069,247	\$43,397,710	\$44,820,494	\$43,763,972	\$43,295,144	\$44,097,247	\$44,069,247	\$44,820,494	
4	Times Interest Earned		10	17	21	16	13	14	14	15	15	20	

GREATER WATERBURY HEALTH NETWORK
REPORT 3A8 - PARENT CORPORATION CONSOLIDATED FINANCIAL DATA ANALYSIS

LINE DESCRIPTION	MTD												YTD											
	APRIL FY 2017	MAY FY 2017	JUNE FY 2017	JULY FY 2017	AUGUST FY 2017	SEPTEMBER FY 2017	APRIL FY 2017	MAY FY 2017	JUNE FY 2017	JULY FY 2017	AUGUST FY 2017	SEPTEMBER FY 2017	APRIL FY 2017	MAY FY 2017	JUNE FY 2017	JULY FY 2017	AUGUST FY 2017	SEPTEMBER FY 2017						
1	Total Gross Revenue	\$80,071,497	\$87,298,120	\$88,855,026	\$79,560,699	\$84,078,647	\$81,877,717	\$86,000,414	\$79,539,740	\$80,884,833	\$83,884,833	\$910,462,800	\$1,000,440,997											
2	Total Absences	50,080,693	64,383,714	63,435,245	69,054,027	62,330,317	\$58,430,254	427,218,019	491,699,733	555,034,978	614,080,005	679,419,327	734,649,578											
3	Bad Debt	666,658	608,180	613,667	663,468	1,051,170	(3,604,180)	\$1,796,066	\$2,404,246	\$3,077,843	\$3,881,231	\$4,792,261	\$1,128,211											
4	Net Patient Revenue/Net Operating Revenue	\$20,989,095	\$22,996,278	\$23,786,214	\$20,249,659	\$21,197,060	\$27,151,643	\$151,482,299	\$174,078,435	\$166,864,649	\$218,114,107	\$237,311,197	\$264,462,819											
5	Total Operating Expenses	21,990,264	22,744,589	21,892,095	21,565,735	22,006,127	\$22,093,630	\$165,735,297	\$178,479,666	\$200,207,171	\$221,927,666	\$248,824,223	\$266,027,853											
6	Noncall (and) From Operations	(599,428)	(514,123)	(610,881)	(1,308,297)	(930,697)	\$5,098,013	(4,253,088)	(5,401,221)	(4,507,620)	(5,513,269)	(6,824,203)	(5,166,643)											
7	Total Non-Operating Revenue	1,941,200	654,459	1,517,103	1,122,918	946,792	1,485,654	7,782,752	6,627,184	10,164,487	11,286,208	12,243,097	13,679,211											
8	Excess/Deficit(s) of Revenue Over Expenses	\$7,004	\$705,326	\$1,671,282	(\$1,742,979)	\$19,705	\$8,469,697	\$3,939,697	\$4,249,909	\$5,697,225	\$3,492,946	\$3,690,091	\$17,113,669											
A	Operating Performance																							
1	Operating Margin	-4.51%	-0.63%	-0.48%	-4.11%	-3.66%	17.69%	-2.67%	-2.41%	-2.19%	-2.85%	-2.65%												
2	Non-Operating Margin	4.73%	3.64%	6.51%	5.33%	4.23%	8.07%	4.83%	4.73%	4.83%	4.97%	4.97%												
3	Total Margin	0.21%	3.01%	6.03%	-0.24%	0.62%	22.72%	2.22%	2.32%	2.70%	2.11%	2.41%												
4	Bad Debt as % of Gross Revenue	0.74%	0.69%	0.71%	0.83%	1.24%	-4.0%	0.39%	0.38%	0.60%	0.44%	0.52%												
1	Recurrent(s) From Operations	(894,298)	(816,133)	(610,841)	(81,386,597)	(880,697)	\$3,698,013	(4,423,088)	(4,401,221)	(4,507,620)	(5,513,269)	(6,824,203)	(5,166,643)											
2	Total Operating Revenue	\$20,990,000	\$22,996,226	\$23,796,214	\$20,249,658	\$21,197,060	\$27,151,643	\$151,482,299	\$174,078,435	\$166,864,649	\$218,114,107	\$237,311,197	\$264,462,810											
3	Total Non-Operating Revenue	\$1,041,300	\$854,459	\$1,517,103	\$1,130,218	\$866,792	\$1,485,654	\$7,782,752	\$6,627,184	\$10,164,287	\$10,248,208	\$13,679,211	\$15,878,711											
4	Total Revenue	\$22,031,300	\$23,450,685	\$23,303,317	\$21,381,876	\$22,143,812	\$28,637,297	\$159,274,804	\$182,725,619	\$177,028,396	\$228,362,315	\$251,010,412	\$280,341,521											
5	Excess/Deficit(s) of Revenue Over Expenses	\$47,042	\$705,326	\$1,411,282	(\$2,799,226)	\$13,795	\$5,469,697	\$3,939,697	\$4,249,909	\$5,697,225	\$3,492,946	\$3,690,091	\$17,113,669											
6	Unvested Net Assets	\$20,974,021	\$20,204,605	\$20,913,666	\$20,799,226	\$20,284,903	\$27,916,474	\$29,874,021	\$29,204,665	\$29,913,666	\$29,799,226	\$29,284,903	\$27,916,474											
7	Total Net Assets	\$90,979,497	\$97,288,120	\$98,033,098	\$78,866,693	\$94,513,647	\$91,877,717	\$96,000,414	\$86,000,414	\$79,539,740	\$80,884,833	\$83,884,833	\$919,462,800											
8	Total Gross Revenue	\$99,098,893	\$94,383,114	\$93,435,245	\$83,054,027	\$86,230,317	\$88,469,264	\$92,280,317	\$89,629,264	\$84,253,088	\$86,829,733	\$89,964,078	\$97,910,995											
B	Liability																							
1	Current Ratio	0.93	0.93	0.93	0.92	0.91	1.38	0.93	0.93	0.93	0.92	0.91	1.38											
	Total Current Assets	\$51,778,029	\$51,000,114	\$51,639,872	\$52,827,079	\$50,969,404	\$59,209,095	\$51,786,069	\$51,000,114	\$51,639,872	\$52,827,079	\$50,969,404	\$59,209,095											
	Total Current Liabilities	\$50,666,423	\$50,103,103	\$50,756,602	\$57,097,279	\$50,715,174	\$43,015,410	\$50,666,423	\$50,103,103	\$50,756,602	\$57,097,479	\$50,715,174	\$43,015,410											
2	Days Cash on Hand	12	8	6	8	12	11	12	8	7	7	11												
	Cash and Cash Equivalents	\$4,146,622	\$5,226,814	\$3,065,207	\$4,666,416	\$1,272,266	\$7,272,071	\$4,146,622	\$3,226,814	\$3,065,207	\$4,066,416	\$7,272,071	\$1,272,266											
	Short Term Investments	\$609,688	\$73,892	\$274,370	\$379,707	\$66,672	\$664,500	\$609,688	\$673,892	\$574,370	\$664,500	\$673,892	\$664,500											
	Total Cash and Short Term Investments	\$4,756,310	\$4,500,706	\$3,339,577	\$5,046,123	\$1,338,938	\$7,936,571	\$4,756,310	\$3,900,706	\$3,639,577	\$4,730,916	\$7,936,571	\$1,936,766											
	Total Operating Expenses	\$21,990,264	\$22,744,589	\$21,892,095	\$21,565,735	\$22,006,127	\$22,093,630	\$165,735,297	\$178,479,666	\$200,207,171	\$221,927,666	\$248,824,223	\$266,027,853											
	Depreciation Expense	\$996,558	\$908,180	\$913,587	\$863,408	\$1,051,170	\$20,111	\$4,691,456	\$4,691,456	\$4,691,456	\$4,691,456	\$4,691,456	\$4,691,456											
	Operating Expenses (net Depreciation Expense)	\$21,203,706	\$22,136,179	\$21,278,488	\$20,802,247	\$20,955,697	\$22,073,519	\$161,203,841	\$173,849,020	\$195,118,508	\$219,010,955	\$239,962,442	\$259,029,991											

GREATER WATERBURY HEALTH NETWORK
REPORT 308 - PARENT CORPORATION CONSOLIDATED FINANCIAL DATA ANALYSIS

LINE DESCRIPTION	MTD									YTD								
	APRIL FY 2017	MAY FY 2017	JUNE FY 2017	JULY FY 2017	AUGUST FY 2017	SEPTEMBER FY 2017	APRIL FY 2017	MAY FY 2017	JUNE FY 2017	JULY FY 2017	AUGUST FY 2017	SEPTEMBER FY 2017						
3																		
Net Revenue in Patient Accounts Receivable	\$ 20,190,319	\$ 28,493,833	\$ 26,419,253	\$ 26,155,000	\$ 26,731,237	\$ 30,177,208	\$ 20,190,319	\$ 28,493,833	\$ 26,419,253	\$ 26,155,000	\$ 26,731,237	\$ 30,177,208						
Net Patient Accounts Receivable	\$ 0	\$ 0	\$ 0	\$ 1,930,998	\$ 990,195	\$ 2,466,416	\$ 0	\$ 0	\$ 0	\$ 1,930,998	\$ 990,195	\$ 2,466,416						
Due From Third Party Payers	\$ 4,987,483	\$ 2,291,921	\$ 946,628	\$ 300,000	\$ 300,000	\$ 300,000	\$ 4,987,483	\$ 2,291,921	\$ 946,628	\$ 300,000	\$ 300,000	\$ 300,000						
Due To Third Party Payers	\$ 24,798,833	\$ 20,201,912	\$ 24,472,625	\$ 20,091,998	\$ 20,117,402	\$ 41,332,626	\$ 24,798,833	\$ 20,201,912	\$ 24,472,625	\$ 20,091,998	\$ 20,117,402	\$ 41,332,626						
Payer Assay	\$ 20,998,006	\$ 22,299,228	\$ 21,780,214	\$ 20,289,498	\$ 21,197,050	\$ 27,191,943	\$ 20,998,006	\$ 22,299,228	\$ 21,780,214	\$ 20,289,498	\$ 21,197,050	\$ 27,191,943						
Total Net Patient Revenue																		
4																		
Average Payment Period	78	77	79	85	82	89	78	77	78	80	79	81						
Total Current Liabilities	\$ 65,604,431	\$ 65,163,163	\$ 64,756,602	\$ 67,097,479	\$ 64,712,174	\$ 43,015,410	\$ 65,604,431	\$ 65,163,163	\$ 64,756,602	\$ 67,097,479	\$ 64,712,174	\$ 43,015,410						
Total Operating Liabilities	21,900,341	22,744,459	21,862,065	21,565,785	22,006,787	22,000,030	21,900,341	22,744,459	21,862,065	21,565,785	22,006,787	22,000,030						
Depreciation Expense	669,558	600,100	613,667	663,408	663,408	20,111	669,558	600,100	613,667	663,408	663,408	20,111						
Total Operating Expenses less Depreciation Expense	21,900,341	22,744,459	21,862,065	21,565,785	22,006,787	22,000,030	21,900,341	22,744,459	21,862,065	21,565,785	22,006,787	22,000,030						
Total Operating Expenses less Depreciation Expense	21,900,341	22,744,459	21,862,065	21,565,785	22,006,787	22,000,030	21,900,341	22,744,459	21,862,065	21,565,785	22,006,787	22,000,030						
Total Gross Revenue	\$ 60,079,497	\$ 67,598,120	\$ 69,035,006	\$ 70,860,693	\$ 64,034,447	\$ 61,977,717	\$ 60,079,497	\$ 67,598,120	\$ 69,035,006	\$ 70,860,693	\$ 64,034,447	\$ 61,977,717						
Total Expenses	\$ 69,099,693	\$ 64,363,714	\$ 63,435,246	\$ 69,054,027	\$ 62,330,317	\$ 59,459,254	\$ 69,099,693	\$ 64,363,714	\$ 63,435,246	\$ 69,054,027	\$ 62,330,317	\$ 59,459,254						
C																		
Retained and Capital Structure																		
1																		
Long-term Debt to Equity	0.53	0.55	0.52	0.53	0.54	0.41	0.53	0.55	0.52	0.53	0.54	0.41						
2																		
Least Term Debt to Capitalization Ratio	34.7	34.8	34.4	34.6	34.3	28.9	34.7	34.8	34.4	34.6	34.3	28.8						
Total Long Term Debt	\$ 16,092,248	\$ 16,151,607	\$ 15,686,183	\$ 15,744,099	\$ 15,948,280	\$ 15,381,352	\$ 16,092,248	\$ 16,151,607	\$ 15,686,183	\$ 15,744,099	\$ 15,381,352	\$ 15,017,660						
Total Net Assets	\$ 29,974,021	\$ 39,204,605	\$ 39,873,896	\$ 39,299,228	\$ 39,284,903	\$ 37,616,474	\$ 29,974,021	\$ 39,204,605	\$ 39,873,896	\$ 39,299,228	\$ 39,284,903	\$ 37,616,474						
Total Long Term Debt and Total Net Assets	\$ 45,970,269	\$ 45,356,412	\$ 45,560,089	\$ 45,033,327	\$ 45,233,183	\$ 53,017,806	\$ 45,970,269	\$ 45,356,412	\$ 45,560,089	\$ 45,033,327	\$ 45,233,183	\$ 53,017,806						
3																		
Manufactured Cash to Total Debt Ratio	0.9	1.8	2.8	0.7	1.7	1.0	0.8	1.2	1.3	1.6	1.7	3.2						
Excess/Deficiency of Revenue Over Expenses	\$ 41,002	\$ 170,328	\$ 1,411,302	\$ -174,270	\$ 197,055	\$ 6,493,867	\$ 41,002	\$ 170,328	\$ 1,411,302	\$ -174,270	\$ 197,055	\$ 6,493,867						
Depreciation Expense	\$ 669,558	\$ 600,100	\$ 613,667	\$ 663,408	\$ 663,408	\$ 20,111	\$ 669,558	\$ 600,100	\$ 613,667	\$ 663,408	\$ 663,408	\$ 20,111						
Excess of Revenues Over Expenses and Depreciation Expense	\$ 664,000	\$ 1,314,609	\$ 2,024,839	\$ -98,172	\$ 469,129	\$ 1,081,170	\$ 664,000	\$ 1,314,609	\$ 2,024,839	\$ -98,172	\$ 469,129	\$ 1,081,170						
Total Current Liabilities	\$ 65,604,431	\$ 65,163,163	\$ 64,756,602	\$ 67,097,479	\$ 64,712,174	\$ 43,015,410	\$ 65,604,431	\$ 65,163,163	\$ 64,756,602	\$ 67,097,479	\$ 64,712,174	\$ 43,015,410						
Total Long Term Debt	\$ 16,092,248	\$ 16,151,607	\$ 15,686,183	\$ 15,744,099	\$ 15,948,280	\$ 15,381,352	\$ 16,092,248	\$ 16,151,607	\$ 15,686,183	\$ 15,744,099	\$ 15,381,352	\$ 15,017,660						
Total Current Liabilities and Total Long Term Debt	\$ 71,556,669	\$ 71,314,770	\$ 71,442,785	\$ 72,842,174	\$ 71,660,454	\$ 58,396,762	\$ 71,556,669	\$ 71,314,770	\$ 71,442,785	\$ 72,842,174	\$ 71,660,454	\$ 58,396,762						
4																		
Times Interest Earned	0.46	0.72	13.40	-1.70	1.32	63.14	0.47	0.60	5.90	52.71	4.90	88.63						

User, OHCA

From: Roberts, Karen
Sent: Wednesday, January 31, 2018 3:12 PM
To: User, OHCA
Cc: Cotto, Carmen
Subject: FW: Prospect Waterbury Docket Number 15-32017_Compliance Material Submission and Condition #16

From: Cotto, Carmen
Sent: Wednesday, January 31, 2018 2:53 PM
To: 'colleen713.smith@gmail.com' <colleen713.smith@gmail.com>
Cc: Martone, Kim <Kimberly.Martone@ct.gov>; Roberts, Karen <Karen.Roberts@ct.gov>
Subject: Prospect Waterbury Docket Number 15-32017_Compliance Material Submission and Condition #16

Dear Colleen:

Please address the following in reference to Docket number 15-32017-486:

- 1) OHCA is requesting that all compliance filings from the hospital staff, first go to you, as the Independent Monitor (“IM”), and then you file the material with OHCA. This will provide OHCA with verification that you have reviewed the material to determine compliance to the order prior to OHCA’s review of the material. The submission of compliance documents by the hospitals’ staff directly to OHCA and only copied to you does not allow OHCA to clearly identify the IM’s involvement in the process of reviewing and submitting the documents.
- 2) Condition #16 stipulates that the IM is “...*to be responsible for monitoring the Applicants’ compliance with the Conditions set forth in this Order*”. The IM is required to look at the material filed and verify compliance for each condition. OHCA’s records show that no reports have been filed regarding this task. Please submit to OHCA a report of your review of Prospect’s Waterbury material to date that verifies compliance for each of the conditions set forth in the Order. In terms of how this report could be formatted, OHCA suggests to refer back to the IM’s work plan documents submitted to OHCA on December 9, 2016 which lists all of the conditions and actions that will be taking place then add a column to this document describing the IM’s observations on how compliance for each of the conditions listed has been met. After this catch up IM report, please file this on a semi-annual basis through the end of the IM contractual period.

It is also requested that you submit your responses via electronic mail by using the OHCA general email inbox which is OHCA@ct.gov. In addition, please continue to reference the CON docket number in the subject line of the email when transmitting.

You may contact me at (860) 418-7039 or Karen Roberts, Principal Health Analyst at (860) 418-7041, if you have any questions regarding this request.

Sincerely,
Carmen

Carmen Cotto, MBA
Associate Health Care Analyst
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, P.O. Box 340308, Hartford, CT 06134
P: (860) 418-7039 | F: (860) 418-7053 | E: carmen.cotto@ct.gov



www.ct.gov/dph

User, OHCA

From: Colleen Smith <colleen713.smith@gmail.com>
Sent: Wednesday, February 14, 2018 3:25 PM
To: Newton, Susan; Martone, Kim; Roberts, Karen; Peter Adamo;
von.crockett@prospectmedical.com; Lumia, Kim; Paul Golino; Cordeau, Sue; Katherine
Buckley; Debbie Berry; Patricia Charvat; User, OHCA
Cc: Colleen Smith
Subject: Docket Nunber 15-32017-486
Attachments: Nursing Consulting Partners Waterbury Health Agreement CS11.30 Final2.14.docx;
ATT00001.htm

To Whom It May Concern,

Please find the attached filing regarding Docket Number 15-32017-486, Transfer of Assets to Greater Waterbury Health Network From Prospect Medical Holdings. Independent Monitor has made 3 on site visits to GWHN during the past year, January 2017 - November 2017. Independent Monitor has reviewed all required policies and procedures and filings on an ongoing basis as outlined in the Conditions. Independent Monitor has found GWHN in full compliance with all requirements set forth in the order.

Sincerely,
Colleen Smith
Independent Monitor



GREATER WATERBURY HEALTH NETWORK WORK PLAN 11/28/16

INDEPENDENT MONITORING PROCEDURES (per Docket Number 15-32017-486)

OHCA Condition	IM Action	IM Review of Compliance with Condition
<p><u>CON Condition 4:</u> Within one hundred and eighty (180) days following the Closing Date, PMH shall submit a plan (the “Health Needs Plan”) for continuing to support and implement GWHN’s 2016 Community Health Needs Assessment (“CHNA”) and for conducting the New Hospitals’ next comprehensive study of community health needs in the Service Area (the “Community Health Needs Study” or “Study”). The Health Needs Plan shall describe in detail at least the following:</p> <ul style="list-style-type: none"> (i) the data that will be collected and analyzed to systematically assess health status Indicators of the Service Area; (ii) the identity of key community stakeholders and health organizations, unaffiliated with PMH, including without limitation, representatives of medically underserved populations, that will be enlisted to participate in the Study and the manner and extent of such participation by stakeholders in both the development of health priorities and planned implementation; (iii) the qualifications of consultants experienced in performing community health needs assessments who will be retained by PMH to ensure that the priority health needs of the community are accurately determined; (iv) the frequency with which the Study will be repeated; (v) the manner in which results of the Study and the implementation strategy to address the priority health needs identified therein (the “Implementation Strategy”) will be distributed to the community; and (vi) the manner in which the Study will complement the population health management objectives of PMH and the New Hospitals. 	<p>IM will obtain a copy of the Plan, verify timely submission, verify that it incorporated the required elements.</p>	<p>IM reviewed the Plan for submission of a Community Health Needs Study within 180 days post closing in March 17. All required elements of the Plan were included: the data analyzed, key stakeholders, the firm to conduct the study, frequency of study, communication to the community, and how the plan reflects the population health management objectives as outlined in the CHNA. The Health Needs Plan follows the same format as the CHNA study submitted in 2016.</p>
<p><u>CON Condition 5:</u> Within three (3) years following the Closing Date, PMH shall participate with New GWHN and the New Hospitals, and the key community</p>	<p>IM will obtain a copy of the Study, verify timely submission, verify that it</p>	<p>During IM on site visits to GWHN on January 9-13, May 11-13 2017 and</p>

<p>stakeholders and health organizations identified pursuant to Condition 4, in conducting a Community Health Needs Study and shall provide a copy of such Study and its Implementation Strategy to OHCA within thirty (30) days of completion. PMH and the participants shall utilize Healthy Connecticut State Health Improvement Plan data and priorities as the starting point for the Study (available at http://www.ct.gov/dph/lib/dph/state_health_planning/shipment/hct2020/hct2020_state_hlth_impv_032514.pdf) as well as any applicable community health improvement plan issued by any local health department in the Service Area.¹ The Implementation Strategy shall also adopt the evidence-based interventions identified in the Centers for Disease Control 6/18 initiative (available at http://www.cdc.gov/sixeighteen) to the extent the health priorities identified in the Study correlate to the health conditions identified by the CDC and provide information on how any patient outcomes related to the Implementation Strategy will be measured and reported to the community. PMH shall publish the Community Health Needs Study and the Implementation Strategy on New Hospital’s website. Until such time as the Community Health Needs Study and Implementation Strategy are submitted to OHCA, PMH shall continue to support and implement GWHN’s current CHNA for the Hospital. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a) 19a-613(b), 19a-639(a)(3) & (7); FF 56-57</i></p>	<p>incorporated the required elements and was published on the website.</p>	<p>November 14-16 2017, and on an ongoing basis, IM checked on progress with the plan for the Community Health Needs Study. GWHN continues to utilize the current CHNA study to guide their strategy and implementation.</p>
<p><u>CON Condition 6:</u> Within one hundred and eighty (180) days following the Closing Date, PMH shall submit a plan demonstrating how health care services will be provided by the New Hospital for the first three years following the Asset Purchase, including any consolidation, reduction, or elimination of existing services or introduction of new services (the “Services Plan”). The Services Plan will be provided in a format mutually agreed upon by OHCA and the Applicants. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Conn. Stat. §§ 19a-486(a), 19a-613(b), 19a-639(a)(5),(6) (7),(8),(9),(11) & (12); FF 18, 26-27</i></p>	<p>IM will obtain a copy of the Plan and verify it incorporated the required elements.</p>	<p>IM reviewed the Services Plan on 3/30/17 and verified that it included current services as well as expansion of some services such as a Congestive Heart Failure program, programs for healthy nutrition and eating, addiction services. IM also attended public meetings in which some of these programs were discussed. These services complement the needs outlined in the</p>

¹ Other tools and resources which the Applicants are encouraged to consider include County Health Rankings and CDC Community Health Improvement Navigator in order to assist with the Study process in terms of an understanding of social, behavioral, and environmental conditions that affect health, identifying priorities, and the use of evidence-based interventions.

		Community Health Needs Assessment completed in 2016.
<p><u>CON Condition 7:</u> Until such time as the Services Plan is submitted, PMH shall provide OHCA with notice of any reallocation of inpatient beds and relocation of outpatient services for the New Hospital specific to those services that existed at the Hospital as of the Decision Date. Such notice shall be provided within ten (10) days of any such reallocation or relocation and published on the website pages of the New Hospital. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486(a), 19a-613(b), 19a-639(a)(5),(6) (7),(8),(9),(11) & (12); FF 18, 26-27</i></p>	<p>IM will verify proper notification to OHCA within 10 days of any plan to reallocate inpatient beds and relocation of outpatient services. IM will assure timely publication on New Hospitals website within 10 days of decision to reallocate or relocate services.</p>	<p>On an ongoing basis and during on site visits, IM verified that GWHN is aware of the requirement to notify OHCA within 10 days regarding any future reallocation of beds and/or relocation of outpatient services. Inpatient beds and outpatient services remain unchanged. Any future change must be posted on hospital website. www.wtbyhosp.org</p>
<p><u>CON Condition 8:</u> Within one hundred and eighty (180) days following the Closing Date and thereafter on the same semi-annual schedule as set forth in Conditions 9 and 10 below until the capital commitment is satisfied, PMH shall submit to OHCA a report on the capital investments (“Capital Investment Report”) it has made in the New Hospital and its affiliates from the Commitment Amount. The Capital Investment Report shall include the following in a format to be agreed upon:</p> <ul style="list-style-type: none"> a. A list of the capital expenditures that have been made in the prior one hundred and eighty (180) days with descriptions of each associated project; and b. An explanation of why each expenditure was made and a timeframe for the roll out of the associated capital project (including estimated beginning, ending and startup/operation dates); and c. The dates and amounts of withdrawals from each of the New Hospital’s operating account and/or any other sources of funding used to fulfill the Capital Commitment. 	<p>IM will obtain the Plan, read the plan and verify that expenditures/investments made are in accordance with the Plan. IM will confirm timely submissions of all required reports.</p>	<p>IM verified on 5/11/17 that the plan incorporated all the required expenditures/investments and was signed by the CFO. IM verified submission to OHCA on 5/31/17 and 1/5/18.</p>

<p>The reports shall be signed by the New GWHN's Chief Financial Officer. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify the continued financial feasibility of the project. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(3),(4) & (5); FF 38-45</i></p>		
<p><u>CON Condition 9:</u> For three (3) years following the Closing Date, PMH shall file the following information with OHCA on a semi-annual basis for New GWHN and the New Hospital, respectively:</p> <p>a. The cost saving totals achieved in the following Operating Expense Categories for GWHN and New Hospital: Salaries and Wages, Fringe Benefits, Contractual Labor Fees, Medical Supplies and Pharmaceutical Costs, Depreciation and Amortization, Interest Expense, Malpractice Expense, Utilities, Business Expenses and Other Operating Expenses. The categories shall be consistent with the major operating expense categories (Categories A, B, C, D, E, G, H, I, J, and K) which are in use at the time of reporting in the OHCA Hospital Reporting System ("HRS") Report 175 or successor report. The semi-annual submission shall also contain narratives describing:</p> <ol style="list-style-type: none"> 1. the major cost savings achieved for each expense category for the semi-annual period; and 2. the effect of these cost savings on the clinical quality of care. <p>b. A consolidated Balance Sheet, Statement of Operations, and Statement of Cash Flows for New GWHN and New Hospital. The format shall be consistent with that which is in use at the time of reporting in OHCA's HRS Reports 100/150, 300/350 or successor reports.</p> <p>For purposes of this Order, semi-annual periods are October 1-March 31 and April 1 – September 30. The required information is due no later than two (2) months after the end of each semi-annual period. Due dates are May 31st and November 30th, beginning November 30, 2016. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify the continued financial feasibility of the project. <i>Legal and Factual Basis: Stat.</i></p>	<p>IM will review the PMH filings regarding cost savings achieved in accordance with a. 1-2 and b. of Condition 9.</p>	<p>IM reviewed the filings related to Condition 9 on 5/31/17 and 1/5/18 and verified that all cost savings requested in a.1-2 and b of Condition 9 were included. On 11/17/17 GWHN requested an extension of the 11/30/17 deadline for submission. OHCA approved the extension until 1/5/18. IM was aware of the request and its approval and reviewed the filing on 1/5/17.</p>

<p>§§ 19a-486d(a), 19a-613(b), 19a-639(a)(4) & (5); FF 51, 60-63</p>		
<p>CON Condition 10: For three (3) years following the Closing Date, PMH shall submit to OHCA a financial measurement report. This report shall be submitted on a semi-annual basis and show current month and year-to-date data and comparable prior year period data for New Prospect Waterbury, Inc. The required information is due no later than two (2) months after the end of each semi-annual period. Due dates are May 31st and November 30th, beginning November 30, 2016. The following financial measurements/indicators should be addressed in the report: (i) Operating performance to include operating margin, non-operating margin, and total margin; (ii) Liquidity to include current ratio, days cash on hand, days in net accounts receivables, and average payment period; (iii) Leverage and capital structure to include long-term debt to equity, long-term debt to capitalization, unrestricted cash to debt, times interest earned ratio, debt service coverage ratio, and equity financing ratio; and (iv) Additional Statistics to include income from operations, revenue over (under) expense, cash from operation, cash and cash equivalents, net working capital, free cash flow (and the elements used in the calculation), unrestricted net assets/retained earnings, bad debt as a percentage of gross revenue, and credit ratings.</p>	<p>IM will obtain the financial measurement report and read to confirm that the required elements are addressed in the report; IM will confirm the timely submission of each report.</p>	<p>IM reviewed the required financial measurement reports (i)-(iv) as stated in Condition 10 on 5/31/17 and 1/5/18.</p>
<p>CON Condition 11: PMH shall ensure that the New Hospital maintains and adheres to GWHN's current policies regarding charity care, indigent care and community volunteer services at New GWHN after the Closing Date all as consistent with state and federal law or adopt other policies that are at least as generous and benevolent to the community as GWHN's current policies. These policies shall be posted on the website of the New Hospital and as additionally required by applicable law. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>IM will obtain copies of the relevant financial assistance policies, read and confirm that as adopted financial assistance policies (or policies at least as generous as these policies) using management approval of the policies as evidence. After verifying that this step has been properly completed, IM will confirm that these policies are properly posted on website</p>	<p>During IM on site visits to GWHN on January 9-13, May 11-13 and November 14-16 2017, IM reviewed policies and confirmed the hospital's adherence to these policies regarding charity care, indigent care and community volunteer services. IM verified posting of the required charity care policies on the hospital website.</p>
<p>CON Condition 12: For three (3) years following the Closing Date, PMH shall provide written notice to OHCA of any modification, amendment or revision to the charity care, indigent care and community volunteer</p>	<p>After obtaining original policies on charity care, indigent care, and community volunteer</p>	<p>During IM's 3 site visits to GWHN, IM verified that the charity and indigent care and community</p>

<p>services of New Hospital within thirty (30) days of such change. The notice of these changes shall be accompanied by copies of any revised policies and the notice and revised policies shall be posted on the website of the New Hospital simultaneously with their submission to OHCA. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>services, IM will read and assess these policies on an annual basis for changes. When changes are made to these policies, IM will confirm OHCA is notified (as required) and revised policies are posted to the website.</p>	<p>volunteer services were in continuing operations and have remain unchanged.</p>
<p><u>CON Condition 13:</u> PMH shall maintain community benefit programs and community building activities for the New Hospital for three (3) years after the Closing Date consistent with the Hospital’s most recent Schedule H of IRS Form 990 or shall provide such other community benefit programs and community building activities that are at least as generous and benevolent to the community as GWHN’s current programs, and PMH shall apply a 1% increase per year for the next three (3) years toward community building activities in terms of dollars spent. In determining the New Hospital’s participation in and investment in both community benefits and community building activities, PMH shall address the health needs identified by the applicable CHNA or Study in effect at the time and the population health management objectives, including social determinants of health, contained in the related Implementation Strategy.</p> <p>a. On an annual basis, the Applicants shall identify the amounts and uses related to community benefits and community building and shall discuss how such investments and support are being applied toward the health needs identified in the CHNA or Study and population health management objectives. Such reporting shall be filed within thirty days of the anniversary date of the closing for three years and shall be posted on the New Hospital’s website. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>IM will obtain most recent Schedule H of IRS Form 990 to act as a baseline. IM will then compare on an annual basis the results of that year to the baseline in order to verify that the 1 percent increase requirement has been met.</p> <p>IM will also obtain the report/summary on the amounts and uses related to community benefits and community building per the categories identified in the CHNA. IM will confirm that these documents are filed in a timely manner and posted to the website.</p>	<p>During IM on site visits GWHN on January 9-13, May 11-13 2017 and November 14-16 2017, and on an ongoing basis, IM checked on the progress with the plan for the Community Health Needs Study. IM verified that GWHN met the required 1% increase in community benefit spending. In 2017 GWHN spent 5% more on community benefit programs than in 2016. IM reviewed this report to OHCA on 10/30/17. IM will review the annual report concerning the 2018 spend on community benefit prior to its due date of 10/30/18.</p>
<p><u>CON Condition 14:</u> The New Hospital agrees to comply with the following general community benefit standards for at least the first three years. (a) the New Hospital shall provide public health programs to the community and generally promote the welfare of the community; (b) the New Hospital shall have open medical staffs and not restrict the</p>	<p>IM will verify the New Hospitals’ compliance with community benefit standards a through d as stated in Condition 14.</p>	<p>During site visits to GWHN IM verified that the hospital operates and supports many community public health programs; has an open medical staff; participates in Medicare and</p>

<p>use of facilities to a particular group of physicians and surgeons to the exclusions of other qualified doctors; (c) the New Hospital shall participate in the Medicare and Medicaid programs; and (d) the New Hospital shall operate 24/7 emergency departments and provide emergency services to patients regardless of their ability to pay. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); Tr., Testimony of Tom Reardon, President. PMH East on 5/3/16, pp. 103-04</i></p>		<p>Medicaid programs and; provides 24/7 care in the emergency department regardless of the patients ability to pay.</p>
<p><u>CON Condition 15:</u> The New Hospital shall work toward making culturally and linguistically appropriate services available and integrated throughout their hospital operations. Specifically, the New Hospital shall take reasonable steps to provide meaningful access to each individual with limited English proficiency eligible to be served or likely to be encountered in its health programs and activities, in accordance with the implementing regulations of Section 1557 of the Patient Protection and Affordable Care Act. Additionally, the New Hospital shall provide appropriate insurance navigator services for patients and, where appropriate, English as a second language and cultural competency training for employees. In complying with this Condition, New GWHN shall be guided by the National Standards for Culturally and Linguistically Appropriate Services in Health and Health Care published by the U.S. Department of Health and Human Services' Office of Minority Health. For three (3) years following the Closing Date, PMH shall submit a written report on its activities directed at meeting this Condition. Such reporting shall be filed within thirty days of the anniversary date of the closing for three years and shall be posted on the applicable Hospital website. OHCA is imposing this condition so as to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: 45 C.F.R. §92.201; Stat. §§ 19a-486d(a), 19a-613(b), 19a-639(a)(5),(6) & (11); FF 52-55, 59</i></p>	<p>IM will obtain and review interpreter services policies and contracts as applicable. Additionally, IM will obtain a cultural competency plan, training, as well as related policies. IM will also obtain report and supporting documents and confirm the timely filing of these materials</p>	<p>During on site visits IM verified that culturally and linguistically appropriate services were integrated throughout hospital operations. IM observed signs related to these services in hallways, the ED and main lobby areas. GWHN utilizes CYRACON for interpreter services and video remote interpreting equipment is available throughout the facilities. IM verified that financial services and financial counseling were accessible and easily visible to patients. IM observed many signs throughout the hospital and facilities and offices related to financial counseling. IM reviewed the GWHN written report concerning these services on 10/30/17 and verified timely submission to OHCA and posting on hospital website. www.wtbyhosp.org</p>
<p><u>CON Condition 16:</u> Within sixty (60) days after the Closing Date, the Applicants shall contract with an Independent Monitor who has experience in hospital administration and regulation, including maintaining</p>	<p>IM and PMH will execute a Consulting Services Agreement by the required date. A draft</p>	<p>The Consulting Services Agreement for the Independent Monitor was fully executed on 12/5/17</p>

<p>quality control in a High Reliability Organization (“HRO”). The Independent Monitor shall be retained at the sole expense of PMH, at a cost which shall not exceed \$300,000 in the aggregate. Representatives of OHCA and the Facility Licensing and Investigations (“FLIS”) section of the Department of Public Health (“DPH”) will approve the Independent Monitor’s appointment. The Independent Monitor shall be engaged for a minimum period of two (2) years following the Closing Date, which may be extended for another year at OHCA’s and/or FLIS’s discretion. The Independent Monitor will be responsible for monitoring the Applicants’ compliance with the Conditions set forth in this Order. PMH shall provide the Independent Monitor with appropriate access to New Hospitals and their applicable records in order to enable the Independent Monitor to fulfill its functions hereunder. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify and monitor compliance with the conditions set forth herein. <i>Legal and Factual Basis: Conn. Gen. §§ Stat. 19a-486(a), 19a-613(b), 19a-639(a)(1),(2),(4),(5),(6),(7),(11) & (12); FF 26-27, 30-45, 52-57, 59</i></p>	<p>of this Agreement has been provided to OHCA.</p>	<p>and provided to OHCA.</p>
<p><u>CON Condition 17:</u> The Independent Monitor will report to both OHCA and FLIS. The Independent Monitor shall conduct on-site visits of New Hospital on no less than a semi-annual basis to assess PMH’s modified Quality Assurance Performance Improvement (“QAPI”) program, and compliance with the Quality Commitment Letter. The Independent Monitor shall furnish a written report of his or her assessment to OHCA and FLIS within thirty (30) days of the completion of each on-site review. PMH will have the opportunity to review and provide written responses to the report. As OHCA deems necessary, the Independent Monitor shall meet with OHCA and FLIS personnel to discuss the written report and will perform additional periodic reviews and reviews of other PMH affiliated sites of service. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify and monitor compliance with the conditions set forth herein. <i>Legal and Factual Basis: Conn. Gen. §§ Stat. 19a-486(a), 19a-613(b), 19a-639(a)(1),(2),(4),(5),(6),(7),(11) & (12); FF 26-27, 30-45, 52-57, 59</i></p>	<p>IM will plan, at a minimum, two site visits per year. The site visits will include meetings with Administration/Leadership. IM will verify compliance with the quality Assurance commitment Letter. IM will provide a written report to OHCA, and FLIS that summarizes the activities from the prior six month period along with any recommendations or observations</p>	<p>IM made 3 visits to GWHN in January, May and November 2017. Comprehensive written reports were furnished to OHCA and FLIS within 30 days of each visit.</p>
<p><u>CON Condition 18:</u> If, at any time within three (3) years following the Closing Date, the New Hospital’s Local Board agrees with PMH to change any of GWHN’s Post</p>	<p>IM will verify that PMH notifies OHCA and the Health Systems Branch in</p>	<p>IM verified with PMH and GWHN during site visits and on an ongoing</p>

<p>Closing Quality Practices described in the Quality Commitment Letter other than to make any changes necessary to address (i) an immediate issue of patient safety; (ii) changes in federal, state, and local laws; or (iii) as mandated or recommended in guidance by a governmental agency, PMH shall notify OHCA and FLIS in writing within thirty (30) days of any such change going into effect. If the Independent Monitor disagrees with the change, OHCA may require that a request for modification be submitted and approved as required by C.G.S. §4-181a to make the change. OHCA is imposing this condition to ensure continued access to health care services to the patient population and to verify and monitor compliance with the conditions set forth herein. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-613(b), 19a-639(a)(1),(2),(5) & (6); FF 30-37</i></p>	<p>writing within 30 days of any change in the Seller Quality Programs with the exceptions i through iii as stated in condition 18.</p>	<p>basis that they must notify OHCA and FLIS if the Board is planning on making any changes to the Quality Program as outlined in the Quality commitment letter.</p>
<p><u>CON Condition 19:</u> For three (3) years following the Closing Date, PMH shall hold a meeting of the New Hospital Board and the Local Board (“Joint Board Meetings”) at least twice annually. Such Joint Board Meetings shall be followed by a meeting to which the public is invited in advance and at which the public is informed of the New Hospital’s activities and afforded an opportunity to ask questions and make comments. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-613(b), 19a-639(a)(2),(3),(5),(7),(8),(11) & (12); FF 28-30</i></p>	<p>IM will assure that Joint Board Meetings occur twice annually followed by public meetings as required in Condition 19.</p>	<p>GWHN has held 2 Joint Board meetings followed by public community meetings at Waterbury Hospital on 5/11/17 and 11/28/17. IM was notified and provided agendas in advance of these meetings and attended both meetings.</p>
<p><u>CON Condition 20:</u> For three (3) years following the Closing Date, PMH shall allow for one (1) community representative to serve as a voting member of the Local Board with rights and obligations consistent with other voting members under the Local Board Bylaws. The community representative shall be selected in consultation with the Mayor of Waterbury in order to ensure the appointment of an unbiased person who will fairly represent the interests of the communities served by the Hospital. OHCA is imposing this condition to ensure continued access to health care services to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-613(b), 19a-639(a)(2),(3),(5),(7),(8),(11) & (12); FF 28-30</i></p>	<p>IM will verify the New GWHN include 1 community representative that is a voting member of the local board.</p>	<p>IM has verified that GWHN has appointed an appropriate community representative who is a voting member of the local Waterbury Hospital board. IM has met the local representative at Board meetings. He has been serving the City of Waterbury in various leadership roles over the past 15 years. He currently serves as the Chair of the Waterbury Chamber of Commerce and is as the Executive Director of the UCONN Waterbury campus.</p>
<p><u>CON Condition 21:</u> PMH, New GWHN and the New Hospital shall abide by all requirements of licensure that may be imposed by FLIS in any Pre-Licensing Consent Order or similar agreement that FLIS may enter with</p>	<p>IM will verify that all requirements of licensure are met.</p>	<p>During on site visits in January and May 2017, IM verified that GWHN was in compliance with</p>

<p>these parties. OHCA is imposing this condition to ensure that quality health care services are provided to the patient population. <i>Legal and Factual Basis: Stat. §§ 19a-486d, 19a-490, 19a-493, 19a-639(a)(1),(2),(5) & (6); FF 30-37</i></p>		<p>the pre-existing Consent Order imposed by FLIS during previous FLIS visit. IM was notified that GWHN was back in full compliance with the CMS violations as of 2/28/16. Audits were up to date on review and all requirements have now been satisfied.</p>
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User, OHCA

From: Colleen Smith <colleen713.smith@gmail.com>
Sent: Wednesday, March 28, 2018 4:33 PM
To: Charvat, Patricia; Adamo, Peter; Ellen J. Shin (Legal Department); Frank Saidara (frank.saidara@prospectmedical.com); Garrison De Lee (Legal Department); Martone, Kim; Cotto, Carmen; Roberts, Karen; User, OHCA
Cc: Colleen Smith
Subject: Re: Docket # 15-32017-486 Transfer of Assets to Greater Waterbury Health Network to Prospect Medical Holdings.
Attachments: CHNA letter to Colleen Smith March 2018.pdf; ATT00001.htm

Dear Colleagues,

Enclosed please find a summary related to the OHCA Conditions 4 and 5. It is a comprehensive progress summary of the many community activities sponsored by GWHN. As part of the OHCA Independent Monitor Work Plan, I have reviewed the report and found it to be supportive of the needs of the Greater Waterbury service area as reflected in the CHNA study conducted in 2016.

Please do not hesitate to call me with any related questions or concerns.

Yours truly,
Colleen Smith
Independent Monitor

Colleen O'Brien Smith MSN RN NEA-BC
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Waterbury HEALTH

March 26, 2018

Colleen O'Brien Smith, MSN, RN, NEA-BC
Independent Monitor
Nursing Consulting Partners
6909 S. Park View Court
Franklin, WI 53132

Re: Docket Number: 15-32017-486

Project Title: Transfer of assets of Greater Waterbury Health Network to Prospect Medical Holdings, Inc.

Dear Ms. Smith,

This letter is in response to your request for a summary of the efforts of the Greater Waterbury Health Network (now called Waterbury HEALTH) to engage members of its communities in the implementation of the 2016 Greater Waterbury Health Improvement Partnership/Waterbury Hospital Community Health Needs Plan (Health Plan) which was filed with the Office of Health Care Access (OHCA) in March 2017. For reference, a copy of the Health Plan may be found using this [link](#) and a copy of the Implementation Plan can be found at this [link](#).

Waterbury Hospital and the entire Waterbury HEALTH community are always seeking new opportunities to work with community partners. The following is a partial list of the organizations we work closely with to fulfill our mutual goal of improving health and the quality of life in our City and our region (Attachment One is a full listing of our community partners).

- Greater Waterbury Health Improvement Partnership (see more detail in next section)
- City of Waterbury
- Community EMS Providers
- Girls, Inc.
- Greater Waterbury Campership Fund
- Greater Waterbury Interfaith Ministries
- Mayor's Drug Task Force
- Pomperaug Health District
- Safe Haven of Greater Waterbury
- Senior Centers in Waterbury, Naugatuck, Southbury, Oxford, Wolcott, Watertown, Middlebury
- St. Vincent DePaul Mission
- United Way of Greater Waterbury
- Waterbury Department of Public Health
- Waterbury Public and other local schools
- Waterbury Regional Chamber

Community Health Improvement and Health Needs Addressed

Waterbury Hospital/Waterbury HEALTH is an active participant in the Greater Waterbury Health Improvement Partnership (GWHIP), the coalition that works together to identify the community's needs through a Community Health Needs Assessment (CHNA). Based on the CHNA, the group then develops strategies and action plans to address these needs. Action plans are developed both for the group as well as a plan for each organization. As previously noted, the last CHNA completed for this group was in 2016.

The Greater Waterbury Health Improvement Partnership reviewed the findings and discussed cross-cutting approaches to further address the priority areas identified in the CHNA. These are the four priority areas adopted for Waterbury:

- Access to Care – including Mental Health/Substance Abuse
- Healthy Lifestyle – including Obesity and Tobacco Use
- Asthma, and
- Health Communications.

Access to Care

Representatives from Waterbury Hospital are currently chairing the GWHIP Access to Care Workgroup. The workgroup is working on communication, including the development of a website with healthcare and social services resources. The workgroup also continues to work on creating the Community Care Team, which will provide cross-organization case management between both hospital EDs and a comprehensive array of community organizations for high utilization emergency department visitors.

Waterbury Hospital employees contributed to the Access to Care Workgroup development of infographics for the Waterbury community. We are also collaborating with the Waterbury Health Department on its Opioid grant to provide Narcan to the community.

Other Waterbury Hospital/GWHN initiatives related to Access to Care include the following.

The Waterbury Health Access Program (WHAP) improves access to high-quality medical care by providing comprehensive case management, pharmacy assistance, and access to primary and sub-specialty medical care for the uninsured and underinsured residents of the Greater Waterbury region. With the institution of the ACA, WHAP workers have become Access Health CT Assistants, have increased their navigation services to include the Medicaid population, and continue to add to its repertoire addressing the social determinants of health for those who are identified as high utilizers with chronic health conditions. A recent new initiative has been more coordination between the Emergency Department and WHAP to help connect patients with a primary care provider.

In order to ensure that patients have access to medical appointments, at the hospital and at local physicians' offices, **Waterbury Hospital's Be Well Bus** provides transportation services to patients from Waterbury and eleven of its surrounding towns.

Waterbury Hospital's Center for Behavioral Health is one of the region's largest service providers offering a full continuum of care for children, adolescents and adults. Our services include psychiatric evaluations, OT/AT evaluations, family and group therapy, didactic educational groups, individual counseling, recreational services, and mental health services. The Center continues its open access program in which appointments are not necessary, easing access to these services. We also do outreach to the community through regular participation in health fairs, elected membership in the Northwest Regional Mental Health Board, as a host site to numerous twelve-step meetings, and the provision of case management as well as acute services to the homeless within the City of Waterbury.

The Yale-Waterbury Hospital Internal Medicine Residency Program, initiated four years ago, is sponsored by Yale-New Haven Hospital and affiliated with Yale University. Activities include participation in research days at Yale and Waterbury Hospital/Saint Mary's Hospital, home and office visits for clinic patients and education seminars held at Waterbury Hospital and Yale University.

In addition, Waterbury Hospital/GWHN supports the education of healthcare professionals in all fields. The hospital offers clinical training opportunities for students of college and university programs. (Attachment Two is the list of educational institutions that the hospital has agreements with to provide clinical experiences to students).

Healthy Lifestyles

Since October, **the Waterbury Hospital Evergreen 50 wellness program** hosted numerous talks, three exercise programs (strength training, Pilates, and Zumba), and began a new nutrition track which includes a monthly "Cooking for the Health of It," cooking demonstration. Presentations were held on a variety of health topics including heart health, depression, muscles and joint pain, osteoporosis, healthy eating, asthma, bone health, and a range of other medical topics. **The Community Educator** employed by Waterbury Hospital and Saint Mary's Hospital conducts a series of health fairs and various health and wellness education sessions, including "Health Screenings," which provides patients with complimentary blood pressure screenings and health awareness education. In addition, Waterbury Hospital/HEALTH representatives participated in a number of community programs to provide health and wellness information to our communities (Attachment Three lists all programs and outreach into the community).

GWHIP's Healthy Lifestyle workgroup is working on mapping existing community resources in order to have a database on what exists and to identify the activities and initiatives of organizations within the community. The workgroup is also working on establishing the State of CT Livewell Diabetes Self-Management Program in Waterbury or having some type of diabetes education available to the community.

To address the community's health needs related to obesity and diabetes management, Waterbury Hospital, in conjunction with local churches, launched the **Reinventing Banana Pudding** program. Through this program Waterbury Hospital hosts a cooking demonstration/nutrition (diabetes) presentation in the community. Also, Waterbury Hospital in partnership with the Western CT Area on Aging is facilitating the Livewell Diabetes Self-Management Program. In June 2017, Waterbury Hospital had three employees trained as Livewell Diabetes Facilitators. The program started on October 2, 2017 at the Saint Francis Xavier Church in Waterbury and the classes are in Spanish.

The Comprehensive Weight Management Program offers medical and surgical weight loss options for patients. Services include medical nutrition therapy, medical weight loss, and surgical weight loss. Medical Nutrition Therapy with a registered dietitian is available to patients with a variety of medical conditions such as diabetes, chronic kidney disease, hypertension, high cholesterol, as well as for those who are looking to lose weight.

The Live Well with Diabetes Workshop is a partnership with Waterbury Community Organizations to offer a six-week program open to the public that will help people learn about what to eat, foot care, blood sugar, sick day guidelines, tips for dealing with stress, how to set small and achievable goals.

Through GWHIP, we are partnering with the Waterbury Health Department for **the Putting on AIRS Program**. The ED is referring qualified patients to the Waterbury Health Department with an asthma action plan. The program is an evidenced based free home visitation program focusing on indoor asthma triggers and education about asthma as a chronic illness. Posters for the Putting on AIRS Program have been displayed in our ED in both English and Spanish.

Waterbury Hospital is participating in the CT Hospital Association Asthma Initiative which is working towards having an asthma action plan given to every patient who comes into the Emergency Department (ED) with an asthma diagnosis and providing education on proper use of inhaler. The Asthma Action Plan was updated to match the CT Department of Public Health and was put into the Cerner System by our IS Department in March 2017.

Health Communications

The Health Communications Workgroup of GWHIP is a group that was added after the 2016 CHNA process. The workgroup's goal is to increase messaging and communications to the partners, community organizations, and the Greater Waterbury community. They have identified a vendor that will be in charge of the web design, social media, logo, and color scheme; the website is scheduled to be launched shortly.

Waterbury Hospital's PR Department is currently including information on community events and programs on the Waterbury Hospital's website – community calendar, Facebook page, and Evergreen newsletter.

Community Building Activities

The WH Youth Pipeline Initiatives were established in 2001 as a partnership between Waterbury Hospital and Waterbury Public Schools. The mission of the program is: "to close the achievement gap for minority and economically disadvantaged students in Waterbury so they can matriculate and compete nationally for placement in post-secondary education programs in preparation for health careers." WH has remained committed to enhancing and enriching the academic opportunities and personal journeys of our youth, who are the emerging workforce of tomorrow. Previously funded by grants, Waterbury Hospital/GWHN now covers nearly \$124,000 in costs for these essential community programs.

The WH Youth Pipeline Initiatives include:

1. **Providing Early Acquaintance with Careers in Healthcare (PEACH) Spring Break Program.** Each Spring, a three-day program is held for middle school students, with a focus on learning about health careers through job shadowing, experiential education, and attaining useful life and life safety skills such as CPR/First Aid Certification. A program was held last spring and another one is scheduled for this spring (April 16 -19), with enrollment of children currently underway.
2. **Summer Bridge Program.** Each summer Waterbury Hospital offers a six-week comprehensive program to inner-city middle and high school students. There is a rigorous educational curriculum and opportunities for students to explore career options through field trips while learning life skills such as cooking and nutrition. Classes include: English Language Arts, math, vocabulary, PSAT and SAT preparation, civic engagement, healthy eating, team building, journaling, poetry and job shadowing. Since its inception, 136 students have graduated, with 35 moving on to colleges and universities including Quinnipiac University, Northeastern University, and Naugatuck Valley Community College. Students are now applying for this Summer's program.
3. **Parent Leadership Training Institute (PLTI).** This intensive, 20-week curriculum teaches parents the skills to be able to advocate on behalf of their children as well as how they can engage in civic life to make a positive difference at the local, state and national levels. A requirement of graduation is that a participant must complete and implement a community project, a number of which have transitioned to not-for-profit organizations or LLCs. To date, 250 individuals have graduated, and a new adjunct program for children, the Children Leadership Training Institute, is now offered. Graduates have moved on to leadership positions, including a Waterbury Alderwoman, a school board commissioner, and the leader of the PLTI program.
4. **People Empowering People (PEP).** Done in partnership with the UCONN PEP program and the Waterbury Public Schools, this 10-week leadership development program has a strong community focus and teaches individuals how to take action to improve health and the quality of life in their communities. A completed group or individual project, which has a demonstrable impact on community life, is required. Waterbury Hospital conducts three programs, one in English, one in Spanish, and one in Albanian (the only one in the state). This year's program is underway.

Population Health Management

Condition 4 of the CON decision requires Waterbury Hospital/HEALTH to identify the manner in which the next community needs study will complement the population health management objectives of PMH and the new hospitals. Since the acquisition of Waterbury Hospital/HEALTH by PMH, considerable effort has been made to build the Coordinated Regional Care Model (CRC) in Waterbury. It has actively engaged the payer community to secure contracts that include risk-based payments for the lives attributed to Waterbury Hospital/HEALTH providers. In addition, Waterbury Hospital/HEALTH participates in a CMS Next Generation Accountable Care Organization, Prospect Northeast ACO.

CRC staff has made many contacts with community organizations as referrals are made for patients. This has been a daily effort in an attempt to not only connect patients to services, but also to help patients deal with the cost of healthcare while increasing the patient's education and foundation of knowledge relating to their conditions. The goal is to promote a healthier lifestyle and engage patients to be active participants in their health and well-being while also improving their overall experience with the health system.

The CRC and ACO staffs have implemented a robust inpatient and skilled nursing facility transition of care program. For patients admitted to Waterbury Hospital, a CRC care manager rounds daily with hospital care managers and hospital staff to share pertinent information from the Primary Care Physician (PCP) practice, meet with patients and family members to review the discharge plan, discuss PCP follow-up and to introduce a post-discharge contact person. A dedicated Transition of Care nurse reaches out to those patients who have a complex or a high-risk diagnosis. Referrals to a CRC nurse or social worker care manager are made based on patient's clinical or psychosocial needs. Additionally, community based primary care providers may make referrals to the CRC Care Management team to assist patients within the community who would benefit from additional care coordination, disease management support or social needs.

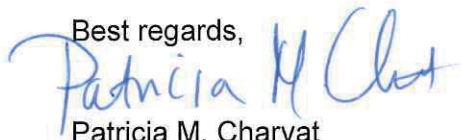
The CRC team has successfully developed a quality program that includes outreach to our patients with gaps in care by Quality Care Coordinators. CRC staff work closely with the Quality Committee of the Independent Practice Association and Prospect Provider Group to review trends, develop initiatives and increase patient adherence with obtaining needed healthcare services. In 2017, we saw an improvement in Quality Measure results for several key health plan partners.

The CRC care coordination staff has a primary role in connecting patients and their providers. The CRC social work staff assists patients with new referrals to mental health providers such as CHR, as well as many other psychiatric agencies and Diagnostic Assessment Centers. They assist with many social services including Department of Social Services cash assistance, food stamps, Protective Services for Elderly, referrals for homecare, local and state transportation, financial assistance working with all municipalities for energy assistance, renter's rebate, etc. The staff works in collaboration with the entire team at Waterbury Hospital/HEALTH on disease management/chronic care education, medication education that includes discussions with pharmacies, patients' inability to manage co-pay costs, caregiver assistance, and for support group referrals for patients and caregivers alike. They make referrals to local durable medical equipment providers to secure lower cost options, such as donated and refurbished equipment, for individuals with limited income or whose insurances will not cover those purchases.

Our goal is to continue partnering with other community organizations whose purpose and mission align with the goal of improving community health and wellness.

If you have any questions or need anything further, please feel free to contact me at (203) 573-6718.

Best regards,



Patricia M. Charvat
Director, Public Affairs

cc: Peter J. Adamo, Waterbury Hospital/HEALTH
Ellen J. Shin, General Counsel, Prospect Medical Holdings, Inc.
Frank Saidara, Vice President, Corporate Development, Prospect Medical Holdings, Inc.
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Attachment One: Waterbury Hospital/HEALTH Community Partners

- Acts 4 Ministry
- Albanian/American Muslim Community
- Alpha & Omega Ministries
- American Cancer Society
- American Legion
- Are You Dense?
- Boy Scouts
- Brass City Mall
- Concerned Black Clergy
- EasterSeals
- Hispanic Coalition of Greater Waterbury
- Girls, Inc.
- Greater Waterbury Health Improvement Partnership
- Greater Waterbury Interfaith Ministries
- Litchfield County Fire Chiefs Board of Directors
- Main Street Waterbury
- March of Dimes
- Mattatuck Museum
- Mayor's Drug Task Force
- Neighborhood Housing Services of Waterbury
- Naugatuck Senior Center
- Naugatuck Valley Community College
- Naugatuck YMCA
- Northfield Fire Company
- North and South Foundation
- The Palace Theater
- Pomperaug Health District
- Pomperaug River Watershed Coalition
- Rotary and Rotary International
- Safe Haven of Greater Waterbury
- Senior Centers in Waterbury, Naugatuck, Southbury, Oxford, Wolcott, Watertown, Middlebury
- Silas Bronson Library
- Stone Academy Academic Advisor
- St. Vincent DePaul Mission of Waterbury
- United Way of Greater Waterbury
- VFW
- Waterbury Development Corporation
- Waterbury Gardens
- Waterbury Hospital Auxiliary Inc.
- Wolcott Board of Education
- Waterbury Ole Skool
- Waterbury Neighborhood Council
- Waterbury Police Explorers

Attachment One: Waterbury Hospital/HEALTH Community Partners (continued)

- Waterbury Public Schools
- Waterbury Regional Chamber
- Waterbury Symphony
- Watertown Police Department
- Wolcott High School Robotic Team
- Wounded Warriors
- YMCA of Greater Waterbury

Attachment Two: Waterbury Hospital Affiliations with Educational Institutions

Bridgeport Hospital School of Nursing
Capital Community College Paramedics
Central Connecticut State University
Frank H. Netter MD School of Medicine at Quinnipiac University
Gateway Community College (4 different health professional programs)
Goodwin College
Hoffman Heart and Vascular Institute of CT Vascular Tech
Kinds College Physician Assistant Program
MCPHS University
National Medical Education and Training Center, Inc.
Naugatuck Valley Community College (School of Nursing)
NorthWestern Connecticut Community College School of Nursing
Nova Southeastern University Biomedical Informatics Program
Post University
Quinnipiac University (3 medical professional programs)
Sacred Heart University
South Connecticut State University School of Nursing
Springfield College Physician Assistant Program
St. George's University Sub-Interns
Stone Academy
Tufts University Physician Assistant Program
UConn Pharmacy
UConn School of Nursing
University of Bridgeport Medical Laboratory Services
University of Bridgeport (PA programs)
University of Connecticut School of Medicine
University of St. Joseph School of Nursing
University of St. Joseph Dietetics Program
Western CT State University School of Nursing
Wilby High School
Yale School of Medicine
Yale School of Nursing

Attachment Three: Community Outreach Programs & Engagement October 2017 through April 2018

October

- Blessing of the Animals
- "Being Mortal," film and discussion, sponsored with VITAS
- Walk in their Footsteps, St. Vincent DePaul Mission
- "Mind, Body, and Spirit" presentation, Oxford Senior Center
- Mardi Gross Day, City of Waterbury (major sponsor)
- "Mind, Body, and Spirit," presentation, Naugatuck Senior Center
- Watertown Fall Festival and Woodbury Fall Festival, screenings and information about better health
- Fall Prevention Fair, Waterbury Hospital
- Fall Prevention Program, Waterbury Senior Center

November & December

- Waterbury Senior Center Wellness, Flu Shots
- Brass City Charter School Flu Shots
- Reinventing Banana Pudding Diabetes Mgt Program: Willow Plaza Community Center
- Wellness Talk at Prospect Senior Center
- Veterans Lunch
- Easterseals: Waterbury Hospital Auxiliary Gala
- Turkey Drive: CT Food Bank
- Puerto Rico t-shirt fundraiser
- Adopt-A-Family: Safe Haven
- Blue Jeans Friday: Safe Haven
- Mitten Tree: Waterbury Public School
- Breastfeeding Support Group for new Moms (just began)
- Manejo Personal de la Diabetes – (Live Well with Diabetes) St. Xavier Church
- Journey Through Grief – Bereavement Group, Pastoral Care
- Weight Loss Surgery Support Group

January & February

- Each one, Teach one MLK event with Concerned Black Clergy
- Blue Jeans Fridays (Safe Haven)
- Mattatuck Museum
- Pomperaug Health District Aging Resources Workgroup
- UCONN/Waterbury People Empowering People
- Go Red for Women
- Parent training classes
- "Reinventing Banana Pudding," diabetes management, Alpha & Omega Kingdom
- Out for Business at Waterbury Hospital with Chamber
- Puerto Rico Awareness and Fundraiser (being conducted with Labor Unions)
- Designer Handbag Bingo, Waterbury Hospital Auxiliary
- First new monthly nutritional program, Cooking for the Health of It
- Saturday Zumba classes introduced

March

- Cooking for the Health of It, monthly cooking demonstration to encourage healthy nutrition
- Hernia Education Event
- Easterseals Chocolate Expo, cooking demo and nutrition information from Waterbury Hospital
- Colorectal Awareness Month community presentation
- Collection of Paper Goods for Greater Waterbury Interfaith Ministries
- Safe Haven, donation from Blue Jeans Fridays
- Chris Corbett 5K, Waterbury Hospital team and sponsorship

Each month, the Evergreen Club conducts the following:

- Wellness talk on timely health topic
- Strength training, Pilates, and Zumba classes
- Afternoon Movie
- "Cooking for the Health of It," nutritional cooking demonstrations

Ongoing classes include:

- Smoking cessation
- Breastfeeding
- Grief support group