

CERTIFICATE OF NEED APPLICATION

Tolland Imaging Center, LLC

Transfer of Eastern Connecticut Health Network, Inc.'s Ownership Interest in Tolland Imaging Center, LLC to Prospect Medical Holdings, Inc. or an Affiliate and transfer of Johnson Memorial Medical Center, Inc.'s Ownership Interest in Tolland Imaging Center, LLC to Trinity Health-New England, Inc. f/k/a Saint Francis Care.

OHCA Docket Number: TBD

January 7, 2016

tolland imaging center

January 7, 2016

Via Hand Delivery

Kimberly R. Martone, Director of Operations
Department of Public Health - Office of Health Care Access
410 Capitol Avenue, MS# 13HCA
P.O. Box 340308
Hartford, CT 06134-0308



Re: Certificate of Need Application, Docket Number TBD
Tolland Imaging Center, LLC
Transfer of Eastern Connecticut Health Network, Inc.'s Ownership Interest in Tolland Imaging Center, LLC to Prospect Medical Holdings, Inc. or an Affiliate and Transfer of Johnson Memorial Medical Center, Inc.'s Ownership Interest in Tolland Imaging Center, LLC to Trinity Health-New England, Inc. f/k/a Saint Francis Care.

Dear Ms. Martone:

Enclosed is one original copy of the Certificate of Need Application filed on behalf of Tolland Imaging Center, LLC for the transfer of Eastern Connecticut Health Network, Inc.'s ownership interest in Tolland Imaging Center, LLC to Prospect Medical Holdings, Inc. or an affiliate, and for the transfer of Johnson Memorial Medical Center, Inc.'s ownership interest in Tolland Imaging Center, LLC to Trinity Health-New England, Inc. f/k/a Saint Francis Care, including an electronic copy of the application and all attachments.

If you have any questions regarding this Certificate of Need Application, please do not hesitate to give me a call at (860) 533-3429.

Sincerely,

Dennis P. McConville
President and VP

cc: Peter Karl, President and Chief Executive Officer, Eastern Connecticut Healthcare Network, Inc.
Rebecca A. Matthews, Esq., Wiggin and Dana LLP
John Spees, Senior Vice President, Corporate Development, Prospect Medical Holdings, Inc.
Daniel DelGallo, Executive Director, Tolland Imaging Center, LLC
Michele M. Volpe, Esq., Bershtein, Volpe & McKeon, P.C.

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Application Checklist

Instructions:

1. Complete the following checklist and **submit** as the first page of the CON application:
 - Attached is a paginated hard copy of the CON application (all social security numbers must be redacted), including a completed affidavit, signed and notarized by the appropriate individuals.
 - (*New*). A completed supplemental application form specific to the proposal type, available on OHCA's website under [OHCA Forms](#) (see previous page for the list of supplemental forms).
 - Attached is the CON application filing fee in the form of a check made out to the "Treasurer State of Connecticut" in the amount of \$500.
 - Attached is evidence demonstrating that public notice has been published in a suitable newspaper that relates to the location of the proposal, 3 days in a row, at least 20 days prior to the submission of the CON application to OHCA. (OHCA requests that the Applicant fax a courtesy copy to OHCA (860) 418-7053, at the time of the publication)
 - Attached is a completed Financial Worksheet (A, B or C) available at OHCA's website under [OHCA Forms](#).
 - Submission includes one (1) original copy placed in a 3-ring binder.
 - The following have been submitted on a CD:
 1. A scanned copy of each submission in its entirety, including all attachments in Adobe (.pdf) format; and
 2. An electronic copy of the completed application forms in **MS Word** (the applications) and **MS Excel** (Financial Worksheet)

For OHCA Use Only:

Docket No.: 16-32059-COV
OHCA Verified by: [Signature]

Check No.: 987291
Date: 1/7/16

unitedbank

1645 Ellington Road
South Windsor, CT 06074

TREASURERS CHECK

487291

Date: 1/05/16

Branch: 0015

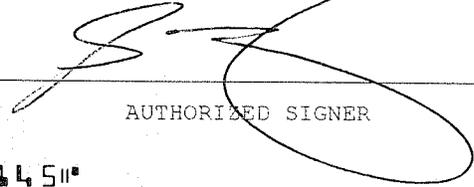
REMITTER TOLLAND IMAGING CENTER LLC

**PAY
TO THE
ORDER OF**

EXACTLY **500 AND 00/100 DOLLARS

\$500.00

TREASURER, STATE OF CONNECTICUT



AUTHORIZED SIGNER

⑈0000487291⑈ ⑆211170318⑆ 14010012145⑈

Security features included. Details on back.

PUBLIC NOTICE

A REGULATION ESTABLISHING FEES FOR PLAN REVIEW AND OPERATING PERMITS

I. Purpose

The Fire Marshal of the Warehouse Point Fire District is required by the General Statutes of the State of Connecticut as well as other applicable state and federal law and regulations to review plans for new construction or renovation and improvement of existing uses, buildings and structures. In addition the Fire Marshal is required to conduct regular review and inspection of existing buildings and uses. The costs of conducting such plan review and inspections are substantial and place a burden on the taxpayers of the District. In addition, these costs are not otherwise reimbursed to the District by the State. Therefore it is determined that those person(s) directly benefitted by the services provided by the Fire Marshal shall bear the costs associated with those permits.

II. Permit and Plan Review And Annual Inspections

- A. No building or structure subject to the Connecticut State Fire Safety Code and/or State Fire Prevention Code shall be constructed, used, occupied, enlarged, altered or repaired unless a permit has been granted for said activity by the Fire Marshal.
- B. No person shall undertake any of the operations or activities described in this chapter until such person shall have obtained a permit from the Fire Marshal. Said permit shall be valid for twelve (12) months from date of issue unless work under the permit has commenced. No continuation, expansion, diminution or modification of said operations shall be undertaken without obtaining a permit from the Fire Marshal.
- C. No person shall install, enlarge, alter, remove, repair or replace any fire protection system in any building or structure subject to the Connecticut State Fire Safety Code and/or State Fire Prevention Code, until such person shall have obtained a permit from the Fire Marshal.
- D. The permit(s) required pursuant to this section shall be required in addition to any other permits or license required by federal, state or local law.

Public Notice

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
 Applicants: Tolland Imaging Center, LLC
 Addresses: 6 Fieldstone Commons, Suite E Tolland, CT 06084
 Town: Tolland
 Proposal: Tolland Imaging Center, LLC (TIC) plans to file a transfer of ownership application for a Certificate of Need with the Office of Health Care Access for permission to transfer the ownership interest in TIC currently held by Eastern Connecticut Health Network, Inc. to Prospect Medical Holdings, Inc. or an affiliate and to transfer the ownership interest in TIC currently held by Johnson Memorial Medical Center, Inc. to Trinity Health-New England, Inc. t/k/a Saint Francis Care.
 Capital Expenditure: \$0

Blinds
of Enfield
The Best in Custom Blinds and Windows Coverings
Budget Blinds Serving East of the River and

1000s of looks. 100s of
25 brands. 1 stylish

Public Notice

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
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Addresses: 6 Fieldstone Commons, Suite E Tolland, CT 06084
Town: Tolland
Proposal: Tolland Imaging Center, LLC (TIC) plans to file a transfer of ownership application for a Certificate of Need with the Office of Health Care Access for permission to transfer the ownership interest in TIC currently held by Eastern Connecticut Health Network, Inc. to Prospect Medical Holdings, Inc. or an affiliate and to transfer the ownership interest in TIC currently held by Johnson Memorial Medical Center, Inc. to Trinity Health-New England, Inc. f/k/a Saint Francis Care.
Capital Expenditure: \$0

At the December 10, 2015 meeting the Zoning Board of Appeals made the following decisions:

ZBA2015-7 Notice of Appeal of a Cease and Desist Order issued by Zoning Agent at 380 Daleville Road. Owner/Applicant: Willington Oaks, LLC c/o Steven Miles : **The Board upheld the order of the zoning agent (appeal denied).**

Approved ZBA2015-8 Amend Special Exception Application (ZBA2014-12) expanding retail space 148 River Road. Owner: Kosowicz Family Living Trust. Applicant: Carol Lee

Details can be found in the meeting minutes located in the Town Clerks Office.

Date December 15, 2015
Clerk, Willington ZBA

Public Notice

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Tolland Imaging Center, LLC
Addresses: 6 Fieldstone Commons, Suite E Tolland, CT 06084
Town: Tolland

Proposal: Tolland Imaging Center, LLC (TIC) plans to file a transfer of ownership application for a Certificate of Need with the Office of Health Care Access for permission to transfer the ownership interest in TIC currently held by Eastern Connecticut Health Network, Inc. to Prospect Medical Holdings, Inc. or an affiliate and to transfer the ownership interest in TIC currently held by Johnson Memorial Medical Center, Inc. to Trinity Health-New England, Inc. f/k/a Saint Francis Care.
Capital Expenditure: \$0

Hartford Courant

YOUR SUNDAY BEST

Our New Sun
Improve Your

a la carte

Hungry for Restaurant Specials?

Insight: Your place for debating today's hot
Smarter Living: Your resource for better health
Success: Your expert guide to career & financial





**State of Connecticut
Department of Public Health
Office of Health Care Access**

**Certificate of Need Application
Main Form**
Required for all CON applications

Contents:

- Checklist
- List of Supplemental Forms
- General Information
- Affidavit
- Abbreviated Executive Summary
- Project Description
- Public Need and Access to Health Care
- Financial Information
- Utilization

Supplemental Forms

In addition to completing this **Main Form** and **Financial Worksheet (A, B or C)**, the applicant(s) must complete the appropriate **Supplemental Form** listed below. All CON forms can be found on the OHCA website at [OHCA Forms](#).

Conn. Gen. Stat. Section 19a-638(a)	Supplemental Form
(1)	Establishment of a new health care facility (mental health and/or substance abuse) - see note below*
(2)	Transfer of ownership of a health care facility (excludes transfer of ownership/sale of hospital – see “Other” below)
(3)	Transfer of ownership of a group practice
(4)	Establishment of a freestanding emergency department
(5) (7) (8) (15)	Termination of a service: <ul style="list-style-type: none"> - inpatient or outpatient services offered by a hospital - surgical services by an outpatient surgical facility** - emergency department by a short-term acute care general hospital - inpatient or outpatient services offered by a hospital or other facility or institution operated by the state that provides services that are eligible for reimbursement under Title XVIII or XIX of the federal Social Security Act, 42 USC 301, as amended
(6)	Establishment of an outpatient surgical facility
(9)	Establishment of cardiac services
(10) (11)	Acquisition of equipment: <ul style="list-style-type: none"> - acquisition of computed tomography scanners, magnetic resonance imaging scanners, positron emission tomography scanners or positron emission tomography-computed tomography scanners - acquisition of nonhospital based linear accelerators
(12)	Increase in licensed bed capacity of a health care facility
(13)	Acquisition of equipment utilizing [new] technology that has not previously been used in the state
(14)	Increase of two or more operating rooms within any three-year period by an outpatient surgical facility or short-term acute care general hospital
Other	Transfer of Ownership / Sale of Hospital

*This supplemental form should be included with all applications requesting authorization for the establishment of a **mental health and/or substance abuse treatment facility**. For the establishment of other “health care facilities,” as defined by Conn. Gen. Stat § 19a-630(11) - hospitals licensed by DPH under chapter 386v, specialty hospitals, or a central service facility - complete *the Main Form* only.

**If termination is due to insufficient patient volume, or it is a subspecialty being terminated, a CON is not required.

General Information

Name of Applicant:

Name of Co-Applicant:

Tolland Imaging Center, LLC	Not applicable
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Connecticut Statute Reference:

C.G. S. Section 19a-638(a)(2)

	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
Main Site	Tolland Imaging Center	008001571	Free-standing Medical Imaging Center	Tolland Imaging Center
	STREET & NUMBER			
	6 Fieldstone Commons, Suite E			
	TOWN	ZIP CODE		
	Tolland, CT	06084		

	PROJECT SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	PROJECT SITE NAME
Project Site	Tolland Imaging Center	008001571	Free-standing Medical Imaging Center	Tolland Imaging Center
	STREET & NUMBER			
	6 Fieldstone Commons, Suite E			
	TOWN	ZIP CODE		
	Tolland, CT	06084		

Operator	OPERATING CERTIFICATE NUMBER		TYPE OF FACILITY	LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator)
	Not Applicable		Free-standing Medical Imaging Center	Tolland Imaging Center, LLC
	STREET & NUMBER			
	6 Fieldstone Commons, Suite E			
	TOWN	ZIP CODE		
	Tolland, CT	06084		

Chief Executive	NAME			TITLE
	Daniel J. DelGallo			Executive Director
	STREET & NUMBER			
	71 Haynes Street			
	TOWN	STATE	ZIP CODE	
	Manchester	CT	06040	
	TELEPHONE	FAX	E-MAIL ADDRESS	
(860) 646-1222 x 2285	860.896.4849	DDelGallo@echn.org		

Title of Attachment:

Is the applicant an existing facility? If yes, attach a copy of the resolution of partners, corporate directors, or LLC managers, as the case may be, authorizing the project.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Attachment 1 Resolution of Board of Managers and Members
Does the Applicant have non-profit status? If yes, attach documentation.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Attachment 2 Documentation of Tax Exempt Status
Identify the Applicant's ownership type.	PC <input type="checkbox"/> LLC <input checked="" type="checkbox"/> Corporation <input type="checkbox"/>	Other: _____
Applicant's Fiscal Year (mm/dd)	Start: <u>October 1</u> End: <u>September 30</u>	

Contact:

Identify a single person that will act as the contact between OHCA and the Applicant.

Contact Information	NAME		TITLE
	Gina Kline		Director, Planning & System Development
	STREET & NUMBER		
	ECHN, 71 Haynes Street		
	TOWN	STATE	ZIP CODE
	Manchester	CT	06040
	TELEPHONE	FAX	E-MAIL ADDRESS
	(860) 533-2970	(860) 647-6860	gkline@echn.org
	RELATIONSHIP TO APPLICANT		Tolland Imaging Center – ECHN representative

Identify the person primarily responsible for preparation of the application (optional):

Prepared by	NAME		TITLE
	Mary Basile		Market Analyst
	STREET & NUMBER		
	ECHN, 71 Haynes Street		
	TOWN	STATE	ZIP CODE
	Manchester	CT	06040
	TELEPHONE	FAX	E-MAIL ADDRESS
	(860) 646-1222 x2720	(860) 647-6860	mbasile@echn.org
	RELATIONSHIP TO APPLICANT		Tolland Imaging Center – ECHN representative

Executive Summary

The purpose of the Executive Summary is to give the reviewer a conceptual understanding of the proposal. In the space below, provide a succinct overview of your proposal (this may be done in bullet format). Summarize the key elements of the proposed project. Details should be provided in the appropriate sections of the application that follow.

Tolland Imaging Center, LLC (the "Applicant") is requesting Certificate of Need ("CON") authorization for certain of its current hospital members to transfer their ownership interests in the Applicant to successor entities. More specifically:

- As part of the proposed transfer by Eastern Connecticut Health Network, Inc. and affiliates ("ECHN") of substantially all of ECHN's assets to Prospect Medical Holdings, Inc. and affiliates ("PMH"), the Applicant seeks authorization for ECHN to transfer to PMH the ownership interests in the Applicant currently held by Manchester Memorial Hospital ("MMH") and Rockville General Hospital ("RGH"); and
- As part of the planned transfer by Johnson Memorial Medical Center, Inc. ("JMMC") of substantially all of JMMC's assets to Trinity Health-New England, Inc. f/k/a Saint Frances Care ("Trinity"), the Applicant seeks authorization for JMMC to transfer to Trinity the ownership interest in the Applicant currently held by Johnson Memorial Hospital ("JMH").

Key Elements of the Proposal:

The Applicant operates a multi-modality imaging center in Tolland. The Applicant received initial approval to commence operations under Docket Number 06-30841-CON as three-year demonstration project and later received approval to operate as a permanent program under Docket Number 13-31833-CON. As a joint venture between four (4) hospitals, the Applicant has been deemed a "health care facility" by the Office of Health Care Access(see Docket Number 14-31957-DTR).

As the health care landscape evolves, certain of the current joint venture members are in the process of affiliating with larger health systems. Provided that regulatory approvals are obtained for these affiliations, the Applicant seeks authorization for each hospital to transfer its ownership interest in the Applicant to a successor.

There will be no impact on referral patterns as a result of approving this proposal, and it will not result in unnecessary duplication of services. No changes to the services provided are contemplated as a result of this application, and no changes are anticipated to the patient or payer mix. Approval of this proposal will, however, enable the Applicant to maintain patient access to important imaging services in the community.

Pursuant to Section 19a-639 of the Connecticut General Statutes, the Office of Health Care Access is required to consider specific criteria and principles when reviewing a Certificate of Need application. Text marked with a “§” indicates it is actual text from the statute and may be helpful when responding to prompts.

Project Description

1. Provide a detailed narrative describing the proposal. Explain how the Applicant(s) determined the necessity for the proposal and discuss the benefits for each Applicant separately (if multiple Applicants). Include all key elements, including the parties involved, what the proposal will entail, the equipment/service location(s), the geographic area the proposal will serve, the implementation timeline and why the proposal is needed in the community.

Response:

Tolland Imaging Center, LLC (“TIC” or the “Applicant”) operates a multi-modality imaging center in Tolland, Connecticut. Services provided include magnetic resonance imaging (“MRI”), computed tomography (“CT”), bone density, mammography, ultrasound and radiography (x-ray). As a free-standing imaging center, TIC is not required to be licensed by the State of Connecticut, Department of Public Health. As a joint venture of four (4) hospitals, the Office of Health Care Access (“OHCA”) has determined that the Applicant is a “health care facility” for Certificate of Need (“CON”) purposes.¹

The Applicant was initially formed as a joint venture among Manchester Memorial Hospital (“MMH”), Rockville General Hospital (“RGH”), Johnson Memorial Hospital, Inc. (“JMH”) and Windham Community Memorial Hospital, Incorporated (“Windham”). MMH and RGH are part of Eastern Connecticut Health Network, Inc. (“ECHN”). The Applicant’s existing ownership/membership structure is as follows:

Johnson Memorial Hospital	15%
Manchester Memorial Hospital	35%
Rockville General Hospital	35%
Windham Community Memorial Hospital	15%

The Applicant received initial approval to commence operations under the Docket Number 06-30841-CON as three-year demonstration project. In early 2014, the Applicant obtained approval to continue services as a permanent program under Docket Number 13-31833-CON.

As the health care landscape has evolved, certain of the Applicant’s members have sought affiliations with larger health systems. In some cases, those affiliations have been structured as asset purchases pursuant to which joint venture interests are to be purchased and transferred to a successor entity. Currently:

- ECHN proposes to enter into an agreement with Prospect Medical Holdings, Inc. and affiliates (“PMH”) with the intent to sell substantially all of ECHN’s

¹ Please refer to Docket Number 14-31957-DTR for more information regarding TIC’s status as a “health care facility”.

assets to PMH, including the interests in the Applicant held by MMH and RGH.²

- Johnson Memorial Medical Center, Inc. (“JMMC”) has entered into an agreement with Trinity Health-New England, Inc. f/k/a Saint Frances Care (“Trinity”), pursuant to which JMMC plans to sell substantially all of JMMC’s assets to Trinity, including the interest in the Applicant held by JM. ³

The Applicant’s current governing documents prohibit a member from transferring its membership interest without the unanimous consent of all other members. The current governing documents also prohibit any transfer of a membership interest to any person who is not exempt from taxation under Section 501(c)(3) of the Internal Revenue Code.

In order to ensure continued access for patients and to provide flexibility for its hospital members, the Applicant wishes now take various steps to restructure and to permit the proposed transfers to successor entities, all subject to approval of OHCA. As proposed, the Applicant would adopt new governing documents that (i) permit a hospital member to transfer its interest to a successor, provided that the transferee is a hospital licensed under Connecticut law or an affiliate of such a hospital; and (ii) require that, for so long as any members are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, the Applicant will operate in a manner that is consistent with the charitable purposes of the exempt members and that ensures that distributions to such members are not subject to unrelated business income tax.⁴

As evidenced by the resolutions attached to this Application, the Applicant and each of its current members have approved the proposed restructuring and the planned transfers by ECHN to PMH and by JMMC to Trinity, provided that regulatory approvals for such changes are obtained from OHCA.

If the restructuring and the transfers are approved, PMH would be substituted for MMH and RGH and Trinity would be substituted for JM, with all rights and powers as members of the Applicant, including rights to appoint representatives to the Applicant’s Board of Managers.⁵

The Applicant will continue to operate in the same manner following the restructuring and the transfer of interests. There will be no change in operations or services offered. The Applicant will continue to offer the same level of care to the same

2 Please refer to Docket Number 15-32016-486 for more detailed information on the proposed purchase of ECHN and its affiliates by PMH.

3 The affiliation between JMMC and Trinity was approved by the Office of Health Care Access on November 24, 2015 under Docket Number 15-32002-CON. See also Docket Number 15-31979-CON regarding the transfer of ownership of Saint Francis Care, Inc. to Trinity.

4 Because the Applicant is currently a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code, this reorganization will require that a new entity be formed and the assets of the current entity be contributed to it by the members.

5 The Applicant is currently governed by a six (6)-member Board of Managers. MMH and RGH have the right to appoint four (4) members of the Board; JM and Windham each have the right to appoint one (1) member to the Board. The proposed restructuring would retain this structure, which would mean that post-transfer of interests, PMH would have the right to appoint four (4) members of the Board and Trinity and Windham would each have the right to appoint one (1) member to the Board.

communities that have historically been served. The Applicant does not anticipate any changes to the patient or payer populations to be served or any adverse impact on the communities' access to medical imaging. The quality of health care delivery in the region will be preserved by maintaining the Applicant as a hospital joint venture that includes hospitals from various separate health systems.

The proposed transfers by ECHN to PMH and by JMMC to Trinity are integral components of the broader affiliations planned by ECHN and JMMC. The evolving health care landscape and the planned affiliations led the Applicant to consider its options in light of the affiliations. After significant consideration and evaluation, the Applicant and its members determined that the transfers should be permitted as a way to best ensure continued availability of imaging services in Tolland.

For PMH and Trinity, approval of this proposal will enable them to maintain collaborations with other health systems in the community and to provide services across the care continuum. For ECHN and JMMC, they will receive the value of their interests as part of the overall purchase price in the broader affiliations, which is in the best interest of the communities served by ECHN and JMMC as proceeds from the sale (after payment of liabilities and reserves for indemnification) will continue to be used for charitable purposes.

2. Provide the history and timeline of the proposal (i.e., When did discussions begin internally or between Applicant(s)? What have the Applicant(s) accomplished so far?).

Response:

ECHN has been in the process of evaluating affiliation options over the past several years and has maintained regular communication with its joint venture partners, including the Applicant's members, throughout the affiliation process. JMMC has also been in the process of evaluating affiliation and sale options over the past several years and its sale to Trinity was approved by the bankruptcy court in May of this year. Once that sale was approved, JMMC began discussions about the transfers of its joint venture interests, including in the Applicant.

The members of TIC have met various times over the last several years to evaluate options in light of the broader affiliations. Most recently, the Board of Managers met on December 17, 2015 and approved a restructuring to permit the existing hospital members to transfer their interests to a successor, provided that the successor is a hospital or affiliate of a hospital, and provided that the Applicant would still operate in a manner that is consistent with the charitable purposes of its remaining tax-exempt members. The members also approved the transfers by ECHN to PMH and by JMMC to Trinity, subject to approval from OHCA. A copy of the resolutions adopted by the members has been provided as **Attachment 1**.

3. Provide the following information:
 - a. utilizing [OHCA Table 1](#), list all services to be added, terminated or modified, their physical location (street address, town and zip code), the population to be served and the existing/proposed days/hours of operation;

Response:

OHCA Table 1 has been completed to show the existing services offered by the Applicant, their physical location, the population served and the existing hours of operation.

The population served represents the geographic population of the Applicant's service area towns as provided by the Connecticut Economic Resource Center (CERC) 2012 Town Profiles (October, 2014).

No clinical services offered by the Applicant will be added, modified or terminated as a result of transferring ownership interests.

- b. identify in **OHCA Table 2** the service area towns and the reason for their inclusion (e.g., provider availability, increased/decreased patient demand for service, market share);

Response:

OHCA Table 2 has been completed to show the Applicant's service area towns and the reason for inclusion.

The service area for the Applicant was determined by identifying the towns where 80% of the patients utilizing these services originate. Based on this methodology, the residents of Coventry, Ellington, Mansfield, Stafford, Tolland, Union, Vernon, and Willington have been identified as the primary population served by the Applicant.

4. List the health care facility license(s) that will be needed to implement the proposal;

Response:

The Applicant is a free-standing imaging center and as such is not required to be licensed. No facility licenses will be needed to implement the proposal.

5. Submit the following information as **attachments** to the application:
 - a. a copy of all State of Connecticut, Department of Public Health license(s) currently held by the Applicant(s);

Response:

Not applicable. The Applicant is a free-standing imaging center and as such is not required to be licensed by the State of Connecticut, Department of Public Health.

The equipment at the facility, however, is certified by the following entities:

Modality	Entity
CT	<ul style="list-style-type: none"> American College of Radiology
Mammography	<ul style="list-style-type: none"> American College of Radiology U.S. Department of Health and Human Services - Food and Drug Administration
MRI	<ul style="list-style-type: none"> American College of Radiology
Ultrasound	<ul style="list-style-type: none"> American College of Radiology
X-Ray	<ul style="list-style-type: none"> Connecticut Department of Energy and Environmental Protection (DEEP)

Copies of the certificates issued by the above entities are included as **Exhibit Q5a**.

- b. a list of all key professional, administrative, clinical and direct service personnel related to the proposal and attach a copy of their Curriculum Vitae;

Response:

Key personnel for the Applicant related to the proposal include:

<u>Name</u>	<u>Position</u>
Dennis P. McConville	President
Daniel J. DelGallo	Executive Director
John P. Opalacz, M.D.	Medical Director
Laurie S. Kingsbury	Supervisor

Copies of the curriculum vitae have been included as **Exhibit Q5b**.

- c. copies of any scholarly articles, studies or reports that support the need to establish the proposed service, along with a brief explanation regarding the relevance of the selected articles;

Response:

Not applicable. The Applicant currently provides medical imaging services in Tolland and is not proposing to establish any new services as a result of transferring ownership interests in the Applicant.

- d. letters of support for the proposal;

Response:

Not Applicable. Letters of support for PMH to acquire the assets of ECHN have been submitted with the main conversion CON application (OHCA Docket Number 15-32016-486). Letters of support for Trinity to acquire the assets of JMMC were submitted with the CON application (OHCA Docket Number 15-32112-CON).

- e. the protocols or the Standard of Practice Guidelines that will be utilized in relation to the proposal. Attach copies of relevant sections and briefly describe how the Applicant proposes to meet the protocols or guidelines.

Response:

Not applicable. The Applicant currently provides medical imaging services in Tolland. No change in services or service delivery is expected as a result of the transfer of ownership interests in the Applicant. The transfer of ownership interests will in not impact the day-to-day operations of the Applicant so there are no protocols or Standard Practice Guidelines that are relevant to this proposal.

- f. copies of agreements (e.g., memorandum of understanding, transfer agreement, operating agreement) related to the proposal. If a final signed version is not available, provide a draft with an estimated date by which the final agreement will be available.

Response:

Please refer to **Exhibit Q5f** for a copy of the Asset Purchase Agreement between ECHN and PMH. Per the terms agreed upon in the Asset Purchase Agreement, PMH or an affiliate will purchase substantially all of the assets of ECHN, including the properties, assets and business of, or ownership interests of, ECHN affiliates and joint ventures, including, but not limited to, ECHN's ownership interests in TIC. ECHN and PMH are not permitted to execute the Asset Purchase Agreement until regulatory approval has been obtained under C.G.S. §19a-486 et seq. It is anticipated that the Asset Purchase Agreement will be promptly executed following receipt of such approval.

Please refer to OHCA Docket Number 15-32112-CON for the Asset Purchase Agreement between Trinity and JMMC. Per the terms agreed upon in the Asset Purchase Agreement, Trinity or an affiliate will purchase substantially all of the assets of JMMC, including the properties, assets and business of, or ownership interests of, JMMC affiliates and joint ventures, including, but not limited to, JMH's ownership interests in the Applicant.

Public Need and Access to Care

§ “Whether the proposed project is consistent with any applicable policies and standards adopted in regulations by the Department of Public Health;” (Conn.Gen.Stat. § 19a-639(a)(1))

6. Describe how the proposed project is consistent with any applicable policies and standards in regulations adopted by the Connecticut Department of Public Health.

Response:

The Applicant currently provides medical imaging services in Tolland. The need for these services was clearly demonstrated in 2007 when the project was approved as a three year demonstration project (Docket Number 06-30841-CON) and again in 2014 when OHCA approved the continuation of services as a permanent program (Docket Number 13-31833-CON). This remains true today. Connecticut General Statutes §19a-637 states that OHCA “shall promote the provision of quality health care in a manner that ensures access for all state residents to cost-effective services so as to avoid duplication of health services and improve the availability and financial stability of health care services through the state.”

The Applicant will continue to operate in the same manner following the transfer of the members’ interests. There will be no change in operations or services offered by the Applicant. The Applicant will continue to offer the same level of care to the same communities that have historically been served. The Applicant does not anticipate any changes to the patient or payer populations to be served or any adverse impact on the communities’ access to medical imaging.

§ “The relationship of the proposed project to the statewide health care facilities and services plan;” (Conn.Gen.Stat. § 19a-639(a)(2))

7. Describe how the proposed project aligns with the Connecticut Department of Public Health Statewide Health Care Facilities and Services Plan, available on [OHCA's website](#).

Response:

As stated in the Connecticut Department of Public Health Statewide Health Care Facilities and Services Plan (“Plan”), the Plan is “intended to provide improved patient access to services by: providing better access to services through planned geographic distribution, enhancing primary care access and availability by identifying gaps in services and unmet need, and lowering overall cost to the health care system by limiting duplication of services.”

The proposed transfer the ownership interests will have no impact on the services provided by the Applicant, thereby maintaining patient access to medical imaging services that already exist in the region.

§ “Whether there is a clear public need for the health care facility or services proposed by the applicant;” (Conn.Gen.Stat. § 19a-639(a)(3))

8. With respect to the proposal, provide evidence and documentation to support clear public need:

a. identify the target patient population to be served;

Response:

The Applicant’s service area was determined by identifying the towns where 80% of the Applicant’s patients originate. Based on this methodology, the residents of Tolland and the towns immediately adjacent to Tolland (Coventry, Ellington, Mansfield, Stafford, Union, Vernon and Willington) have been identified as the primary population served by the Applicant.

According to the Connecticut Economic Resource Center (CERC) Town Profile 2014, the eight town service area had a population of over 117,000 in 2012 and is projected to grow to a population of almost 126,000 by 2020.

b. discuss how the target patient population is currently being served;

Response:

As an existing provider, the target population is currently being served by the Applicant. Services provided by the Applicant include MRI, CT, Mammography, Bone Density, Radiography (X-Ray) and Ultrasound.

In addition to the Applicant, RGH (in Vernon) and JMH (in Stafford) are located within the Applicant’s service area and provide MRI and CT services.

It should be noted that the Applicant provides the only open MRI in the service area, with the next closest open scanner available in South Windsor. The availability of an open MRI is desirable for many patients who require an MRI scan but are uncomfortable with or unable to use the closed scanners available at the hospital-based facilities in the service area. Patients that originate from Tolland or towns farther east may be unable or unwilling to travel the additional twenty or thirty minutes to access an open scanner in South Windsor and instead forego the testing recommended by their physician if the service is not available in Tolland.

c. document the need for the equipment and/or service in the community;

Response:

The need for the services provided by the Applicant were clearly established in Docket Number 06-30841-CON and Docket Number 13-31833-CON. As noted in the Final Decision in Docket Number 13-31833-CON:

- “Tolland Imaging Center is the only freestanding imaging center in northeastern Connecticut and has helped eliminate any geographic or logistical barriers to services that would occur absent its existence.” (*Findings of Fact #14, page 4 of the Final Decision*)

- “The establishment of Tolland Imaging Center has improved the quality of health care in the region by facilitating collaboration between three independent hospital systems...” (*Findings of Fact #17, page 4 of the Final Decision*)

Clear public need for the services provided by the Applicant is further demonstrated by the increasing utilization the Applicant has experienced in the past three fiscal years of operation in and the number of patients that have been referred to the facility for medical imaging services. **OHCA Table 5** documents the increasing number of patients and increasing volume of procedures, by MRI, CT and All Other Modalities, for the past three fiscal years.

Over 640 different providers referred patients to the facility with over 100 of the providers responsible for over 80% of the Applicant’s total referrals in FY 2015.

- d. explain why the location of the facility or service was chosen;

Response:

As explained in the April 13, 2007 response to OHCA’s completeness letter regarding Docket Number 06-30841-CON, the Applicant’s decision to establish operations in Tolland was due to several factors. The town of Tolland in recent years had experienced considerable growth in population, and this growth is expected to continue. Additionally, Tolland was identified as an attractive location for an imaging center due to the large number of physicians establishing offices in the region. The specific location at Fieldstone Commons off Merrow Road was identified because of its proximity to Route 84 and its central location to each of the Applicant’s hospital members.

The Applicant’s location offers several advantages for patients and physicians. A number of physicians had established offices in the same building as the Applicant when it first opened its doors in 2008, and additional physicians have since established offices in Tolland or one of the neighboring towns. Access to a freestanding, outpatient imaging facility within close proximity of their offices contributes to patient compliance with recommended services. Older patients, in particular, are more likely to obtain needed imaging services if the site of service is in close proximity to their home and to their physician. The placement of the facility at this site in Tolland also offers quick and convenient access to the Emergency Room at Rockville General Hospital, in the rare instance that such a transfer is necessary for the Applicant’s patients.

The transfer of interests in TIC will have no impact on the operations of TIC and the facility will continue to provide the same clinical services at its existing location in Tolland.

- e. provide incidence, prevalence or other demographic data that demonstrates community need;

Response:

Community need for medical imaging services in Tolland is demonstrated by the increasing utilization the Applicant has experienced in the past three fiscal years of operation in and the number of patients that have been referred to the facility

for medical imaging services. Historical utilization of the services provided by the Applicant is provided in **OHCA Table 5**. Additionally, **OHCA Table 8** provides a breakdown of patient visits by town, and by MRI, CT and All Other Modalities for FY 2015. No clinical services offered by the Applicant will be added, modified or terminated as a result of the proposed transfers of ownership.

- f. discuss how low income persons, racial and ethnic minorities, disabled persons and other underserved groups will benefit from this proposal;

Response:

The availability of medical imaging services, including MRI and CT, in Tolland is a benefit to underserved groups in the service area, including low income individuals, racial and ethnic minorities and disabled persons. In FY 2015 almost 8% of patients using Tolland Imaging Center were Medicaid patients, and availability of these services in Tolland reduces potential financial and geographic barriers often experienced by this subset of the patient population. No changes in access for this patient population are anticipated as a result of this proposal as the ownership will not impact the services delivered by the Applicant. As a community-based provider of medical imaging services, the cost of care is typically less than the cost of equivalent hospital-based services. The transfer of ownership interests will not require any changes to the existing price structure. No additional facility fees will be imposed as a result of this proposal.

- g. list any changes to the clinical services offered by the Applicant(s) and explain why the change was necessary;

Response:

Not applicable. No change in services or service delivery is expected as a result of the proposed transfer of ownership. The transfer of ownership will not impact the day-to-day operations of the Applicant. The Applicant will continue to provide MRI and CT services as well as mammography, ultrasound, bone density and x-ray services.

- h. explain how access to care will be affected;

Response:

There will be no change to the medical imaging services offered by the Applicant as a result of this proposal. No changes in access are anticipated as a result of this proposal as the transfer of ownership will not impact the services delivered by the Applicant.

- i. discuss any alternative proposals that were considered.

Response:

The proposed transfers are integral components of the broader affiliations contemplated by ECHN and JMMH. As such, no alternative proposals were considered. Each transfer is contingent upon the closing of the broader affiliation and is not intended to be consummated unless and until the broader affiliation is consummated.

§ "Whether the applicant has satisfactorily demonstrated how the proposal will improve quality, accessibility and cost effectiveness of health care delivery in the region, including, but not limited to, (A) provision of or any change in the access to services for Medicaid recipients and indigent persons; (Conn.Gen.Stat. § 19a-639(a)(5))

9. Describe how the proposal will:

a. improve the quality of health care in the region;

Response:

Authorization of the proposed transfers will have no impact on the operations of the Applicant or the services offered by the Applicant. The Applicant will continue to offer the same level of care to the same communities that have historically been served by the Applicant.

Quality of health care in the region is not expected to change as a result of the transfers. Establishment of operations by the Applicant in 2008 improved the quality of health care delivery in the region by facilitating collaboration between three independent hospital systems. Patient results are more easily shared between the Applicant and its member hospitals as necessary, potentially reducing unnecessary or duplicative testing and contributing to more efficient patient care decision-making by referring providers. Approval will maintain the existing collaboration between three independent hospital systems, through their successors.

b. improve accessibility of health care in the region; and

Response:

There will be no change in the accessibility of health care in the region as a result of this proposal. No change in the operations, services or service delivery offered by the Applicant is expected as a result of the transfer of ownership.

c. improve the cost effectiveness of health care delivery in the region.

Response:

Authorization of this proposal is cost effective because the financial investment to establish the Applicant has already been expended. The Applicant has been in operation since September of 2008.

10. How will this proposal help improve the coordination of patient care (explain in detail regardless of whether your answer is in the negative or affirmative)?

Response:

Establishment of TIC in 2008 improved the coordination of patient care in the region

by facilitating collaboration between three independent hospital systems. Patient results are more easily shared between the Applicant and its member hospitals, as necessary, potentially reducing unnecessary or duplicative testing and contributing to more efficient patient care decision-making by referring providers. This level of coordinated patient care is expected to continue with approval of the transfer of the ownership interests of the Applicant.

PMH's experience in developing and implementing its Coordinated Regional Care ("CRC") model will provide additional opportunity to improve the coordination of patient care. For more information on PMH's CRC model, please refer to OHCA Docket Number 15-31216-486. Please refer to Saint Francis Care, Inc. ("SFC") and Johnson Memorial Hospital's ("JMC") agreed settlement (Docket Number 15-32002-CON) for the coordination of patient care improvements anticipated as a result of SFC's acquisition of JMC.

11. Describe how this proposal will impact access to care for Medicaid recipients and indigent persons.

Response:

Approval of this proposal will maintain the current access to care for Medicaid recipients and indigent persons in Tolland and the surrounding communities. The Applicant provides medical imaging services to all patients regardless of their ability to pay in a low cost community setting. Approximately 8% of patients treated by the Applicant are Medicaid recipients. The Applicant does not anticipate any changes to the patient or payer populations to be served by TIC or any adverse impact on access to imaging services by Medicaid recipients or indigent persons as a result of this proposal.

*§ "Whether an applicant, who has failed to provide or reduced access to services by Medicaid recipients or indigent persons, has demonstrated good cause for doing so, which shall not be demonstrated solely on the basis of differences in reimbursement rates between Medicaid and other health care payers;"
(Conn.Gen.Stat. § 19a-639(a)(10))*

12. If the proposal fails to provide or reduces access to services by Medicaid recipients or indigent persons, provide explanation of good cause for doing so.

Response:

Not applicable. The Applicant's proposal to transfer ownership interests will preserve access to medical imaging services by Medicaid recipients and indigent persons. As discussed in the response to Question 11 above, the Applicant does not anticipate any changes to the patient or payer populations to be served by TIC or any adverse impact on access to medical imaging by Medicaid recipients or indigent persons.

§ “Whether the applicant has satisfactorily demonstrated that any consolidation resulting from the proposal will not adversely affect health care costs or accessibility to care.” (Conn.Gen.Stat. § 19a-639(a)(12))

13. Will the proposal adversely affect patient health care costs in any way? Quantify and provide the rationale for any changes in price structure that will result from this proposal, including, but not limited to, the addition of any imposed facility fees.

Response:

The proposal will not adversely affect patient health care costs in any way. As a community-based provider of medical imaging services, the cost of care is typically less than the cost of equivalent hospital-based services. The transfers of ownership will not require any changes to the existing price structure. No additional facility fees will be imposed as a result of this proposal.

Financial Information

§ “Whether the applicant has satisfactorily demonstrated how the proposal will impact the financial strength of the health care system in the state or that the proposal is financially feasible for the applicant;” (Conn.Gen.Stat. § 19a-639(a)(4))

14. Describe the impact of this proposal on the financial strength of the state’s health care system or demonstrate that the proposal is financially feasible for the applicant.

Response:

Authorization of this proposal maintains the financial strength of the state’s health care system. The Applicant will continue to operate in the same manner following the transfer of ownership. There will be no change in operations or services offered by the Applicant. The Applicant will continue to offer the same level of care to the same communities that have historically been served. There are no anticipated changes to the patient or payer populations to be served or any adverse impact on the communities’ access to medical imaging. Since the proposal does not affect operations of TIC, the transfer of ownership interests will have no financial impact on the Applicant and is, therefore, financially feasible.

15. Provide a final version of all capital expenditure/costs for the proposal using [OHCA Table 3](#).

Response:

OHCA Table 3 has been completed to show there are no proposed capital expenditures associated with this proposal.

16. List all funding or financing sources for the proposal and the dollar amount of each. Provide applicable details such as interest rate; term; monthly payment; pledges and funds received to date; letter of interest or approval from a lending institution.

Response:

As there are no proposed capital expenses, there are no funding or financing sources associated with this proposal. Details such as interest rate, term, and monthly payment amounts do not apply to the change of ownership interests in the Applicant. See Docket Number 15-32016-486 and Docket Number 15-32002-CON for additional information on the sources of financing of the broader affiliations contemplated by ECHN and JMMC.

17. Include as an attachment:

- a. audited financial statements for the most recently completed fiscal year. If audited financial statements do not exist, provide other financial documentation (e.g., unaudited balance sheet, statement of operations, tax return, or other set of books). Connecticut hospitals required to submit annual audited financial statements may reference that filing, if current;
- b. completed **Financial Worksheet A (non-profit entity), B (for-profit entity) or C (§19a-486a sale)**, available on OHCA's website under [OHCA Forms](#), providing a summary of revenue, expense, and volume statistics, "without the CON project," "incremental to the CON project," and "with the CON project." **Note: the actual results reported in the Financial Worksheet must match the audited financial statement that was submitted or referenced.**

Response:

Please see **Exhibit 17a** for a copy of the Applicant's Financial Statements and Independent Accountants' Compilation Report, for FY 2014 and the unaudited financial statements for FY 2015.

Financial Worksheet B has been provided as **Exhibit 17b**.

18. Complete [OHCA Table 4](#) utilizing the information reported in the attached Financial Worksheet.

Response:

Please see [OHCA Table 4](#) for the projected incremental revenues and expenses as reported in Financial Worksheet B.

19. Explain all assumptions used in developing the financial projections reported in the Financial Worksheet.

Response:

Because there will be no change in operations or services offered by the Applicant as a result of the transfer of ownership, the assumptions utilized in developing the with and without CON scenarios in Financial Worksheet B are the same. The assumptions used to develop the financial projections through FY 2019 are:

General Assumptions

- The proposed asset purchase of ECHN by PMH (Docket Number 15-32016-486) will be approved.
- Trinity Health-New England f/k/a Saint Francis Care will proceed with the acquisition of JMMC as approved (Docket Number 15-32002-CON).
- All assumptions related to this application will utilize October 1, 2016 as the commencement date of the proposal.

Revenues

- The overall net revenue payer mix for the Applicant will remain constant at the percent distribution observed in FY 2015:

Payer	Payer Mix
Medicare	13%
Medicaid	4%
CHAMPUS & TriCare	2%
Other Government	0%
Commercial	77%
Uninsured	0 %
Self Pay	0%
Workers Compensation	3%

- Net patient revenue and other operating revenue for FY 2015 are based on the unaudited financials and no changes are anticipated at this time.
- Projected annual growth of 2.0% in revenue is due to the projected increase in MRI volume and improved managed care contracting.

Expenses

- General operating expenses for FY 2015 are based on the unaudited financials

and no changes are anticipated at this time.

- Most general operating expenses will increase 2.0% each year after FY 2015 through FY 2019.
- General operating expenses that will increase 2.0% each year include Salaries and Wages, Fringe Benefits, Physician Fees, Supplies and Drugs, Lease Expense and Other Operating Expenses.
- Depreciation will be reduced each year base on the depreciation schedule of the existing equipment of the Applicant.
- Interest expenses associated with equipment will end as of FY 2016.
- As a for-profit entity, TIC will be required to pay property taxes.⁶ The projected incremental increase in Other Operating expense reflects the projected property tax amount for TIC following implementation of the proposal.
- The amount of property tax incurred by TIC will remain flat from FY 2017 through FY 2019 and assumes no change in the Personal Property Delcaration for TIC and the town of Tolland's mill rate.

Full-Time Equivalent (FTEs)

- The number of FTEs will remain constant at FY 2015 levels.

Volume Statistics

- MRI procedure and patient volumes at are expected to increase 2.0% each year beginning in FY 2017 through FY 2019.
- CT procedure and patient volumes are expected to remain constant at FY 2016 levels through FY 2019.
- All Other Modalities procedure and patient volumes are expected to remain constant at FY 2016 levels through FY 2019.

20. Explain any projected incremental losses from operations resulting from the implementation of the CON proposal.

Response:

The Applicant projects a gain from operations each fiscal year through FY 2019 with or without implementation of the proposal. There is no incremental impact on revenues or volumes anticipated as a result of this proposal. As discussed in the response to Question 19 above, the only incremental change expected following implementation of the proposal is an increase in expenses as the Applicant will be

⁶ Tax payment amounts were derived by multiplying the 2015 Personal Property Declaration – Town of Tolland assessed value of TIC by the town of Tolland Mill Rate.

subject to paying property tax following the proposed reorganization. The transfer of ownership will, however, have no other impact on the service delivery and day-to-day operations of the Applicant so volumes and revenues are expected to be the same with or without implementation of the proposal..

21. Indicate the minimum number of units required to show an incremental gain from operations for each projected fiscal year.

Response:

Not applicable. The transfer of ownership interests will have no impact on the service delivery and day-to-day operations of the Applicant and the Applicant projects a gain from operations each year with or without the proposal..

Utilization

§ *“The applicant’s past and proposed provision of health care services to relevant patient populations and payer mix, including, but not limited to, access to services by Medicaid recipients and indigent persons;” (Conn.Gen.Stat. § 19a-639(a)(6))*

22. Complete [OHCA Table 5](#) and [OHCA Table 6](#) for the past three fiscal years (“FY”), current fiscal year (“CFY”) and first three projected FYs of the proposal, for each of the Applicant’s existing and/or proposed services. Report the units by service, service type or service level.

Response:

Please see [OHCA Table 5](#) for the past three fiscal years and current fiscal year volume by service (MRI, CT and all other modalities) and number of patients.

Please see [OHCA Table 6](#) for the projected volume by service (MRI, CT and All Other modalities) and number of patients for the first three fiscal years of the proposal.

23. Provide a detailed explanation of all assumptions used in the derivation/ calculation of the projected service volume; explain any increases and/or decreases in volume reported in OHCA Table 5 and 6.

Response:

MRI procedure and patient volumes are expected to increase 2.0% each year beginning in FY2017 through FY 2019. CT procedure and patient volumes are expected to remain constant at FY 2016 levels through FY 2019. All other modalities procedure and patient volumes are expected to remain constant at FY 2016 levels through FY 2019. The volumes projected for TIC are the same with and without approval of this proposal.

24. Provide the current and projected patient population mix (number and percentage of patients by payer) for the proposal using [OHCA Table 7](#) and provide all assumptions. **Note: payer mix should be calculated from patient volumes, not patient revenues.**

Response:

Please see [OHCA Table 7](#) for the current and projected patient population mix, by payer, based on actual patient volume. The Applicant does not anticipate any changes in how it operates or the populations served by the facility as a result of proposed transfer of ownership interests. Based on this, the projected patient population mix for FY 2016, FY 2017, FY 2018 and FY 2019 will remain constant at the FY 2015 population mix.

§ "Whether the applicant has satisfactorily identified the population to be served by the proposed project and satisfactorily demonstrated that the identified population has a need for the proposed services;" (Conn.Gen.Stat. § 19a-639(a)(7))

25. Describe the population (as identified in question 8(a)) by gender, age groups or persons with a specific condition or disorder and provide evidence (i.e., incidence, prevalence or other demographic data) that demonstrates a need for the proposed service or proposal. **Please note: if population estimates or other demographic data are submitted, provide only publicly available and verifiable information (e.g., U.S. Census Bureau, Department of Public Health, CT State Data Center) and document the source.**

Response:

Over eighty percent (80%) of the population utilizing the medical imaging services provided by the Applicant originate in an eight (8) town service area. The eight (8) towns include Tolland, Vernon, Coventry, Willington, Stafford, Union, Mansfield and Ellington. The residents of these towns have been identified as the primary population served by the Applicant.

OHCA Table 8, Utilization by Town, documents the services utilized by patient, by town of origin in FY 2015.

According to the Connecticut Economic Resource Center (CERC) Town Profile 2014, the eight-town service area had a population of over 117,000 in 2012 and is projected to grow to a population of almost 126,000 by 2020.

26. Using [OHCA Table 8](#), provide a breakdown of utilization by town for the most recently completed fiscal year. Utilization may be reported as number of persons, visits, scans or other unit appropriate for the information being reported.

Response:

Please see **OHCA Table 8** for the breakdown of patient volume by town by MRI, CT and All Other Modalities in FY 2015.

§ "The utilization of existing health care facilities and health care services in the service area of the applicant;" (Conn.Gen.Stat. § 19a-639(a)(8))

27. Using **OHCA Table 9**, identify all existing providers in the service area and, as available, list the services provided, population served, facility ID (see table footnote), address, hours/days of operation and current utilization of the facility. Include providers in the towns served or proposed to be served by the Applicant, as well as providers in towns contiguous to the service area.

Response:

Please see **OHCA Table 9** for the existing providers of medical imaging services in the service area, in addition to the Applicant, as well as providers in towns contiguous to the service area.

28. Describe the effect of the proposal on these existing providers.

Response:

The Applicant does not expect any impact on the existing providers of medical imaging services in the service area or in contiguous towns as a result of implementing this proposal. The Applicant has been operational at 6 Fieldstone Commons in Tolland for seven (7) years and has established referral patterns with existing providers in the service area. The transfers of ownership interests in the Applicant will have no impact on the service delivery and day-to-day operations of the Applicant.

29. Describe the existing referral patterns in the area served by the proposal.

Response:

As an existing medical imaging facility, the Applicant has established referral patterns. Seventy-three percent (73%) of MRI patients and over seventy-nine percent (79%) of CT patients referred to the facility in FY 2015 originated from one of the eight (8) service area towns.

Over eight-one percent (81%) of the MRI patients referred to the Applicant in FY 2015 were referred by a primary care physician (including internal medicine and family practice), an orthopedic surgeon or a neurologist.

<u>Provider Specialty</u>	<u>% of MRI Referrals</u>
Orthopedics	40.0%
Internal Medicine	21.2%
Family Practice	15.9%
Neurology	4.3%

Primary care physicians (including internal medicine and family practice) and specialists trained in otolaryngology (ENT), orthopedics, urology, oncology, pulmonary medicine and gastroenterology were responsible for referring almost eighty percent (80%) of CT patients in fiscal year 2015.

<u>Provider Specialty</u>	<u>% of CT Referrals</u>
Internal Medicine	23.1%
Family Practice	14.7%
Otolaryngology (ENT)	13.3%
Orthopedics	8.7%
Urology	6.0%
Oncology	4.7%
Pulmonary Medicine	4.6%
Gastroenterology	4.0%

30. Explain how current referral patterns will be affected by the proposal.

Response:

The Applicant does not expect any impact on the current referral patterns as a result of this proposal. The transfer of ownership interests will have no impact on the service delivery and day-to-day operations of the Applicant.

§ “Whether the applicant has satisfactorily demonstrated that the proposed project shall not result in an unnecessary duplication of existing or approved health care services or facilities;”
(Conn.Gen.Stat. § 19a-639(a)(9))

31. If applicable, explain why approval of the proposal will not result in an unnecessary duplication of services.

Response:

Approval of the proposal will not result in unnecessary duplication of services because no services are being added. The transfer of ownership interests will have no impact on the service delivery and day-to-day options of the Applicant. The Applicant will continue to provide the same services and operate in the same manner following the transfer of ownership interests.

§ *“Whether the applicant has satisfactorily demonstrated that the proposal will not negatively impact the diversity of health care providers and patient choice in the geographic region;”*
(Conn.Gen.Stat. § 19a-639(a)(11))

32. Explain in detail how the proposal will impact (i.e., positive, negative or no impact) the diversity of health care providers and patient choice in the geographic region.

Response:

Not applicable. The proposal will have no impact the diversity of health care providers and will maintain patient choice in the geographic region. The Applicant will continue to operate in the same manner following the transfer of ownership interests. There will be no change in operations or services offered by the Applicant as a result of this proposal.

Tables

**TABLE 1
APPLICANT'S SERVICES AND SERVICE LOCATIONS**

Service	Street Address, Town	Population Served	Days/Hours of Operation	New Service or Proposed Termination
<p>Medical Imaging Services</p> <ul style="list-style-type: none"> - MRI - CT - Mammography - Bone Density - Radiography (X-Ray) - Ultrasound 	6 Fieldstone Commons, Suite E Tolland, CT 06084	117,398 ¹	<p>MRI: Mon-Fri 8-3:30; Sat 8-11</p> <p>CT: Mon-Fri 8:30-3:30</p> <p>Mammography: Mon-Thurs 7:30-3:30; Fri 7:30-3; Sat 8-11:30</p> <p>Bone Density: Mon-Thurs 7:30-4:30; Fri 7:30-3; Sat 8-11:30</p> <p>Radiography (X-Ray): Mon-Fri 7:30-4:40; Sat 8-11:30</p> <p>Ultrasound: Mon-Fri 8-3:30</p>	<p>Not Applicable There will be no changes to the service offerings as a result of this proposal.</p>

¹Source: Connecticut Economic Resource Center (CERC) 2012 Town Profile (October, 2014).

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**TABLE 2
SERVICE AREA TOWNS**

List the official name of town* and provide the reason for inclusion.

Town	Reason for Inclusion
<p>Coventry Ellington Mansfield Stafford Tolland Union Vernon Willington</p>	<p>The Applicant's service area was determined by identifying the towns where 80% of the Center's patients originate.</p>

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**TABLE 3
TOTAL PROPOSAL CAPITAL EXPENDITURE**

Purchase/Lease	Cost
Equipment (Medical, Non-medical, Imaging)	\$ 0
Land/Building Purchase*	\$ 0
Construction/Renovation**	\$ 0
Other (specify)	\$ 0
Total Capital Expenditure (TCE)	\$ 0
Lease (Medical, Non-medical, Imaging)***	\$ 0
Total Lease Cost (TLC)	\$ 0
Total Project Cost (TCE+TLC)	\$ 0

* If the proposal involves a land/building purchase, attach a real estate property appraisal including the amount; the useful life of the building; and a schedule of depreciation.

** If the proposal involves construction/renovations, attach a description of the proposed building work, including the gross square feet; existing and proposed floor plans; commencement date for the construction/ renovation; completion date of the construction/renovation; and commencement of operations date.

*** If the proposal involves a capital or operating equipment lease and/or purchase, attach a vendor quote or invoice; schedule of depreciation; useful life of the equipment; and anticipated residual value at the end of the lease or loan term.

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**TABLE 4
PROJECTED INCREMENTAL REVENUES AND EXPENSES**

	FY 2016	FY 2017	FY 2018	FY 2019
Revenue from Operations	\$ 2,108,195	\$ 2,150,359	\$ 2,193,366	\$ 2,237,234
Total Operating Expenses	\$ 1,702,743	\$ 1,725,494	\$ 1,758,909	\$ 1,792,993
Gain/Loss from Operations	\$ 405,453	\$ 424,865	\$ 434,457	\$444,241

* Fill in years using those reported in the Financial Worksheet attached.

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**TABLE 5
HISTORICAL UTILIZATION BY SERVICE**

Service <i>Volume by Procedure</i>	Actual Volume (Last 3 Completed FYs)			CFY Volume*
	FY 2013	FY 2014	FY 2015	FY 2016 YTD October 30, 2015
MRI	1,661	1,775	1,815	172
CT	740	773	855	75
All Other Modalities	8,875	9,396	10,233	957
Total	11,276	11,944	12,903	1,204

Service <i>Number of Patients</i>	Actual Volume (Last 3 Completed FYs)			CFY Volume*
	FY 2013	FY 2014	FY 2015	FY 2016 YTD October 30, 2015
MRI	1,580	1,702	1,739	159
CT	702	736	818	73
All Other Modalities	8,001	8,417	9,083	861
Total	10,283	10,855	11,640	1,093

* For periods greater than 6 months, report annualized volume, identifying the number of actual months covered and the method of annualizing. For periods less than 6 months, report actual volume and identify the period covered.

** Identify each service type and level adding lines as necessary. Provide the number of visits or discharges as appropriate for each service type and level listed.

*** Fill in years. If the time period reported is not *identical* to the fiscal year reported in Table 4 of the application, provide the date range using the mm/dd format as a footnote to the table.

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**TABLE 6
PROJECTED UTILIZATION BY SERVICE**

Service <i>Volume by Procedure</i>	Projected Volume			
	FY 2016	FY 2017	FY 2018	FY 2019
MRI	1,851	1,888	1,926	1,965
CT	855	855	855	855
All Other Modalities	10,233	10,233	10,233	10,233
Total	12,939	12,976	13,014	13,053

Service <i>Patients</i>	Projected Volume			
	FY 2016	FY 2017	FY 2018	FY 2019
MRI	1,774	1,809	1,845	1,882
CT	818	818	818	818
All Other Modalities	9,083	9,083	9,083	9,083
Total	11,675	11,710	11,746	11,783

* Identify each service type by location and add lines as necessary. Provide the number of visits/discharges as appropriate for each service listed.

** If the first year of the proposal is only a partial year, provide the first partial year and then the first three full FYs. Add columns as necessary. If the time period reported is not *identical* to the fiscal year reported in Table 4 of the application, provide the date range using the mm/dd format as a footnote to the table.

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**TABLE 7
 APPLICANT'S CURRENT & PROJECTED PAYER MIX**

Payer	Current FY 2015		Projected							
			FY 2016		FY 2017		FY 2018		FY 2019	
	Patients	%	Patients	%	Patients	%	Patients	%	Patients	%
Medicare*	2,933	25.2%	2,942	25.2%	2,951	25.2%	2,960	25.2%	2,969	25.2%
Medicaid*	885	7.6%	887	7.6%	890	7.6%	893	7.6%	896	7.6%
CHAMPUS	116	1.0%	117	1.0%	117	1.0%	117	1.0%	118	1.0%
Other Government	12	0.1%	12	0.1%	12	0.1%	12	0.1%	12	0.1%
Total Government	3,946	33.9%	3,958	33.9%	3,970	33.9%	3,982	33.9%	3,994	33.9%
Commercial Insurers	7,426	63.8%	7,449	63.8%	7,471	63.8%	7,494	63.8%	7,518	63.8%
Uninsured	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Self Pay	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
Workers Compensation	268	2.3%	269	2.3%	269	2.3%	270	2.3%	271	2.3%
Total Non- Government	7,694	66.1%	7,717	66.1%	7,740	66.1%	7,764	66.1%	7,789	66.1%
Total Payer Mix	11,640	100.0%	11,675	100.0%	11,710	100.0%	11,746	100.0%	11,783	100.0%

* Includes managed care activity.

** Fill in years. Ensure the period covered by this table corresponds to the period covered in the projections provided. New programs may leave the "current" column blank.

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**TABLE 8
UTILIZATION BY TOWN**

Town	CT	MRI	All Other Modalities	Total FY 2015 Utilization
TOLLAND	246	420	3,175	3,841
VERNON/ROCKVILLE	97	174	958	1,229
COVENTRY	93	157	861	1,111
WILLINGTON	63	133	797	993
STAFFORD/STAFFORD SPRINGS/UNION ¹	56	132	749	937
MANSFIELD	38	140	604	782
ELLINGTON	55	114	536	705
ASHFORD	35	81	409	525
MANCHESTER	31	55	164	250
WINDHAM	7	80	72	159
SOUTH WINDSOR	15	13	79	107
BOLTON	10	21	75	106
COLUMBIA	5	22	61	88
ANDOVER	7	13	53	73
CHAPLIN	2	24	31	57
SOMERS	4	10	31	45
ENFIELD	5	6	33	44
EAST WINDSOR	4	6	28	38
WOODSTOCK	2	6	26	34
EAST HARTFORD	1	8	24	33
LEBANON		11	21	32
EASTFORD	5	7	17	29
GLASTONBURY	1	1	27	29
HAMPTON	2	17	9	28
HEBRON	5	2	11	18
WINDSOR		2	12	14
BROOKLYN		5	8	13
HARTFORD	1	5	5	11
POMFRET		4	7	11
NEW BRITAIN	2	2	6	10
WETHERSFIELD		3	6	9
WEST HARTFORD		1	7	8

Town	CT	MRI	All Other Modalities	Total FY 2015 Utilization
WINDSOR LOCKS		6	2	8
KILLINGLY		2	4	6
BRISTOL		2	3	5
COLCHESTER	1	1	3	5
MARLBOROUGH			5	5
NEWINGTON		2	3	5
SCOTLAND		3	2	5
THOMPSON		3	2	5
CROMWELL			4	4
FRANKLIN	1		3	4
MONTVILLE	3	1	0	4
PLYMOUTH			4	4
PUTNAM		4	0	4
ROCKY HILL		1	3	4
EAST HAMPTON			3	3
FARMINGTON		1	2	3
NEW HAVEN	1		2	3
NORWICH		2	1	3
OLD SAYBROOK			3	3
PLAINFIELD		3	0	3
AVON			2	2
BLOOMFIELD		1	1	2
CANTERBURY	1	1	0	2
EAST GRANBY			2	2
EAST LYME	1		1	2
GRANBY	2		0	2
GRISWOLD		2	0	2
GROTON		1	1	2
MIDDLETOWN		1	1	2
MILFORD			2	2
SPRAGUE		1	1	2
STAMFORD			2	2

Town	CT	MRI	All Other Modalities	Total FY 2015 Utilization
STRATFORD			2	2
SUFFIELD		1	1	2
WATERBURY			2	2
WATERTOWN		2	0	2
BERLIN		1	0	1
BETHANY			1	1
BRANFORD			1	1
BRIDGEPORT			1	1
CANTON		1	0	1
CHESTER			1	1
CORNWALL			1	1
EAST HADDAM			1	1
MERIDEN			1	1
MIDDLEFIELD			1	1
MONROE			1	1
NEW CANAAN		1	0	1
NEW HARTFORD			1	1
NEW LONDON	1		0	1
NORTH HAVEN			1	1
OXFORD		1	0	1
PRESTON			1	1
SEYMOUR		1	0	1
SIMSBURY			1	1
SOUTHINGTON			1	1
STONINGTON			1	1
TRUMBULL		1	0	1
WALLINGFORD			1	1
WEST HAVEN			1	1
WOLCOTT	1		0	1
CONNECTICUT TOTAL	804	1,722	8,986	11,512
MASSACHUSETTS TOWNS	6	9	51	66
RHODE ISLAND TOWNS		3	3	6
NEW YORK TOWNS		1	4	5
UNKNOWN	8	4	39	51
TOTAL	818	1,739	9,083	11,640

* List inpatient/outpatient/ED volumes separately, if applicable

** Fill in most recently completed fiscal year.

¹Stafford, Stafford Springs and Union share the same zip code therefore their patient volumes are combined.

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**TABLE 9
SERVICES AND SERVICE LOCATIONS OF EXISTING PROVIDERS**

Service or Program Name	Population Served	Facility ID (NPI)	Facility's Provider Name, Street Address and Town	Hours/Days of Operation		Current Utilization
Rockville General Hospital	336,973 ¹	1871536227	31 Union Street Rockville, CT 06066	MRI	Mon–Fri 8A–3:30P Sat 8A – 11A	1,437 ⁵
				CT	24/7	7,728 ⁵
Johnson Memorial Hospital	255,349 ²	1932123569	201 Chestnut Hill Road Stafford Springs, CT 06076	MRI	24/7 ³	1,111 ⁵
				CT	24/7 ⁴	7,336 ⁵
Tolland Imaging Center	117,398 ¹	1447408299	6 Fieldstone Commons, Suite E Tolland, CT 06084	MRI	Mon-Fri 8A-3:30P Sat 8-11	1,815 ⁶
				CT	Mon-Fri 8:30A-3:30P	855 ⁶
Manchester Memorial Hospital	336,973 ¹	1457399198	71 Haynes Street Manchester, CT 06040	MRI	Mon-Fri 7A-6P	2,769 ⁵
				CT	24/7	16,062 ⁵
Windham Community Memorial Hospital	Unknown	1023191467	112 Mansfield Avenue Windham, CT 06226	MRI	Mon-Fri 7A-11P Sat 7A-3:30P	4,081 ⁵
				CT	24/7	9,792 ⁵
Evergreen Imaging Center, LLC	336,973 ¹	1871536227	2800 Tamarack Avenue South Windsor, CT 06074	MRI	Mon-Fri 7:30A-8:30P Sat 9A-2P	1,312
				CT	Mon-Fri 7:30A-8:30P Sat 9A-2:30P	1,791
JMMC Diagnostic Imaging at Johnson Surgery Center	255,349 ²	1932123569	148 Hazard Avenue Enfield, CT 06082	MRI	Mon-Fri 7:30A-5P Sat 8A-12P	699 ³
				CT	Mon-Fri 7:30A-5P Sat 8A-12P	2,488 ⁴
Jefferson Radiology/CT Imaging Partners	Unknown	1023069754	100 Hazard Avenue Enfield, CT 06082	MRI	Mon-Fri 8:30A-8P Sat 8:30A-5P Sun 10A-4P	2,157 ³
Mandell & Blau, M.D.s, d/b/a Open MRI of Enfield	Unknown	Unknown	137 Hazard Avenue Enfield, CT 06082	MRI	Mon-Fri 9A-5P	1,393 ³
Mandell & Blau, M.D.s, d/b/a Open MRI at Buckland Hills	Unknown	Unknown	491 Buckland Hill Road South Windsor, CT 06074	MRI	Mon-Fri 7A-9P	3,102 ³

Service or Program Name	Population Served	Facility ID (NPI)	Facility's Provider Name, Street Address and Town	Hours/Days of Operation		Current Utilization
Radiology Associates of Hartford	Unknown	1902821481	9 Cranbrook Boulevard Enfield, CT 06082	MRI	Mon-Fri 7:30A-6P Sat 7:30A-1P	2,489 ³
				CT	Mon-Fri 8:30A-5P Sat 7:30A-1P	1,911 ⁴
Baystate Radiology and Imaging	Unknown	Unknown	113 Elm Street Enfield, CT 06082	CT	Mon-Fri 8A-5P	413 ⁴

¹Source: Connecticut Economic Resource Center (CERC) 2012 Town Profile (October, 2014).

²CON application for Saint Francis Care's acquisition of Johnson Memorial Hospital p. 1175.

³Source: OHCA Statewide Health Care Facilities and Services Inventory Table 8: Magnetic Resonance Imaging (MRI) Scanning Providers.

⁴Source: OHCA Statewide Health Care Facilities and Services Inventory Table 9: Computer Tomography (CT) Scanning Providers.

⁵Source: OHCA Twelve Months Actual Filing FY 2014 Report 450.

⁶Actual utilization FY 2015.

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Supplemental CON Application Form
Transfer of Ownership of a Health Care Facility
Conn. Gen. Stat. § 19a-638(a)(2)

Applicant: Tolland Imaging Center, LLC

Project Name: Transfer of Ownership

1. Project Description and Need: Change of Ownership or Control

- a. Describe the transition plan and how the Applicants will ensure continuity of services. Provide a copy of a transition plan, if available.

Response:

Not applicable. The Applicant is a current provider of imaging services at the existing location. No change in services or service delivery is expected as a result of the transfer of ownership interests in the Applicant. The transfer of ownership interests will not impact the day-to-day operations of the Applicant so there is no need to develop a transition plan to ensure continuity of services.

- b. For each Applicant (and any new entities to be created as a result of the proposal), provide the following information as it would appear **prior** and **subsequent** to approval of this proposal:
 - i. Legal chart of corporate or entity structure including all affiliates.
 - ii. Governance or controlling body
 - iii. List of owners and the % ownership and shares of each.

Response:

The Applicant is a joint venture among Manchester Memorial Hospital (“MMH”), Rockville General Hospital (“RGH”), Johnson Memorial Hospital, Inc. (“JMH”) and Windham Community Memorial Hospital, Incorporated (“Windham”). Following approval of this proposal, and contingent upon the approval of the proposed affiliations between Eastern Connecticut Health Network, Inc. and its affiliates (“ECHN”) and Prospect Medical Holdings, Inc. and its affiliates (“PMH”), PMH will assume the interests currently held by MMH and RGH. IN addition, following approval of this proposal and contingent upon the closing of the planned acquisition by Trinity Health-New England, Inc. f/k/a Saint Frances Care (“Trinity”) of the assets of Johnson Memorial Medical Center, Inc. (“JMMC”), Trinity will assume the interest currently held by JMH.

	<u>Current</u>	<u>Proposed</u> ^{(a)(b)}
Johnson Memorial Hospital	15%	0%
Manchester Memorial Hospital	35%	0%
Rockville General Hospital	35%	0%
Windham Community Memorial Hospital	15%	15%
PMH ECHN, Inc. (or other affiliate of PMH)	0%	70%
Trinity Health-New England, Inc. (or affiliate)	0%	15%

(a) Assumes the hospital conversion CON application submitted by ECHN and PMH (Docket Number 15-32016-486) is approved and the ECHN-PMH Transaction is consummated.

(b) Assumes that the transaction approved in Docket Number 15-32002-CON is consummated.

The current corporate organizational chart and the entity structure following approval of this proposal have been provided as **Exhibit S-Q1b**.

- c. Does this proposal avoid the corporate practice of medicine? Explain in detail.

Response:

The proposal does avoid the corporate practice of medicine. The transfer of ownership interests as proposed will not change the day-to-day operations of the Applicant. The Applicant provides the technical component of imaging services and all professional (medical) services are provided by contract with licensed radiologists. The manner in which these services are provided will not change as a result of this proposal.

2. Clear Public Need

- a. Is the proposal being submitted due to provisions of the Federal Sherman Antitrust Act and Conn. Gen Stat. §35-24 et seq. statutes? Explain in detail.

Response:

No. There are no specific provisions of the Federal Sherman Antitrust Act that require the proposed transfers. The proposed transfers are an integral component of the broader affiliations planned by ECHN and JMMC.

- b. Is the proposal being submitted due to provisions of the Patient Protection and Affordable Care Act (PPACA)? Explain in detail.

Response:

No. There are no specific provisions of PPACA that require the proposed transfers, however, the overall impact of the PPACA on the health care landscape was one of the driving factors behind ECHN's decision to pursue a transaction with a larger health system (See Docket Number 15-32016-486).



Supplemental CON Application Form
Acquisition of Equipment
Conn. Gen. Stat. § 19a-638(a)(10),(11)

Applicant: Tolland Imaging Center, LLC

**Project Name: Acquisition of Equipment through a Transfer of
Ownership**

Affidavit

Applicant: Tolland Imaging Center, LLC

Project Title: Acquisition of Equipment through a Transfer of Ownership

I, Daniel J. DelGallo, Executive Director
(Name) (Position – CEO or CFO)

of Tolland Imaging Center, LLC being duly sworn, depose and state that the (Facility Name) said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

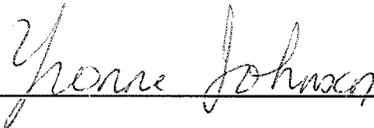


Signature

1/7/16

Date

Subscribed and sworn to before me on 1-7-16



Notary Public/Commissioner of Superior Court

Yvonne Johnson, Notary Public
My Commission Expires Jan. 31, 2017

My commission expires: _____

1. Project Description: Acquisition of Equipment

- a. Provide the manufacturer, model and number of slices/tesla strength of the proposed scanner (as appropriate to each piece of equipment).

Response:

Not applicable. Tolland Imaging Center, LLC (the “Applicant”) is a current provider of imaging services at the existing location. The Applicant is requesting Certificate of Need (“CON”) authorization for certain of its current hospital members to transfer their ownership interests in the Applicant to successor entities. No change in services or service delivery is expected as a result of the transfer of ownership interests in the Applicant. No equipment is being acquired as a result of the transfer of ownership interests.

- b. List each of the Applicant’s sites and the imaging modalities currently offered by location.

Response:

Imaging Modalities	Site
MRI CT Mammography Bone Density Radiography (X-Ray) Ultrasound	Tolland Imaging Center, LLC 6 Fieldstone Commons, Suite E Tolland, CT 06084

2. Clear Public Need

- a. Complete **Table A** for each piece of equipment of the type proposed currently operated by the Applicant at each of the Applicant’s sites.

TABLE A
EXISTING EQUIPMENT OPERATED BY THE APPLICANT

Provider Name/Address	Service*	Days/Hours of Operation **	Utilization*** FY 2015
Tolland Imaging Center, LLC 6 Fieldstone Commons, Suite E Tolland, CT 06084	MRI Hitachi Altaire Fixed Open 0.8 Tesla	Mon – Fri 8:00 AM – 3:30 PM Sat 8:00 – 11:00 AM	1,815
	CT Scan Siemens Sensation 4 Fixed 4 Slice	Mon – Fri 8:30 AM – 3:30 PM	855

*Include equipment strength (e.g. slices, tesla strength), whether the unit is open or closed (for MRI)

**Days of the week unit is operational, and start and end time for each day

***Number of scans/exams performed on each unit for the most recent 12-month period (identify period).

Response:

No new equipment is being requested related to the proposed transfers of ownership interest in the Applicant.

- b. Provide the rationale for locating the proposed equipment at the proposed site;

Response:

As explained in the April 13, 2007 response to OHCA’s completeness letter regarding Docket Number 06-30841-CON, the Applicant’s decision to establish operations in Tolland was due to several factors. The town of Tolland in recent years had experienced considerable growth in population, and this growth is expected to continue. Additionally, Tolland was identified as an attractive location for an imaging center due to the large number of physicians establishing offices in the region. The specific location at Fieldstone Commons off Merrow Road was identified because of its proximity to Route 84 and its central location to each of the Applicant’s hospital members.

The Applicant’s location offers several advantages for patients and physicians. A number of physicians had established offices in the same building as the Applicant when it first opened its doors in 2008, and additional physicians have since established offices in Tolland or one of the neighboring towns. Access to a freestanding, outpatient imaging facility within close proximity of their offices contributes to patient compliance with recommended services. Older patients, in particular, are more likely to obtain needed imaging services if the site of service is in close proximity to their home and to their physician. The placement of the facility at this site in Tolland also offers quick and convenient access to the Emergency Room at Rockville General Hospital, in the rare instance that such a transfer is necessary for the Applicant’s patients.

The transfer of interests in TIC will have no impact on the operations of TIC and the facility will continue to provide the same clinical services at its existing location in Tolland.

3. Actual and Projected Volume

- a. Complete the following tables for the past three fiscal years (“FY”), current fiscal year (“CFY”), and first three projected FYs of the proposal, for each of the Applicant’s existing and proposed pieces of equipment (of the type proposed, at the proposed location only). In **Table B**, report the units of service by piece of equipment, and in **Table C**, report the units of service by type of exam (e.g. if specializing in orthopedic, neurosurgery, or if there are scans that can be performed on the proposed scanner that the Applicant is unable to perform on its existing scanners).

TABLE B
HISTORICAL, CURRENT, AND PROJECTED VOLUME, BY EQUIPMENT UNIT

Equipment***	Actual Volume (Last 3 Completed FYs)			CFY Volume*	Projected Volume (Partial Year plus First 3 Full Operational FYs)			
	FY 2013	FY 2014	FY 2015	FY 2016 YTD	FY 2016	FY 2017	FY 2018	FY 2019
MRI – Hitachi Altaire	1,661	1,775	1,815	172	1,851	1,888	1,926	1,965
CT - Siemens Sensation 4	740	773	855	75	855	855	855	855

* Current year volume for FY 2016 reflects actual volume from October 1, 2015 through October 30, 2015.
Note: The Applicants Fiscal Year runs from October 1 – September 30.

TABLE C
HISTORICAL, CURRENT, AND PROJECTED VOLUME, BY TYPE OF SCAN/EXAM

Service***	Actual Volume (Last 3 Completed FYs)			CFY Volume*	Projected Volume (Partial Year plus First 3 Full Operational FYs)			
	FY 2013	FY 2014	FY 2015	FY 2016 YTD	FY 2016	FY 2017	FY 2018	FY 2019
MRI Patients	1,580	1,702	1,739	159	1,774	1,809	1,845	1,882
MRI Scans	1,661	1,775	1,815	172	1,851	1,888	1,926	1,965
CT Patients	702	736	818	73	818	818	818	818
CT Scans	740	773	855	75	855	855	855	855

* Current year volume for FY 2016 reflects actual volume from October 1, 2015 through October 30, 2015.
Note: The Applicants Fiscal Year runs from October 1 – September 30.

- b. Provide a detailed explanation of all assumptions used in the derivation/ calculation of the projected volume by scanner and scan type.

Response:

MRI volumes are expected to increase 2.0% each year beginning in FY 2016 through FY 2019. This is consistent with the growth observed from FY 2014 to FY 2015.

CT volumes have been projected more conservatively and are expected to remain constant at FY 2015 levels through FY 2019.

- c. Explain any increases and/or decreases in the volume reported in the tables above.

Response:

Increases in MRI and CT volume were experienced each year from FY 2013 through FY 2015. The availability of these services in a lower-cost setting compared to hospital-based providers of MRI and CT services is likely the primary driver for the volume increases observed, though service area population increases may have also contributed to the volume growth. The Applicant expects these influences to continue over the next several years, resulting in the 2% growth in MRI volume to continue. The Applicant was more conservative in its assumption regarding all other services provided at TIC, including CT services, and maintained volume projections at FY 2015 levels.

- d. Provide a breakdown, by town, of the volumes provided in **Table C** for the most recently completed FY.

**TABLE D
MRI UTILIZATION BY TOWN¹**

Town	MRI Utilization FY 2015
TOLLAND	420
VERNON/ROCKVILLE	174
COVENTRY	157
MANSFIELD	140
WILLINGTON	133
STAFFORD/STAFFORD SPRINGS/UNION ²	132
ELLINGTON	114
ASHFORD	81
WINDHAM	80
MANCHESTER	55
CHAPLIN	24
COLUMBIA	22
BOLTON	21

Town	MRI Utilization FY 2015
HAMPTON	17
ANDOVER	13
SOUTH WINDSOR	13
LEBANON	11
SOMERS	10
EAST HARTFORD	8
EASTFORD	7
EAST WINDSOR	6
ENFIELD	6
WINDSOR LOCKS	6
WOODSTOCK	6
BROOKLYN	5
HARTFORD	5
POMFRET	4
PUTNAM	4
PLAINFIELD	3
SCOTLAND	3
THOMPSON	3
WETHERSFIELD	3
BRISTOL	2
GRISWOLD	2
HEBRON	2
KILLINGLY	2
NEW BRITAIN	2
NEWINGTON	2
NORWICH	2
WATERTOWN	2
WINDSOR	2
BERLIN	1
BLOOMFIELD	1
CANTERBURY	1
CANTON	1
COLCHESTER	1
FARMINGTON	1
GLASTONBURY	1
GROTON	1
MIDDLETOWN	1
MONTVILLE	1
NEW CANAAN	1
OXFORD	1
ROCKY HILL	1
SEYMOUR	1
SPRAGUE	1

Town	MRI Utilization FY 2015
SUFFIELD	1
TRUMBULL	1
WEST HARTFORD	1
CONNECTICUT TOTAL	1,722
MASSACHUSETTS TOWNS	9
RHODE ISLAND TOWNS	3
NEW YORK TOWNS	1
UNKNOWN	4
Total Patient Volume	1,739

¹Utilization by Town by modality is available by patient volume, not by scan volume.

²Stafford, Stafford Springs and Union share the same zip code therefore their patient volumes are combined.

CT UTILIZATION BY TOWN¹

Town	Utilization FY 2015
TOLLAND	246
VERNON/ROCKVILLE	97
COVENTRY	93
WILLINGTON	63
STAFFORD/STAFFORD SPRINGS/UNION ²	56
ELLINGTON	55
MANSFIELD	38
ASHFORD	35
MANCHESTER	31
SOUTH WINDSOR	15
BOLTON	10
ANDOVER	7
WINDHAM	7
COLUMBIA	5
EASTFORD	5
ENFIELD	5
HEBRON	5
EAST WINDSOR	4
SOMERS	4
MONTVILLE	3
CHAPLIN	2
GRANBY	2
HAMPTON	2
NEW BRITAIN	2
WOODSTOCK	2
CANTERBURY	1
COLCHESTER	1

Town	Utilization FY 2015
EAST HARTFORD	1
EAST LYME	1
FRANKLIN	1
GLASTONBURY	1
HARTFORD	1
NEW HAVEN	1
NEW LONDON	1
WOLCOTT	1
CONNECTICUT TOWNS	804
MASSACHUSETTS TOWNS	6
UNKNOWN	8
Total Patient Volume	818

¹Utilization by Town by modality is available by patient volume, not by scan volume.

² Stafford, Stafford Springs and Union share the same zip code therefore their patient volumes are combined.

Attachment 1

Resolution of Board of Managers and Members

TOLLAND IMAGING CENTER, LLC

Joint Meeting of the Board of Managers and Members

December 17, 2015

WHEREAS, Eastern Connecticut Health Network, Inc. and its affiliates (“*ECHN*”) and Prospect Medical Holdings, Inc. and its affiliates (“*PMH*”) have agreed in principle on the terms of an Asset Purchase Agreement pursuant to which ECHN will, subject to receipt of required regulatory approvals and satisfaction of other closing conditions, transfer substantially all of its assets to PMH (the “*ECHN-PMH Transaction*”); and

WHEREAS, the assets to be transferred in connection with the ECHN-PMH Transaction are proposed to include the interests of Manchester Memorial Hospital (“*MMH*”) and The Rockville General Hospital, Incorporated (“*RGH*”) in Tolland Imaging Center, LLC (the “*Company*”); and

WHEREAS, Johnson Memorial Medical Center, Inc. and its affiliates (“*Johnson*”) and Saint Francis Care, Inc. and its affiliates (“*SFC*”) have entered into an Asset Purchase Agreement pursuant to which Johnson will, subject to the receipt of all required regulatory approvals and satisfaction of other closing conditions, transfer substantially all of its assets to SFC (the “*Johnson-SFC Transaction*”); and

WHEREAS, the assets to be transferred in connection with the Johnson-SFC Transaction are proposed to include the interests of Johnson Memorial Hospital, Inc. (“*JMH*”) in the Company; and

WHEREAS, the Company is currently operating as limited liability company under Connecticut law that holds its own exemption from federal income taxes under section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the “*Internal Revenue Code*”); and

WHEREAS, in order to provide flexibility for governance, including mechanisms for controlling future withdrawals from membership or the addition of new members, the Board of Managers of the Company (the “*Board*”) and its members determined to dissolve the existing limited liability company and to reorganize the operations of the Company as a limited liability company does not hold its own exemption from federal income taxes under section 501(c)(3) of the Internal Revenue Code (the “*Reorganization*”); and

WHEREAS, the Board and the members wish to effectuate the Reorganization in a manner that will permit the transfers contemplated by the ECHN-PMH Transaction and the Johnson-SFC Transaction.

NOW, THEREFORE, be it resolved as follows:

RESOLVED: That the Company shall effectuate the Reorganization as follows:

- (a) The Company shall be dissolved, with its assets distributed to each of its current members in proportion to their current membership interests in the Company;
- (b) Each of the members will contribute the assets distributed to them as a result of the dissolution of the Company to a to-be-formed Connecticut limited liability company;
- (c) The members will adopt an Operating Agreement for the limited liability company that, among other things: (x) provides for each of the members to have an interest in the limited liability company in the same proportion that each such member holds in the Company; (y) permits a member (subject to any required regulatory approvals) to transfer its membership interest to an affiliate or to a successor on a change in control, regardless of tax status of the transferee; and (z) includes provisions to ensure that distributions by the company to members who are exempt under section 501(c)(3) of the Internal Revenue Code are not treated as unrelated business income under the Internal Revenue Code.

RESOLVED: That the Board and the officers of the Company are authorized to file any applications for regulatory approval deemed necessary or appropriate to effectuate the Reorganization and to permit the transfers contemplated by the ECHN-PMH Transaction and the Johnson-SFC Transaction, including without limitation an application for a Certificate of Need from the Office of Connecticut Health Care Access to permit ECHN to transfer any interests held by MMH and RGH in the Company to PMH and to permit Johnson to transfer any interest held by JMH in the Company to SFC.

RESOLVED: That the officers of the Company be and they hereby are, and each of them acting singly hereby is, authorized from time to time, on behalf of the Company, to execute, acknowledge, deliver and file any such certificates, agreements, notices, amendments, waivers, consents, indemnities and other instruments and documents, and to take such other action, as may be shown by his, her or their execution and performance thereof to be in his, her or their judgment necessary or desirable in connection with the consummation of the actions contemplated by the foregoing resolutions, the taking of any such action to be conclusive evidence that the same has been authorized by the Board.

Attachment 2

Documentation of Tax Exempt Status

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: **AUG 18 2009**

TOLLAND IMAGING CENTER LLC
C/O ROBINSON & COLE LLP
SUSAN E ROBERTS
280 TRUMBULL ST
HARTFORD, CT 06103-3597

Employer Identification Number:
20-8688982
DLN:
17053301312038
Contact Person:
DENISE L. TAMAYO ID# 95120
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
September 30
Public Charity Status:
170(b)(1)(A)(iii)
Form 990 Required:
Yes
Effective Date of Exemption:
February 26, 2007
Contribution Deductibility:
Yes
Addendum Applies:
No

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Letter 947 (DO/CG)

TOLLAND IMAGING CENTER LLC

We have sent a copy of this letter to your representative as indicated in your power of attorney.

Sincerely,

A handwritten signature in black ink that reads "Robert Choi". The signature is written in a cursive style with a large, looped initial "R".

Robert Choi
Director, Exempt Organizations
Rulings and Agreements

Enclosures: Publication 4221-PC

Exhibits

Exhibit Q5a
Equipment Certificates



American College of Radiology

Magnetic Resonance Imaging Services of

Tolland Imaging Center

6 Fieldstone Commons
Suite E

Tolland, Connecticut 06084

were surveyed by the
Committee on MRI Accreditation of the
Commission on Quality and Safety

The following magnet was approved

Hitachi ALTAIRE 2002

For

Head, Spine, MSK

Accredited from:

November 26, 2014 through March 10, 2018

CHAIRMAN, COMMITTEE ON MRI ACCREDITATION

PRESIDENT, AMERICAN COLLEGE OF RADIOLOGY

MRAP# 07016-01



American College of Radiology

Computed Tomography Services of

Tolland Imaging Center

6 Fieldstone Commons
Suite E

Tolland, Connecticut 06084

were surveyed by the
Committee on Computed Tomography Accreditation of the
Commission on Quality and Safety

The following unit was approved

Siemens SOMATOM SENSATION 4 2002

For

**Adult and Pediatric Patients
Head/Neck, Chest, Abdomen**

Accredited from:

January 21, 2015 through May 14, 2018

CHAIRMAN, COMMITTEE ON COMPUTED
TOMOGRAPHY ACCREDITATION

PRESIDENT, AMERICAN COLLEGE OF RADIOLOGY

CTAP# 04000-01



American College of Radiology

Mammographic Imaging Services of

Tolland Imaging Center

**6 Fieldstone Commons Ste E
Tolland, Connecticut 06084**

were surveyed by the
Committee on Mammography Accreditation of the
Commission on Quality and Safety

The following unit was approved

Siemens Medical Systems MAMMOMAT NOVIATION DR 2006

Accredited from:

December 05, 2014 through March 09, 2018

CHAIRMAN, COMMITTEE ON
MAMMOGRAPHY ACCREDITATION

PRESIDENT, AMERICAN COLLEGE OF
RADIOLOGY

MAP# 17061-01



American College of Radiology

Ultrasound Services of

Tolland Imaging Center

6 Fieldstone Commons
Suite E

Tolland, Connecticut 06084

were surveyed by the
Committee on Ultrasound Accreditation of the
Commission on Quality and Safety

Accredited for

Obstetrical (1st, 2nd and 3rd Trimesters), Gynecological, General

Accredited from:

May 21, 2015 through May 21, 2018

CHAIRMAN, COMMITTEE ON ULTRASOUND ACCREDITATION

PRESIDENT, AMERICAN COLLEGE OF RADIOLOGY

UAP# 04294



Connecticut Department of
Energy & Environmental Protection
79 Elm Street
Hartford, CT 06106-5127
www.ct.gov/deep

Certificate of Use

Issued To

TOLLAND IMAGING CENTER, LLC

For

Diagnostic and Therapeutic X-Ray Device Registration

Robert J. Klee
Commissioner

Site Located at:
6 Fieldstone Cmns,
Tolland, CT 06084

Application No: 201404048

Issue Date: 4/30/2014

Expiration Date: 4/30/2016

Reference: This registration is from May 1, 2014 to
April 30, 2016. Your facility/permit # is
4795 / Number of devices = 4.



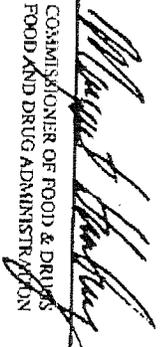
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
Public Health Service
Food and Drug Administration

CERTIFIED MAMMOGRAPHY FACILITY

This certifies that

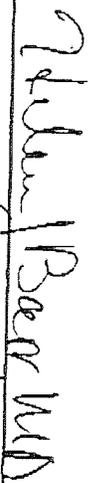
Tolland Imaging Center

has complied with the requirements of the Mammography Quality Standards Act of 1992 and is hereby authorized to perform mammography examinations, pursuant to 42 U.S.C. 263b.


COMMISSIONER OF FOOD & DRUGS
FOOD AND DRUG ADMINISTRATION

Facility ID Number: 238393

Expiration Date: March 9, 2018


DIRECTOR

DIVISION OF MAMMOGRAPHY QUALITY AND RADIATION PROGRAMS
CENTER FOR DEVICES AND RADIOLOGICAL HEALTH

Patients may report comments/complaints to:
Mammography Accreditation Program
American College of Radiology
1891 Preston White Drive
Reston, Virginia 20191-4397

Exhibit Q5b
Key Personnel Curriculum Vitae

Daniel Joseph DelGallo RT (R)(CT)(MRI)
3 Strawberry Fields
Granby, CT 06035
(860) 930-9107

CAREER OBJECTIVE To obtain a leadership position in the health care industry that capitalizes on my extensive technological background, customer service experience, and strong managerial skills.

EDUCATION M.B.A. *Entrepreneurial Thinking and Innovative Practices*, Oct 2013, Bay Path College, Longmeadow, MA.
B.S. *Diagnostic Imaging*, 1999, Quinnipiac College, Hamden, CT.

PROFESSIONAL CREDITS MRI board certified (August 2002)
ARRT board certified in Computed Tomography (July 1999)
ARRT board certified Radiographer (July 1998)

AWARDS Vision Award Nominee for Outstanding Leadership at ECHN (April 2013)
MBA Innovative Business Plan Award All Around Winner, Fiduciary Investment Advisors (December 2013)

WORK EXPERIENCE *2/12-Present: Eastern Connecticut Health Network, Inc., Manchester, CT*
Administrative Director of Medical Imaging directly responsible for operations of two hospitals, a women's wellness center, three outpatient imaging centers, and a multidiscipline department titled the Breast Care Collaborative. Provide leadership and oversight of quality, budgets, policy and procedures, contract negotiation, and physician relations.

- Implemented a vascular ultrasound lab with Navix, Inc.
- Successfully operationalized a new women's wellness center
- Converted an IDTF outpatient imaging center into an HOPD

2/09-Present: Tolland Imaging Center, LLC, Tolland, CT

Contracted Executive Director of facility owned by three hospital systems. Responsible for all operations including, but not limited to: hiring, employee discipline, budgets, business plans, marketing, physician relations, contract negotiation, and quality assurance.

- Assisted ECHN in start-up of entity in 2008 which included staffing, State and Federal filings, and workflow implementation
- Perform accrual-based accounting for entity

3/06-1/12: Evergreen Imaging Center, LLC, South Windsor, CT

Executive Director of a for-profit joint venture entity responsible for all operations including its development and start-up in early 2006. Performed contract and equipment negotiation, workflow assessment and implementation, quality assurance monitoring, and accrual-based accounting management.

- Developed policy & procedure manual for the center
- Designed, negotiated, and implemented all benefit packages for employees
- Obtained 3% profit margin in first full year and 9% in second year

11/02-2/06: Alliance Imaging, Inc., Hartford, CT.

Manager of Operations for Greater Hartford County. Responsibilities included, but not limited to: hiring, employee discipline, staff scheduling, scanning, marketing, unit and staff budgeting, development of business plans, and building customer relationships.

- Implemented patient care initiatives in the Northeast through a series of staff training sessions involving power point presentations

7/00-11/02: Alliance Imaging, Inc., West Springfield, MA.

MRI lead technologist in mobile environment, responsible for scheduling and site protocols. Performed numerous scans including musculoskeletal, neurological, soft tissue, and all types of MRA exams.

5/99-7/00: Saint Francis Hospital, Hartford, CT.

Worked in all areas of general X-ray at a trauma one hospital, including the E.R., O.R., fluoroscopic department, and clinical department. Supervised other technologists, as well as student interns.

MAGNET EXPERIENCE

Philips Gyroscan 1.5T
Philips Intera 1.5T
Siemens Symphony (Syngo software) 1.5T
Siemens Impact 1.0T
GE Excite LX (software 9.0-11.0)

COMPUTER SKILLS

Proficient in Microsoft Word, Excel, PowerPoint, and Outlook.

REFERENCES

Available upon request.

DENNIS P. MCCONVILLE

80 CHILSTONE LANE
MANCHESTER, CT, 06040

(860) 646-1225

denpmcc@gmail.com

PROFESSIONAL EXPERIENCE

EASTERN CONNECTICUT HEALTH NETWORK, INC., MANCHESTER, CT

Senior Vice President Chief Strategy Officer, January 2014 - Present

Senior Vice President for Strategic Planning, Marketing & Communications, April 2007 – January 2014

Vice President for Strategic and Operational Planning, March 2000 – April 2007

- **RESPONSIBILITIES:** Strategic planning, business development, marketing, communications, public relations, government affairs, physician relations, property management, community health education and benefit reporting for a non-profit health care system with net revenues of \$330 million created in 1995 with the merger of two acute care community hospitals having a total of 351 licensed beds, Manchester Memorial Hospital and Rockville General Hospital, and subsidiary corporations including a sub-acute and skilled nursing facility, women's wellness center, a medical foundation, and multiple community-based outpatient services facilities and multiple joint venture companies.
- **STRATEGIC PLANNING:** Staffing the Board of Trustees initiative to affiliate with a larger regional healthcare system including the evaluation, planning, due diligence, communication plans and regulatory approvals. Developed and oversaw the implementation of three network strategic plans. Created service line plans for women's health, cancer care, surgical services and musculoskeletal services. Collaborated with the Chief Information Officer and produced an information technology strategic plan. Oversaw three community health needs assessments of the network service area. Produced facility master plans and campus plans for two hospitals that included a cancer center. Working closely with the Senior Vice President for Medical Affairs, implemented medical staff development plans including a network primary care strategy. Developed and implemented a network medical access center strategy. Planning for system-wide response to address healthcare payment reform and population health management working closely with Senior Vice President & Chief Medical Officer to further develop ECHN's continuum of care aligning acute, post-acute and community-based care.
- **BUSINESS DEVELOPMENT:** Established two startup imaging joint venture companies with physicians and other hospital partners. Negotiated the purchase of five physician practices. Formed four real estate joint ventures to develop and build five medical facilities. Obtained regulatory approvals, including certificates of need, for multiple health care services and facilities.
- **MARKETING:** Managed the development and implementation of a corporate branding campaign and strategic marketing campaigns including a digital media strategy for ECHN and its subsidiary corporations.
- **COMMUNICATIONS:** Corporate spokesperson for ECHN including crisis communications for union efforts to organize employees and the closure of a hospital maternity service. Lead sponsor of a multidisciplinary team

Dennis P. McConville

for internal communication strategy.

- **PROJECT MANAGEMENT:** Planned, managed and completed multiple facility projects totaling over \$100 million including: a major hospital upgrade project, emergency departments, operating rooms, a cancer center, an intensive care unit, hospital-based and ambulatory gastroenterology centers, off-site sterile processing center, ambulatory dialysis center, imaging centers, a behavioral health building, women's health center, and multiple community medical access centers. Worked with the Chief Information Officer to expand the system fiber optic network to all offsite facilities.
- **PHYSICIAN RECRUITMENT:** Managed the recruitment of 28 physicians for independent physician practices and the ECHN employed physician group practice. Spearheaded a new physician relations program that increased physician retention.

Director, Operational & Strategic Planning, February 1998 - March 2000

- **RESPONSIBILITIES:** Responsible for business planning, project management, facilities planning, and program development.
- **ACHIEVEMENTS:** Conducted market share analyses and an extensive community health needs assessment, strategic planning initiatives, maternal and neonatal services and dialysis services studies. Presented community health assessment findings to trustees, medical staff, management staff, staff of nineteen towns, and community and state legislative leaders.

Director of Cardiology, Pulmonary, and Rehabilitation Services, June 1995 - February 1998

- **RESPONSIBILITIES:** Responsible for leadership and operations management for multiple departments including: physical therapy, occupational therapy, speech therapy, respiratory services, pulmonary laboratory, cardiac stress testing laboratory, cardiac and pulmonary rehabilitation programs, EKG, holter monitor scanning and EEG services.
- **ACHIEVEMENTS:** Established a sleep study program, designed and implemented a cardiac event monitoring service, established an outreach respiratory and pulmonary rehabilitation program contracted to area skilled nursing facilities, obtained professional service agreements with oxygen/durable medical equipment companies for respiratory equipment teaching in the home, completed a conversion to a CPT-based coding system for rehabilitation services charging, and established a satellite rehabilitation facility with aquatic therapy services at the Glastonbury Wellness Center, Glastonbury, CT.

MANCHESTER MEMORIAL HOSPITAL, MANCHESTER, CT

Evening Administrator, Nursing Services, June 1987 - June 1995

- **RESPONSIBILITIES:** Responsible as the on-site administrator for the hospital and for clinical nursing services.
- **ACHIEVEMENTS:** Led a team that developed and implemented a nursing patient care delivery system for nursing.

SAINT FRANCIS HOSPITAL AND MEDICAL CENTER, HARTFORD, CT

Supervisor, Nursing Services, August 1980 - June 1987

- Responsible for clinical supervision of nursing services for critical care and step-down patient care units.

Dennis P. McConville

Nurse Clinician, Cardiac Rehabilitation Services, February 1980 - August 1980

- Coordinated and supervised a multidisciplinary cardiac rehabilitation program for patients following myocardial infarction, coronary artery bypass graft surgery and heart valve replacement surgery.

Assistant Nurse Manager, Medical Surgical Intensive Care Unit, February 1979 - February 1980

- Supervised and cared for patients with acute multi-system illnesses, trauma injuries and major surgery.

Staff Registered Nurse, Coronary Intensive Care Unit, July 1977 - February 1979

- Cared for patients with acute cardiovascular disorders.

EDUCATION

RENSELAER AT HARTFORD, HARTFORD, CT

Master of Science in Health Care Management, June 1995

EASTERN CONNECTICUT STATE UNIVERSITY, WILLIMANTIC, CT

Bachelor of Science Degree, Business Administration, June 1984

SAINT FRANCIS HOSPITAL SCHOOL OF NURSING, HARTFORD, CT

Diploma, Nursing, June 1977

GOVERNANCE AND COMMUNITY ACTIVITIES

Chairman of ECHN Enterprises Board of Trustees (ECHN's for-profit subsidiary) (2000-Present)

Chairman, Board of Directors, Northeast Regional Radiation Oncology Network, Inc. (2013-Present)

President, Tolland Imaging Center, LLC, Tolland, CT (2008–2010), (2013-Present)

Managing Director, Evergreen Imaging Center, LLC, South Windsor, CT (2005-2010)

Board of Directors, Chamber of Commerce, South Windsor, CT (2006–2009)

Board of Directors, Visiting Nurse and Health Services of Connecticut, Vernon, CT (2000-2008)

Vice President and Director, The Rockville Downtown Association, (2001-2005)

LICENSURE

State of Connecticut Registered Nursing License

PROFESSIONAL ASSOCIATIONS

Society for Healthcare Strategy and Market Development of the American Hospital Association

New England Society for Healthcare Strategy

New England Society for Healthcare Communications



Curriculum Vitae
John P. Opalacz, M.D.

Personal Data:

Home Address

53 Greentree Drive
Glastonbury, Connecticut 06033

Date of Birth

August 4, 1951

Place of Birth

Middletown, Connecticut

Marital Status

Married

Work Address

Jefferson Radiology, P.C.
85 Seymour Street, Suite 200
Hartford, Connecticut 06106

Certification

Diplomate, American Board of Radiology 1981
National Board of Medical Examiners 1977

Telephone

Work 860/289-3375
Pager 860/825-7941
Home 860/659-3918

Work Experience:

Professional Employment

- ♦ Jefferson Radiology, P.C. *July 1, 1982 - Present*
Hartford, Connecticut
 - Staff Radiologist

Hospital Affiliations

- ♦ Hartford Hospital June 1982 - Present
Hartford, Connecticut
 - Section Chief, Body CT Scanning
 - Section Chief, General Radiology
 - Senior Staff Radiologist
- ♦ Connecticut Children's Medical Center November 2006 - Present
Hartford, Connecticut
- ♦ Johnson Memorial Hospital October 1998 - Present
Stafford Springs, Connecticut
- ♦ Windham Hospital July 2006 - Present
Willimantic, Connecticut
- ♦ Day Kimball Hospital September 2010 - Present
Putnam, Connecticut



Education:

Fellowship

- ◆ St. Raphael's Hospital *Abdominal Imaging*
New Haven, Connecticut *July 1981 – June 1982*

Residency

- ◆ Armed Forces Institute of Pathology *January - February 1981*
Washington, DC
- ◆ Hartford Hospital *Diagnostic Radiology, 7/1978 – 6/1981*
Hartford, Connecticut *Chief Resident, July - December 1980*

Internship

- ◆ Baystate Medical Center *Internal Medicine*
Springfield, Massachusetts *7/1977 – 6/1978*

Medical

- ◆ St. Louis University School of Medicine *9/1973 – 6/1977*
St. Louis, Missouri *Degree: M.D.*

College

- ◆ Holy Cross College *9/1969 – 6/1973*
Worcester, Massachusetts *Degree: B.A.*

Secondary

- ◆ Middletown High School *1965 - 1969*
Middletown, Connecticut

Memberships/Organizations:

- ◆ American College of Radiology *Member*
- ◆ American Roentgen Ray Society *Member*
- ◆ Society of Breast Imaging *Member*

Publications:

- ◆ S.K. Sussman, F.F. Illescas, and J.P. Opalacz. **Renal Streak Artifact During Contact Enhanced Abdominal CT: Comparison of Low Osmolality versus High Osmolality Contrast Media.** *Abdominal Imaging*, 180, 1993.
- ◆ J.R. Reese and J.P. Opalacz. **Kikusi's Disease: A Mimic of Lymphoma.** Submitted *Abdominal Imaging*.
- ◆ J.R. Reese and J.P. Opalacz. **Pseudotumor of the Liver: Imaging Features.** Submitted *Abdominal Imaging*.

Presentations and Papers:



Curriculum Vitae
John P. Opalacz, M.D.

- ♦ **Renal Streak Artifact During Abdominal CT.** ARRS Scientific Meeting, S.K. Sussman, F.F. Illescas, and J.P. Opalacz.
- ♦ **Pseudotumor of Liver: Imaging Features.** J.R. Reese and J.P. Opalacz.

Orlando, Florida
May 1992

Laurie S. Kingsbury
558 Swamp Road Coventry, CT 06238
860-712-0853
Lkpk0252@sbcglobal.net

Objective: To obtain a position in the business field.

Education:

May 2004-May 2009: Saint Leo University Center for Online Learning, Tampa, FL. Major: BA Business Administration and Accounting. Associates of Business Administration received 2009.

September 1996-May 1997: Middlesex Community College, Wethersfield CT. Major: Food Service Supervisor Course. Certificate Received 5/1997.

Experience:

August 2008-Present: Tolland Imaging Center, Tolland, CT.

Office Manager:

Daily operations of office that include: customer service and complaint resolution; make schedule changes as needed; record keeping for office; receiving and processing of mail; calls from vendors; available for all staff at all times.

Billing: record keeping and daily reporting of payments received; weekly EFT/copay sheets compiled updated and emailed to McKesson; refunds verified, processed, mailed, and archived; complaint resolution of patient questions and concerns, as well as McKesson questions and concerns. Corrections to reports done, resigned, and sent back to McKesson for billing purposes. Process attorney requests and send to McKesson as needed.

Human resource administrator: Process time off requests and find appropriate coverage; record keeping of all employee files, payroll records, and documentation; advertising, screening, interviewing and hiring of all new staff; health insurance policy administrator; answer insurance questions, make any changes to individual plans as needs change, and work on yearly insurance renewal paperwork; process payroll biweekly; update and verify all technologist and radiologists licenses, credentials as needed and yearly; compile and maintain employee files/training records; perform yearly reviews of employees; update/maintain

policy and procedure manuals; update/file form 5500 for annual employee benefits.

Transcriptionist: corrections to reports as needed; corrections to exams in PACS as needed; access Powerscribe to ensure reports cross to Meditech; troubleshoot issues with PowerScribe and radiologists; ensure that radiologists sign reports in queue; track radiologist and technologist statistics.

Marketing and advertising: coordinate print ads, videos, update website and facebook, and yearly mammogram event planning; ordering of giveaways; attending of community health fair events

Credentialing: credentialing/recredentialing insurance contracts/renewals; maintain list of contracts; address any issues with coverage. Compile and maintain radiologist credentials.

Month end volume reports: compile daily volume counts and compile into spreadsheets for month end reporting.

IT/Systems Issues: go to person to troubleshoot computer/system issues to solve issues before contacting IT; coordinate and request permanent schedule changes; report all issues with systems and work with service staff to correct.

Maintenance: schedule service as needed for equipment; schedule yearly physicist testing; report any office or building problems/repairs to ECHN property manager and bank.

Supplies: order medical supplies as needed for technologists and office supplies for front desk staff

Liaison/coordinator: between Tolland Imaging and staff, insurance companies, attorneys, referring doctors' offices, IT, Executive Director, Jefferson Radiology, McKesson, and all radiologists; set up and train any new radiologist with PACS, PowerScribe, and Meditech; attend meetings/conference calls as needed.

Receptionist/Secretary Diagnostic Imaging: Biopsy information; birad codes; scheduling and registration of patients; opening and closing of office; full time coverage during vacations; customer service; assisting technologists as needed; checking and verifying authorizations; calling offices to correct orders; ensure

that all paperwork is completed correctly before patients come in.

December 2004-August 2008: Women's Center for Wellness, South Windsor, CT. Office Assistant Diagnostic Imaging. General office duties, customer service, coding, medical terminology, billing and payments. Also assist the imaging and radiology department in their daily tasks.

October 2005-June 2007: Children's Cooperative Nursery School, Bolton, CT. President of Cooperative Nursery School. Oversee the running of the school and the school board, Ensure paperwork and tax forms are prepared and submitted accordingly, oversaw officers and committees.

August 2003-October 2005: North Coventry Cooperative Nursery School, Coventry, CT. Treasurer of Cooperative Nursery School. Collecting, processing, and depositing tuition Payments and preparation of payroll and taxes.

October 1990-November 2002: Salmon Brook Center, Glastonbury, CT. Cook Supervisor/Assistant Supervisor. Prepare meals for 130 full time special care residents. Assisted in the daily operations of the department; including budgets, product purchasing, and monthly meetings.

Exhibit Q5f
Asset Purchase Agreement (ECHN and PMH)

ASSET PURCHASE AGREEMENT

by and between

EASTERN CONNECTICUT HEALTH NETWORK, INC.

SELLER

and

[•]

BUYER

Dated as of [•], 2015

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ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this “**Agreement**”), dated _____, 2015, is by and between Eastern Connecticut Health Network, Inc., a Connecticut non-stock corporation (“**Seller**”), on its behalf and on behalf of its Subsidiaries, and [●] a Connecticut corporation (“**Buyer**”), with Prospect Medical Holdings, Inc. (“**PMH**”), a Delaware corporation and the indirect owner of Buyer, joining for the limited purposes described herein.

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 Manchester Memorial Hospital and The Rockville General Hospital, Incorporated (collectively, the “**Hospitals**”), ECHN Eldercare Services, Inc., Visiting Nurse and Health Services of Connecticut, Inc. including its wholly owned subsidiary A Caring Hand, LLC, Clinically Integrated Network of Eastern Connecticut, LLC, Connecticut Healthcare Insurance Company, Inc., ECHN Corporate Services, Inc. including its wholly owned subsidiary Medical Practice Partners, LLC, and ECHN Enterprises, Inc., including its wholly owned subsidiary Haynes Street Property Management, LLC, and Eastern Connecticut Medical Professionals Foundation, Inc. (the entities and businesses operated by the foregoing entities, including the Hospitals, are collectively referred to as the “**Hospital Businesses**”), together with Seller’s joint venture interests in Northeast Regional Radiation Oncology Network, Inc., Evergreen Endoscopy Center, LLC, WBC Connecticut East, LLC, Aetna Ambulance Service, Inc., Metro Wheelchair Service, Inc., Ambulance Service of Manchester, LLC, Connecticut Occupational Medicine Partners, LLC, and Eastern Connecticut Physician Hospital Organization, Inc. and Seller’s Affiliates’ joint venture interests in Tolland Imaging Center, LLC, Pathology Laboratory Services, LLC, Haynes Street Medical Associates, LLC, Haynes Street Medical Associates II, LLC, Evergreen Medical Associates, LLC and Evergreen Medical Associates II LLC (the foregoing entities are collectively referred to herein as the “**Joint Ventures**”);

WHEREAS, Buyer desires to purchase substantially all of the assets, real, personal and mixed, tangible and intangible, of Seller, including the Hospital Businesses and the equity interests in the Joint 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) **Accounts Receivable** means all accounts receivable of the Hospital Businesses, accrued and unaccrued, including Government Payment Program receivables and accounts that have been written off, but excluding all Cost Report settlement amounts;

(2) **Accumulated Benefit Obligation** means the accumulated benefit obligation of Seller's defined benefit 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 10 of such financial statements (as updated for the MRP-2007 mortality tables as developed by Mercer, which are derived from the Society of Actuaries mortality study) and (ii) assuming continuation of the Seller's defined benefit pension plan and no change in its provisions after September 30, 2015 (other than the freeze of such plan to new participation);

(3) **Additional Liabilities** is defined in Section 2.05(d);

(4) **Affiliate** means any Person that, directly or indirectly through one or more intermediaries, controls, is controlled by, or is under common control with another Person where "control" means the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of securities, election or appointment of directors, by contract or otherwise. For purposes of this Agreement, any reference to Affiliates of Seller shall only mean those persons listed on Schedule 1.01(3) attached hereto;

(5) **Affiliated Group** means 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;

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

(7) **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 Subsidiary of Seller and held or used in connection with the operation of the Hospital Businesses, but (ii) excluding the Excluded Assets;

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

(9) **Assumed Excess Liabilities** is defined in Section 2.05(d);

(10) **Assumed Liabilities** means (i) the current liabilities included in Net Working Capital, but only to the extent accrued on the Closing Balance Sheets, (ii) all obligations of Seller and its Affiliates arising under the Assumed Contracts with respect to periods (or portions thereof) following the Closing Date, (iii) all participating provider agreements and provider numbers with third party payors, including contracts and provider numbers of Government Payment Programs, to the extent the same are assignable to Buyer, (iv) the Special Employee Liabilities, (v) the Extended Illness Bank

Obligations, (vi) Permitted Encumbrances, (vii) the Unfunded Pension Liabilities, (viii) the Post-Retiree Health Plan Liability and other retirement obligations described on Schedule 2.03, (ix) the Captive Insurer Liability and (x) the other liabilities and obligations agreed to be assumed by Buyer, if any, described on Schedule 2.03;

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

(12) **Audited Financial Statements** means the audited consolidated balance sheets of Seller and its 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 Saslow Lufkin & Buggy, LLP, independent certified public accountants;

(13) **Available Cash** means all unrestricted cash available to Seller as of the Closing after payment of Third Party Debt, other than the Refinancing Loan or capital leases to be assumed by Buyer, and any adjustments specified in Section 2.05 of this Agreement or any cash resulting from the application of Section 2.07, less the amount of the Indemnity Reserve described in Section 9.08.

(14) **Bond Liabilities** means those certain long-term bond liabilities and tax-exempt leases of Seller to be defeased at Closing;

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

(16) **Buyer Deductible** is defined in Section 9.04;

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

(18) **Buyer's Plan** means a retirement plan qualified under section 401(a) of the Code that is sponsored by Buyer or one of its controlled group or affiliated service group members, as defined in section 414 of the Code;

(19) **Captive Insurer Liability** means all liabilities relating to Seller's captive insurer, the Connecticut Health Insurance Company, Inc., regardless of when incurred and including all tail liability. The book value of the Captive Insurer Liability shall be based on the Financial Statements as of September 30, 2015.

(20) **Claim Notice** means written notification of a Third Party Claim by an Indemnitee to an Indemnifying Party under Article 9, 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;

(21) **Closing** is defined in Section 8.01(a);

- (22) **Closing Balance Sheets** means the unaudited individual and/or combined balance sheets of Seller and its Subsidiaries as of the close of business on the Closing Date, as finally determined in accordance with Section 2.05 following the resolution of all disputes with respect thereto;
- (23) **Closing Date** means the date upon which the Closing occurs;
- (24) **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;
- (25) **COBRA** means the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended;
- (26) **Code** means the Internal Revenue Code of 1986, as amended;
- (27) **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 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;
- (28) **Controlled Group** means with respect to a party, a group consisting of each trade or business (whether or not incorporated) that, together with such party, would be deemed a “*single employer*” within the meaning of section 4001(a) of ERISA;
- (29) **Cost Reports** means all cost and other reports filed pursuant to the requirements of the Government Payment Programs for payment or reimbursement of amounts due from them;
- (30) **Current Seller Plan** is defined in Section 3.22(a);
- (31) **Disability Obligations** mean liabilities for long-term or short-term disability benefits to employees of the Hospital Businesses. The Disability Obligations include liabilities of the Hospital Businesses for long-term or short-term disability benefits that may have commenced being paid prior to Closing and that remain ongoing after the Closing.
- (32) **EBITDA** means earnings before interest, income Taxes, depreciation and amortization, the components of which shall be determined in accordance with GAAP consistently applied;

(33) **Employee Benefit Plan** means, with respect to any Person, (i) each plan, fund, program, agreement, arrangement or scheme, in each case, that is at any time sponsored or maintained, or required to be sponsored or maintained, by such Person or to which such Person makes or has made, or has or has had an obligation to make, contributions providing for employee benefits or for the remuneration, direct or indirect, of the employees, former employees, directors, officers, managers, consultants, independent contractors, contingent workers or leased employees of such Person or the dependents of any of them (whether written or oral), including each deferred compensation, bonus, incentive compensation, pension, retirement, stock purchase, stock option and other equity compensation plan, or “*welfare*” plan (within the meaning of section 3(1) of ERISA, determined without regard to whether such plan is subject to ERISA), (ii) each “*pension*” plan (within the meaning of section 3(2) of ERISA, determined without regard to whether such plan is subject to ERISA), including each Multiemployer Plan, (iii) each severance, retention or change in control plan or agreement, each plan or agreement providing health, vacation or paid time off, summer hours, supplemental unemployment benefit, hospitalization insurance, medical, dental, or legal benefit and (iv) each other employee benefit plan, fund, program, agreement or arrangement, including any of the foregoing that provides cash or non-cash benefits or prerequisites to current or former employees of such Person;

(34) **Employee Pension Benefit Plan** is defined in section 3(2) of ERISA;

(35) **Employee Welfare Benefit Plan** is defined in section 3(1) of ERISA;

(36) **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;

(37) **Environmental Claim** means any written notice (or oral notice reduced to writing by Seller) by a Person alleging potential liability (including potential liability for investigatory costs, cleanup costs, Governmental Authority response costs, natural resource damages, property damages, personal injuries, or penalties) of Seller or any Subsidiary of Seller arising out of, based on or resulting from (i) the presence, or release into the environment, of any Materials of Environmental Concern at any location, whether or not owned by Seller, or (ii) circumstances forming the basis of any violation, or alleged violation, of any Environmental Laws;

(38) **Environmental Laws** means any and all Legal Requirements relating to pollution or protection of human health or the environment (including ground water, land surface or subsurface strata), including Legal Requirements relating to emissions, discharges, releases or threatened releases of Materials of Environmental Concern, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, recycling, reporting or handling of Materials of Environmental Concern, including the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, *et seq.*, the Resource Conservation

and Recovery Act, as amended, 42 U.S.C. §6901, *et seq.*, the Clean Air Act, 42 U.S.C. §7401, *et seq.*, the Federal Water Pollution Control Act, 33 U.S.C. §1251 *et seq.*, the Occupational Safety and Health Act, 29 U.S.C. §600, *et seq.*, and any similar state or local Legal Requirements;

(39) **ERISA** means the Employee Retirement Income Security Act of 1974, as amended;

(40) **ERISA Fiduciary** is defined in section 3(21) of ERISA;

(41) **Excluded Assets** is defined in Section 2.02;

(42) **Excluded Liabilities** means any and all liabilities of Seller other than the Assumed Liabilities, whether known or unknown, fixed or contingent, recorded or unrecorded, and whether arising before or after Closing, including any line of credit to which Seller is a party, the Bond Liabilities, tax-exempt leases, and any other indebtedness of Seller, any interest accrued on indebtedness of Seller, any settlements due as of Closing to third party payors;

(43) **Extended Illness Bank Obligations** means the Hired Employees' accrued or allocated paid time off that is in the form of an "*extended illness bank*" (i.e., paid time off that may be used by a Hired Employee during the term of employment, but the value of the unused portion of which is not paid in cash to the Hired Employee upon termination of employment);

(44) **Financial Statements** means the Audited Financial Statements and the Unaudited Financial Statements;

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

(46) **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;

(47) **Government Payment Programs** means federal and state Medicare, Medicaid and TRICARE programs, and similar or successor programs with or for the benefit of Governmental Authorities;

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

(49) **Hired Employees** means those employees of Seller or its Affiliates who accept Buyer's offer of employment as of the Closing Date, including those employees who are employed pursuant to an Assumed Contract;

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

(51) **Immaterial Contract** means any Contract to which Seller or any of its Subsidiaries is a party that requires either the payment by Seller or its Subsidiaries of \$50,000 or less or the provision of goods or the performance of services by Seller or any of its Subsidiaries having an annual value of \$50,000 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 Subsidiary without cause upon notice of 90 days or less, the date on which the Contract would terminate if Seller or the respective 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 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 Sections 3.18(a) through 3.18(m);

(52) **Immediate Family Member** means any individual described in the definition of “*Immediate Family Member*” found at 42 C.F.R. §411.351;

(53) **Indemnifying Party** means any Person obligated to indemnify another Person under Article 9;

(54) **Indemnitee** means any Person entitled to indemnification under Article 9;

(55) **Indemnity Notice** means written notification of a claim for indemnity under Article 9, other than a Third Party Claim, made by an Indemnitee to an Indemnifying Party pursuant to Section 9.05(b);

(56) **Indenture** is defined in Section 6.04;

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

(58) **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, and domain names, 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 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;

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

(60) **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, and proceeds from the sale thereof;

(61) **Local Board** means the advisory board of trustees of each Hospital composed of community representatives, physicians on the respective Hospital's medical staff, and the Chief Executive Officer of each respective Hospital (for avoidance of doubt, each Hospital shall have its own Local Board). The initial members of the Local Board shall include at least five members of the Seller's Board of Trustees immediately prior to Closing and five other individuals identified by the Seller prior to Closing;

(62) **Leased Real Property** means the real property described on Schedule 2.01(b), together with all buildings, improvements and fixtures thereon, leased by Seller or any Subsidiary of Seller;

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

(64) **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);

(65) **Lower Threshold Liability** is defined in Section 2.05(c);

(66) **Material Adverse Change** means a material adverse change, individually or in the aggregate, of the business, assets, liabilities, financial condition or results of operations of Seller and the Hospital Businesses, which taken as a whole (i) has or could reasonably be expected to have a material adverse effect upon the validity or enforceability of this Agreement or (ii) is or could reasonably be expected to be material and adverse to the Hospital Businesses or the Assets, but excluding the effect of (x) matters described in the Schedules, (y) changes in the economy of the United States in general, and (z) changes in Legal Requirements generally applicable to owners and operators of general acute care hospitals in the United States or in Connecticut if such change does not disproportionately affect Seller or the Hospital Businesses; provided, however, that a change resulting from the downward adjustment to the Medicare wage index or the failure of the Seller to meet its debt service coverage ratio, if waived by applicable lender(s), shall not constitute a Material Adverse Change;

(67) **Materials of Environmental Concern** means chemicals, pollutants, contaminants, wastes (including Medical Waste), toxic substances, petroleum and petroleum products listed or regulated under Environmental Laws, including hazardous wastes under the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §6901, *et seq.*, hazardous substances under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, *et seq.*, asbestos, polychlorinated biphenyls and urea formaldehyde, and low-level nuclear materials, special nuclear materials or nuclear-byproduct materials, all within the meaning of the Atomic Energy Act of 1954, as amended, and any rules, regulations or policies promulgated thereunder;

(68) **Medical Waste** means any substance, pollutant, material or contaminant listed or regulated under any Medical Waste Law that is generated in the diagnosis, treatment or immunization of human beings, in research pertaining thereto, or in the production or testing of biologicals, including (i) pathological waste, (ii) blood, (iii) sharps, (iv) wastes from surgery or autopsy, (v) dialysis waste, including contaminated disposable equipment and supplies, (vi) cultures and stocks of infectious agents and associated biological agents, (vii) isolation wastes, (viii) contaminated equipment, (ix) laboratory waste, and (x) various other biological waste and discarded materials contaminated with or exposed to blood, excretion, or secretions from human beings;

(69) **Medical Waste Law** means the Medical Waste Tracking Act of 1988, 42 U.S.C. §6992, *et seq.*, the U.S. Public Vessel Medical Waste Anti-Dumping Act of 1988, 33 U.S.C. §2501, *et seq.*, the Marine Protection, Research, and Sanctuaries Act of 1972, 33 U.S.C. §1401, *et seq.*, The Occupational Safety and Health Act, 29 U.S.C. §651, *et seq.*, the United States Department of Health and Human Services, National Institute for Occupational Self-Safety and Health Infectious Waste Disposal Guidelines, Publication No. 88-119, and any other federal, state, regional, county, municipal or other Legal Requirements insofar as they purport to regulate Medical Waste, or impose requirements relating to Medical Waste;

(70) **Multiemployer Plan** is defined in section 3(37) of ERISA or section 4001(a)(3) of ERISA;

(71) **Multiple Employer Plan** means an Employee Pension Benefit Plan that is not a Multiemployer Plan and for which a Person who is not a member of a Controlled Group that includes Seller or any Subsidiary is or has been a contributing sponsor;

(72) **Net Working Capital** means the amount by which (i) the value of all non-cash current assets of the Hospital Businesses acquired by Buyer, including inventory and supplies, Accounts Receivable, other receivables, 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 but exclude

Extended Illness Bank Obligations), and Net Working Capital shall be calculated in accordance with the methodology set forth on Annex A;

(73) **Notice Period** is defined in Section 9.05(a)(i);

(74) **Owned Real Property** means real property owned (legally or beneficially) by Seller or any Subsidiary of Seller, including the real property described on Schedule 2.01(a), together with all buildings, improvements and fixtures thereon owned by Seller or any Subsidiary of Seller and all appurtenances and rights thereto;

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

(76) **Permit** means each license, permit, right, franchise, concession, certificate, authorization, consent, certificate of need or other approval of a Governmental Authority owned or held by Seller or relating to the ownership or operations of the Hospital Businesses and the Assets, including applications for, and pending, Permits;

(77) **Permitted Encumbrances** means the Permitted Personal Property Encumbrances and the Permitted Real Property Encumbrances;

(78) **Permitted Personal Property Encumbrances** means those Encumbrances described on Schedule 3.11 as being Permitted Personal Property Encumbrances;

(79) **Permitted Real Property Encumbrances** means those Encumbrances identified on Schedule 3.12(a) as being Permitted Real Property Encumbrances;

(80) **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;

(81) **Post-Retiree Health Plan Liability** means the book value of the liability relating to Seller's post-retiree health benefit 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 10 of such financial statements (as updated for the MRP-2007 mortality tables as developed by Mercer, which are derived from the Society of Actuaries mortality study) and (ii) assuming continuation of the Seller's 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);

(82) **Prior Seller Plan** is defined in Section 3.22(b);

(83) **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;

- (84) **Prohibited Transaction** is defined in Section 5.09;
- (85) **Purchase Price** is defined in Section 2.05;
- (86) **Purchase Price Adjustment** is defined in Section 2.05(i);
- (87) **Reportable Event** is defined in section 4043 of ERISA;
- (88) **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;
- (89) **Seller** is defined in the preamble;
- (90) **Seller Deductible** is defined in Section 9.02;
- (91) **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;
- (92) **Special Employee Liabilities** means (i) all paid time off accruals (including vacation, holiday, and sick time benefits) of the Seller's employees (other than Extended Illness Bank Obligations), and (ii) all payments accrued as of the Closing under the Seller's long term retention payment program, culminating in 2017, but in each case only to the extent there is a recorded financial obligation for Seller associated with such liabilities and such recorded financial obligation is not included in the calculation of Net Working Capital;
- (93) **Strategic Business Plan** means the strategic plan developed prior to Closing by Buyer, in consultation with Seller, and, with respect to clinical service lines, in consultation with Seller-Affiliated physicians, as the same may be amended from time to time, *provided, however*, that the Strategic Business Plan does not include the strategic capital plan referenced in Section 5.18 herein;
- (94) **Subsidiary** means, with respect to any Person, (i) any corporation more than 50% 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 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 Subsidiaries of such Person has more than a 50% equity interest at the time and the management of which is controlled, directly or indirectly, by such Person or through one or more 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;
- (95) **Target Net Working Capital** means \$24,000,000;

(96) **Tax** means any income, unrelated business 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, unemployment, disability, real property, personal property, recording, stamp, sales, use, services, service use, transfer, registration, escheat, unclaimed property, value added, alternative or add-on minimum, estimated or other tax, assessment, charge, levy or fee of any kind whatsoever, 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;

(97) **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;

(98) **Tenant Leases** is defined in Section 3.12(i);

(99) **Third Party Claim** is defined in Section 9.05(a)(i);

(100) **Third Party Debt** means indebtedness of Seller for borrowed money other than the Refinancing Loan and any assumed capital leases. For the avoidance of doubt Third Party Debt shall not include any Assumed Liabilities;

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

(102) **Transitional Services Agreement** means the agreement between Buyer and Seller whereby Buyer will lease Hired Employees to Seller at cost 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;

(103) **Unaudited Financial Statements** means the unaudited consolidated balance sheets of Seller and its Subsidiaries as of [_____], 2015, and the unaudited consolidated statements of operations and changes in net assets and the unaudited consolidated statements of cash flows for the [_____] -month period then ended, and the financial statements described in clauses (i) and (ii) of Section 5.04(b);

(104) **Unfunded Pension Liabilities** means the unfunded pension liabilities of Seller's defined benefit pension plan, calculated as the Accumulated Benefit Obligation reduced by the fair market value of the assets of Seller's defined benefit pension plan, all as measured by an actuary chosen by Seller, as of September 30, 2015;

(105) **Upper Threshold Liability** is defined in Section 2.05(c);

(106) **WARN Act** means the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §2101, *et seq.*; and

(107) **Workers' Compensation Liability** means all workers' compensation liabilities of Seller and its Affiliates, regardless of when incurred and including all tail liability. The book value of the Workers' Compensation Liability shall be based on the Financial Statements as of September 30, 2015.

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*" mean the actual knowledge of each of the Persons whose names or titles are set forth on Schedule 1.02, after due inquiry by Seller 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 in and to the Assets, free and clear of all Encumbrances other than the Permitted Encumbrances, including the following Assets:

- (a) the Owned Real Property described on Schedule 2.01(a);
- (b) the Leased Real Property described on Schedule 2.01(b);
- (c) all equipment (including medical and computer equipment located at the Hospital Businesses), vehicles, furniture and furnishings and other tangible personal properties owned or leased by Seller or used in the conduct of the Hospital Businesses; *provided* that any such leased personal property shall be described on Schedule 2.01(c);
- (d) all current assets included in Net Working Capital;
- (e) all financial, patient, medical staff, personnel and other records of the Hospital Businesses (including equipment records, medical/administrative libraries, medical records, documents, catalogs, books, records, files and operating manuals);
- (f) all rights 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), 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(j) (all such Contracts, collectively, the “**Assumed Contracts**”);
- (g) all Permits of Seller, to the extent legally assignable, relating to the ownership of the Assets and the conduct of the Hospital Businesses, including those described on Schedule 2.01(g);
- (h) the Intellectual Properties, including those Intellectual Properties described on Schedule 2.01(h), and the Information Systems;
- (i) all property of Seller, real, personal or mixed, tangible or intangible, arising or acquired between the date of this Agreement and the Closing Date;
- (j) the Investment interests in the Joint Ventures, including all transferable rights relating thereto, but only to the extent that the governing instruments of the Joint Ventures permit such transfer;
- (k) subject to Section 5.13, all insurance proceeds with respect to the Assets or the Assumed Liabilities (including insurance proceeds received by Seller or payable to Seller and all deductibles, copayments and self-insurance requirements payable by Seller) 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;
- (l) claims of Seller 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(p) and any claims relating to Excluded Assets or the Excluded Liabilities;
- (m) general intangibles of the Hospital Businesses, including goodwill;

(n) all cash and investments held by Connecticut Health Insurance Company, Inc. or held in the workers' compensation trust;

(o) Seller's provider agreements with Government Payment Programs;

(p) all proceeds of the foregoing and, except for the Excluded Assets, all other property of every kind, character or description, tangible and intangible, known or unknown, owned or leased by Seller, wherever located and whether or not reflected in the Financial Statements or similar to the properties described above; and

(q) all 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.

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) any financial, patient, medical staff, personnel and other records of the Hospital Businesses that Seller cannot transfer to Buyer due to applicable Legal Requirements by which Seller is bound;

(b) all cash, bank accounts (except for those that receive deposits from Government Payment Programs), certificates of deposit, treasury bills, treasury notes, marketable securities and other cash equivalents (including the Purchase Price payable to Seller) of Seller or the Hospital Businesses, except for those listed in Section 2.01(n);

(c) all short-term and long-term Investments, but excluding the Investment interests in the Joint Ventures;

(d) 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), beneficial interests in charitable trusts, and accrued earnings on all of the foregoing;

(e) inventory and supplies disposed of or exhausted after the date of this Agreement and on or before the Closing Date in the ordinary course of the Hospital Businesses, and Assets transferred or disposed of in accordance with Section 5.02(e);

(f) Cost Report settlement receivables for periods ended on or prior to the Closing Date and all appeals and appeal rights relating thereto;

(g) all funds held by trustees pursuant to bond indentures of Seller (including the Indenture) related to the Bond Liabilities;

(h) all deductions, benefits, claims, refunds, receivables and other rights of Seller or any Affiliate of Seller relating to Taxes in respect of periods ending on or before the Closing Date (or portions thereof) or resulting from the consummation of the transactions contemplated by this Agreement;

(i) all other current financial assets not included in Net Working Capital and all deferred expenses;

(j) all Contracts that are listed or described on Schedule 2.02(j) and all other Contracts that are not Assumed Contracts (including this Agreement and the Closing Documents);

(k) all Permits to the extent not legally assignable to Buyer or not relating to the ownership of the Assets and the conduct of the Hospital Businesses;

(l) the corporate or trade names set forth on Schedule 2.02(l) and all Intellectual Property rights relating thereto;

(m) all physician loans and receivables other than repayment obligations under Assumed Contracts;

(n) all right, title and interest of ECHN Community Healthcare Foundation in and to its assets and properties (whether owned, leased or otherwise) described on Schedule 2.02(n);

(o) all insurance proceeds received by Seller or payable to Seller (i) with respect to other Excluded Assets or the Excluded Liabilities or (ii) arising in connection with the operation of the Assets for periods prior to Closing to the extent that all material damage to any such Asset has been repaired and to the extent consistent with Section 5.13 herein;

(p) the claims of Seller against third parties described on Schedule 2.02(p), appeals and other risk settlements of the Hospital Businesses which arose during or relate to a pre-Closing period, and all rights, remedies, claims and defenses against third parties thereunder or otherwise relating solely to the Excluded Assets or to the Excluded Liabilities, whether choate or inchoate, known or unknown, contingent or otherwise;

(q) any other assets identified on Schedule 2.02(q) or excluded after the execution of this Agreement by mutual written agreement of the parties;

(r) any Investment interest in a Joint Venture that did not transfer at Closing because the governing instruments of such Joint Venture did not permit such transfer at Closing and all required consents to such transfer were not obtained from the owners or other participants in the Joint Venture; and

(s) all proceeds of the foregoing.

2.03. Assumed Liabilities. As of the Closing Date, Buyer shall assume from Seller and its Affiliates the Assumed Liabilities, including the Assumed Liabilities described on Schedule 2.03, and agrees to pay and satisfy all such Assumed Liabilities.

2.04. Excluded Liabilities. Notwithstanding anything to the contrary set forth in this Agreement, under no circumstance will Buyer assume or be obligated to pay, and from and after the Closing, none of the Assets will be or become liable for or subject to, any of the Excluded Liabilities, which Excluded Liabilities are and will remain liabilities of Seller, including the following:

- (a) all liabilities accrued on the Closing Balance Sheets, other than those included in Net Working Capital constituting Assumed Contracts;
- (b) liabilities or obligations for Taxes of the Hospital Businesses in respect of periods ending on or before the Closing Date or resulting from the consummation of the transactions contemplated by this Agreement;
- (c) liabilities or obligations for federal or state income Taxes of Seller or any Affiliate of Seller, including any amounts accrued or incurred by the Hospital Businesses as a result of being a member of a consolidated, affiliated, combined, unitary or similar group that includes such other Persons;
- (d) liabilities or obligations relating to the Excluded Assets;
- (e) liabilities or obligations associated with indebtedness for borrowed money (other than capital lease obligations under any Assumed Contract and the Refinancing Loan) ;
- (f) (i) obligations required to be performed by Seller on or before the Closing Date under the Assumed Contracts, (ii) liabilities or obligations resulting from a breach or default on or before the Closing Date of any Assumed Contracts and (iii) liabilities arising under any Contracts that are not Assumed Contracts;
- (g) liabilities or obligations arising out of or in connection with the Proceedings described on Schedule 3.23, and Proceedings and claims (whether instituted before or after Closing) relating to acts or omissions that occurred on or before the Closing Date, including those relating to peer review activities;
- (h) liabilities or obligations under the Hill-Burton Act or other restricted grant or loan programs;
- (i) liabilities and obligations to Seller's employees, Seller's Employee Benefit Plans, the Internal Revenue Service, PBGC or any other Governmental Authority arising from or relating to periods on or before the Closing Date (whether or not triggered by the transactions contemplated by this Agreement), including liabilities or obligations arising on or before the Closing Date under any Seller Employee Benefit Plan, United States Equal Employment Opportunity Commission claim, unfair labor practice, and wage and hour practice, and liabilities or obligations arising under the WARN Act,

provided that this subsection (i) shall not apply to (i) liabilities or obligations under the Employee Benefit Plans assumed by Buyer under Section 5.03(d), including but not limited to the Unfunded Pension Liabilities and the Post-Retiree Health Plan Liability, (ii) Special Employee Liabilities, (iii) Extended Illness Bank Obligations, (iv) obligations under Assumed Contracts or (v) the Worker's Compensation Liability;

(j) Cost Report settlement payables relating to all Cost Report periods ending on or before the Closing Date;

(k) liabilities or obligations of Seller, including arising out of the operation of the Hospital Businesses or ownership of the Assets, with respect to periods ending on or before the Closing Date, or resulting from the consummation of the transactions contemplated by this Agreement, including pursuant to third-party payor programs and Government Payment Programs, including recoupment rights of the Centers for Medicare & Medicaid Services ("CMS") or the Connecticut Department of Social Services and recapture of previously reimbursed charges or expenses; and

(l) penalties, fines, settlements, interest, costs and expenses arising out of or incurred as a result of any actual or alleged violation by Seller of any Legal Requirement prior to the Closing Date.

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 tender the Purchase Price, determined as follows, subject to the limitations and adjustments described in Sections 2.05(b)-(i):

(i) \$105,000,000 (One Hundred Five Million Dollars), *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 book value (including the current portion) as of the Closing of any indebtedness (including capitalized leases) assumed by Buyer and *minus*

(v) The Special Employee Liabilities, the Unfunded Pension Liabilities and the Post-Retiree Health Plan Liability, and *minus*

(vi) the amount, if any, by which the sum of the Workers' Compensation Liability and the Captive Insurer Liability exceeds the investments held by the Connecticut Health Insurance Company, Inc. and the workers' compensation trust with respect to such liabilities, and *minus*

(vii) Asbestos abatement liability as determined within five business days of closing by an independent third party mutually agreed upon by Seller and Buyer; provided, however, that the total asbestos abatement liability shall not exceed \$1,000,000 (One Million Dollars), and *minus*

(viii) In the event Seller is unable to assign and transfer to Buyer or Buyer's designee all of Seller's Investment in one or more Joint Ventures due to the inability to satisfy the requirements of the governing instruments of such Joint Ventures with respect to such transfer at Closing, an amount equal to the value listed next to the name of such Joint Venture on Schedule 2.05(a), provided, however, that the provisions of this Agreement shall not be construed as an offer to separately purchase Seller's Investment in one or more Joint Ventures, and *minus*

(ix) Any amounts paid to Seller by Buyer to reimburse Seller's out-of-pocket legal, valuation, or consulting expenses pursuant to Section 8.04(b).

(b) Notwithstanding the foregoing Section 2.05(a), if Seller obtains, prior to the Closing Date, an assumable loan in an amount not to exceed \$45,000,000 (Forty Five Million Dollars) to refinance certain of Seller's outstanding Bond Liabilities (the "**Refinancing Loan**"), the figure in Section 2.05(a)(i) shall be deemed deleted and replaced with the following: "\$115,000,000 (One Hundred Fifteen Million Dollars)." In addition, if Seller obtains the Refinancing Loan and spends less than \$10,000,000 (Ten Million Dollars) on capital projects of the kind that could be counted toward the Commitment Amount under Section 5.18, in addition to the deductions described in Section 2.05(a)(i)-2.05(a)(ix) above, the Purchase Price shall be further reduced by the difference between \$10,000,000 (Ten Million Dollars) and the amount spent on such capital projects.

(c) If Seller does not obtain the Refinancing Loan, the sum of the liabilities subtracted from the Purchase Price pursuant to Sections 2.05(a)(iii)-(a)(vii) above shall not exceed \$77,000,000 (Seventy Seven Million Dollars) (the "**Lower Threshold Liability**"). If Seller obtains the Refinancing Loan, the sum of the liabilities subtracted from the Purchase Price pursuant to Sections 2.05(a)(iii)-(a)(vii) above shall not exceed \$122,000,000 (One Hundred Twenty Two Million Dollars) (the "**Upper Threshold Liability**"), and Seller shall pay to Buyer the difference between the sum of Sections 2.05(a)(iii)-(a)(vii) (capped at the Upper Threshold Liability) and \$115,000,000 (One Hundred Fifteen Million Dollars) to the extent possible from Available Cash and the Indemnity Reserve established pursuant to Section 9.08.

(d) If (i) Seller obtains the Refinancing Loan and, as of the Closing Date, has liabilities, excluding Third Party Debt, that exceed the Upper Threshold Liability, or (ii) Seller does not obtain the Refinancing Loan, and as of the Closing Date, has liabilities, excluding Third Party Debt, that exceed the Lower Threshold Liability, Buyer shall assume such excess liabilities; provided, however, that Seller shall reimburse Buyer on a dollar-for-dollar basis for the liabilities assumed in excess of the Upper Threshold

Liability (if Seller obtains the Refinancing Loan) or the Lower Threshold Liability (if Seller does not obtain the Refinancing Loan), from the following sources:

- (i) First, from Seller's Available Cash, if any in excess of \$1,000,000 (One Million Dollars); and
- (ii) Second, from the Indemnity Reserve established pursuant to Section 9.08.

If additional liabilities remain following the reimbursement described in Section 2.05(d)(i)-(ii) above (“**Additional Liabilities**”), Buyer shall assume up to an additional \$10,000,000 (Ten Million Dollars) of such liabilities, and Seller shall have no obligation to reimburse Buyer for such assumption of liabilities, provided, however, that the Commitment Amount shall be reduced by an amount equal to the assumption of such liabilities. For these purposes Additional Liabilities shall include any increase from September 30, 2015 to the Closing Date in the following liabilities: Unfunded Pension Liabilities, the Post-Retiree Health Plan Liability and other retirement obligations described on Schedule 2.03, the Workers' Compensation Liability, the Captive Insurer Liability, and any other Assumed Liabilities measured as of September 30, 2015. Buyer may, in its sole discretion, assume liabilities in excess of this additional \$10,000,000, and such liabilities shall be referred to as the “**Assumed Excess Liabilities**” and shall be deducted from the Commitment Amount as set forth in Section 5.18(a). For the avoidance of doubt, examples of how the provisions of this Section 2.05 will be implemented are included in Schedule 2.05. Seller and Buyer shall equally share the cost of obtaining updated actuarial valuations of the Unfunded Pension Liabilities and the Post-Retiree Health Plan Liability as of the Closing.

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

(f) As further described in Sections 2.05(g) and 2.05(h) below, the Purchase Price, including an estimate of the Net Working Capital at Closing, will be calculated by Buyer and Seller at Closing from the physical count of inventory and supplies conducted pursuant to Section 2.05(g), if available, the relevant entries in the Interim Closing Balance Sheets (other than inventory and supplies if the physical inventory is available) 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. At Closing, Buyer shall pay such Purchase Price 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 defease the Bond Liabilities and to pay off all other indebtedness of Seller (other than capitalized leases assumed by Buyer).

(g) The portion of Net Working Capital constituting the value of inventory and supplies will be determined based on a physical count conducted by Seller on a date not more than five business days before the Closing Date. Seller shall give Buyer at least five business days prior notice of the date of the count and permit Buyer to monitor the

count. Seller shall count the usable items of inventory and supplies that are not damaged or obsolete, and that are of a type, quality and quantity that may be used in the ordinary course of the Hospital Businesses (having due regard for the services offered by the Hospital Businesses). Seller will conduct the count in the same manner that Seller conducted the count of, and will count the same classes and categories of items that Seller counted to determine the value of, inventory and supplies in the most recent Audited Financial Statements. Upon completion of the count, Seller shall determine the value of the inventory and supplies (determined by the lower of cost or market on a first in, first out basis). If the results of the count and the resulting value of inventory and supplies are available by Closing, then the portion of Net Working Capital attributable to inventory and supplies will be the value determined pursuant to the count (updated for actual usage and purchases between the date of the count and the Closing Date). If the results of the count or the resulting value of inventory and supplies are not available by Closing, then for purposes of the Closing, the value of the inventory and supplies will be the amount set forth in the Interim Closing Balance Sheets and the value of the inventory and supplies determined pursuant to the count (updated for actual usage and purchases between the date of the count and the Closing Date) will be set forth in the Closing Balance Sheets.

(h) 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. No more than five business days before the Closing Date, Buyer and Seller will agree on the value as of Closing of the prepaid expenses and deposits that Buyer reasonably determines will be usable after Closing.

(i) Within 90 days after the Closing Date, Buyer will deliver to Seller the Closing Balance Sheets together with any proposed revisions in the amount of the prorrations to be made pursuant to Section 2.06 (based on paid invoices delivered by Buyer to Seller after the Closing). Except as otherwise provided herein, the Closing Balance Sheets shall be prepared using the same principles and methodologies, including the determination of Accounts Receivable and doubtful accounts, as used in preparing the Interim Closing Balance Sheets. The Purchase Price will be recalculated (based on clauses (i) and (ii) below) (the “**Purchase Price Adjustment**”) to reflect (i) any such revisions in the amount of the prorrations to be made pursuant to Section 2.06, and (ii) the difference between the Net Working Capital (excluding differences in prepaid expenses and deposits calculated in accordance with Section 2.05(h) and, if a physical inventory was used to calculate the Purchase Price, in inventory and supplies) on the Interim Closing Balance Sheets and on the Closing Balance Sheets. Following the resolution of any disputes pursuant to Section 2.05(j), Seller shall pay Buyer (if the Purchase Price is adjusted downward by the Purchase Price Adjustment), 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, within five business days after its determination.

(j) Should Seller disagree with the Closing Balance Sheets prepared by Buyer, it shall notify Buyer within 30 days after Buyer’s delivery of the Closing Balance Sheets; if no notice shall be delivered by Seller to Buyer within such 30 day period,

Seller will be deemed to have agreed with the Closing Balance Sheets prepared by Buyer. If Seller disputes any entry in the Closing Balance Sheets relevant to the calculation of the Purchase Price Adjustment or disputes the value of the inventory and supplies, then Buyer and Seller shall, for 15 days after Seller notifies Buyer of its dispute, attempt to resolve such dispute among themselves and to their mutual satisfaction. If Buyer and Seller are unable to resolve such dispute within such 15 day period, then either Seller or Buyer may submit the dispute to PricewaterhouseCoopers LLP or to such other independent, certified public accounting firm as Seller and Buyer may then agree in writing, in either case acting as experts and not as arbitrators to resolve the computation or verification of the disputed Closing Balance Sheets entries in accordance with this Agreement and otherwise where applicable in accordance with GAAP consistently applied.

(k) Seller and Buyer will each pay their own respective fees and expenses (including any fees and expenses of their accountants and other representatives) in connection with the resolution of disputes pursuant to this Section 2.05. Notwithstanding the foregoing, the fees and expenses of any accounting firm incurred in connection with the resolution of such disputes will be paid by Seller and Buyer in proportion to the difference between the Purchase Price Adjustment determined by the accounting firm and the respective amounts of the Purchase Price Adjustment asserted by each such party at the time of the initial referral of the dispute to the accounting firm.

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. Promissory Note. To the extent Seller is unable to transfer to Buyer on the Closing Date Seller's Investment in one or more Joint Ventures as a result of the failure to obtain a consent or to otherwise comply with the governing instruments of such Joint Venture, Buyer shall lend to Seller an amount equal to the value of such Joint Venture(s) as such value is listed on Schedule 2.05(a). The loan described in the previous sentence shall be made pursuant to a promissory note bearing interest at 3% per annum payable solely from, and secured by, future distributions from the Joint Ventures, and further secured by the Joint Venture Investments themselves, to the extent the granting of such a security interest is permissible under the laws of the State of Connecticut and the Joint Venture agreements (the "**Joint Venture Promissory Note**"). If, after the Closing Date, one or more of Seller's Joint Venture Investments whose value is included in the Joint Venture Promissory Note is transferred to Buyer, the principal amount of the Joint Venture Promissory Note shall be reduced by an amount equal to the value set forth next to the name of such Joint Venture on Schedule 2.05(a).

3. REPRESENTATIONS OF SELLER

Subject to the exceptions described in the Schedules, Seller makes the following representations to Buyer 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 in good standing 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 Seller's powers, are not in contravention of its articles of incorporation, bylaws and other governing documents, and have been duly authorized by all appropriate corporate action;

(b) do not conflict with, result in any breach or contravention of, or permit the acceleration of the maturity of any liabilities of Seller (other than Excluded Liabilities to be satisfied as of the Closing Date), and do not create or permit the creation of any Encumbrance on or affecting any of the Assets;

(c) do not violate any Legal Requirement to which Seller, the Assets, or the Hospital Businesses may be subject other than with respect to the Excluded Liabilities to be satisfied as of the Closing Date; and

(d) assuming the receipt of all consents set forth in Schedule 3.02, do not conflict with or result in a breach or violation of any material Contract to which Seller is a party or by which it is bound and will not be terminated as of the Closing Date.

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. Subsidiaries 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. Schedule 3.04 indicates for each Person identified thereon whether it is currently active or inactive and whether it, together with its consolidated Subsidiaries, has total assets of \$10,000 or more. Schedule 3.04 also indicates, for each Joint Venture, the percentage of equity interests owned by Seller or its Affiliate in such Joint Venture and the name of, and percentage of equity interests owned by, third parties in such

Joint Venture. 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. Except as otherwise provided in this Agreement and other than as set forth on Schedule 3.05, Seller and all of its officers, directors, agents, or employees comply in all material respects with, and have complied in all material respects with, all Legal Requirements, and Seller has timely filed all material reports, data and other information required to be filed with Governmental Authorities. Seller has not received notice of any currently pending or threatened Proceeding against it alleging or based upon an alleged violation of any Legal Requirements. Neither Seller nor any Affiliate of Seller is party to or otherwise bound by (i) a corporate integrity agreement with the Office of Inspector General of the United States Department of Health and Human Services or written agreement with such Governmental Authority to establish or maintain a corporate integrity program applicable to any of the Hospital Businesses or (ii) a settlement or other agreement with any other Governmental Authority, other than participation agreements with Medicare and Medicaid, that imposes continuing obligations on any of the Hospital Businesses or contains obligations that have not been fully discharged.

3.06. Financial Statements. Attached as Schedule 3.06 are copies of the Audited Financial Statements and the Unaudited Financial Statements. The Financial Statements fairly present the financial condition and results of operations of Seller and the Hospital Businesses as of the respective dates thereof and for the periods therein referred to, all in accordance with GAAP, subject, in the case of the Unaudited Financial Statements, to normal recurring year-end adjustments (the effect of which will not, individually or in the aggregate, have a Material Adverse Change) and the absence of notes (which, if presented, would not differ materially from those included in the Audited Financial Statements), and the Financial Statements reflect the consistent application of such accounting principles throughout the periods involved.

3.07. Undisclosed Liabilities. 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 or the Assets, due or to become due, accrued, absolute, contingent or otherwise, that are required by GAAP to be accrued or disclosed in audited financial statements, except for liabilities and obligations incurred in the ordinary course of business and consistent with past practice since the date of the Unaudited Financial Statements, which are not, individually or in the aggregate, expected to result in a Material Adverse Change.

3.08. Recent Activities. Since September 30, 2014 and except as set forth on Schedule 3.08:

- (a) no material damage, destruction or loss (whether or not covered by insurance) has occurred affecting the Assets;

(b) except in the ordinary course of the Hospital Businesses or as set forth on Schedule 3.08(b), consistent with past practice and existing personnel policies of Seller, Seller has not (i) increased or agreed to increase the compensation payable to any employees who work in the Hospital Businesses, (ii) agreed to make any bonus or severance payment to any of the employees who work in the Hospital Businesses or (iii) employed any additional management personnel in respect of the Hospital Businesses;

(c) no labor dispute, enactment or promulgation of a state or local Legal Requirement, or other event or condition, has occurred that has materially adversely affected any of the Hospital Businesses or reasonably could be expected to have such an effect on the Hospital Businesses;

(d) other than as set forth on Schedule 3.08(d), Seller has not sold or factored, or agreed to sell or factor, any Accounts Receivable, and Seller has not sold, distributed or otherwise disposed of any other Assets except in the ordinary course of the Hospital Businesses and, for equipment having an original cost in excess of \$25,000, with a comparable replacement thereof;

(e) to Seller's knowledge, no Encumbrance has been imposed on any of the Assets;

(f) Seller has not canceled or waived any material rights in respect of the Assets, except in the ordinary course of the Hospital Businesses;

(g) other than in connection with the freeze of Seller's defined benefit pension plan and post-retiree health plan, there has been no change in any accounting method, policy or practice of Seller with respect to the Hospital Businesses;

(h) other than compensation paid in the ordinary course of employment or ordinary course professional services agreements disclosed to Buyer, Seller has not paid any amount to, sold any Assets to, or entered into any Contract with any officer, director, or trustee of Seller or its Affiliates, or with any Affiliate of any such Person;

(i) Seller has not paid or agreed to pay to any Person any damages, fines, penalties or other amounts in respect of an actual or alleged violation of any Legal Requirement excluding routine workers' compensation claims in amounts no greater than \$100,000;

(j) Other than ordinary course plan benefit design changes, Seller has not instituted any new, or terminated or amended any existing, Employee Benefit Plan, except for amendments required to comply with applicable Legal Requirements and the freeze of Seller's defined benefit pension plan and post-retiree health plan;

(k) Seller has not entered into or agreed to enter into any transaction outside the ordinary course of the Hospital Businesses (other than the transactions contemplated by this Agreement); and

(l) no Material Adverse Change has occurred and no event or circumstance has occurred that could reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change.

3.09. Accounts Receivable; Inventory.

(a) The Accounts Receivable, to the extent uncollected, are valid and existing and represent monies due for goods sold and delivered and services performed in bona fide commercial transactions, have been billed or are billable, and are not subject to any Encumbrances. Except as reflected or reserved for in the Financial Statements, no refunds, discounts or setoffs are payable or assessable with respect to the Accounts Receivable.

(b) All Assets consisting of inventory and supplies are carried at the lower of cost or market on a first-in, first-out basis and are properly stated in the Audited Financial Statements as of the dates thereof. All items of inventory and supplies are of a quality usable or saleable in the ordinary course of business, except for those items that are obsolete, below standard quality or in the process of repair and for which adequate reserves have been provided in the Financial Statements. The quantities of inventory and supplies, taken as a whole, are reasonable and justified under the normal operations of the Hospital Businesses.

3.10. Equipment. Schedule 3.10 includes a depreciation schedule as of a recent date that lists all items of equipment associated with, or constituting any part of, the Assets. To Seller's knowledge, and excluding information technology equipment and systems, all major items of Seller's equipment (e.g., heating systems, magnetic resonance imaging units, ultrasound units, robotic surgery and similar equipment) are usable for their intended purposes in the ordinary course of the Hospital Business and are in working condition, subject to reasonable wear and tear.

3.11. Title. Except as provided in Schedule 3.11 and subject to Section 10.03, Seller owns and holds good and valid title to all of the Assets, free and clear of any Encumbrances other than the Encumbrances described on Schedule 3.11. At Closing, Seller will convey to Buyer good and valid title to all Assets, free and clear of any Encumbrances other than the Permitted Encumbrances.

3.12. Real Property.

(a) Seller owns fee simple title to the Owned Real Property, free and clear of any Encumbrances other than the Encumbrances described on Schedule 3.12(a). The Owned Real Property described on Schedule 2.01(a) comprises all of the real property owned by Seller or any Subsidiary of Seller that is associated with or utilized in the operation of the Hospital Businesses. At Closing, Seller will convey to Buyer good and marketable fee simple title to all Owned Real Property, free and clear of any Encumbrances other than the Permitted Real Property Encumbrances.

(b) Seller has not received notice of condemnation or similar Proceedings relating to the Owned Real Property or any part thereof.

(c) Except as set forth on Schedule 3.12(c), to Seller's knowledge, the buildings standing on the Owned Real Property are structurally sound and in need of no material maintenance or repairs, except for ordinary, routine maintenance. All essential utilities (including water, sewer, gas, electricity and telephone service) are available to the Owned Real Property, and, to Seller's knowledge, no conditions exist that are reasonably likely to result in the termination or reduction of the current access from the Owned Real Property to existing roadways. To Seller's knowledge, no part of the Owned Real Property contains, is located within or abuts any flood plain, navigable water or other body of water, tideland, wetland, marshland or other area that is subject to special state, federal or municipal regulation, control or protection (other than Legal Requirements pertaining to zoning or other land use restrictions customarily applicable to all real estate within the applicable jurisdiction).

(d) Except for tenants in possession of the Owned Real Property under Contracts described on Schedule 3.18, no Person other than Seller possesses, or claims possession of, adverse or not, any Owned Real Property, whether as lessee, tenant at sufferance, trespasser or otherwise.

(e) No tenant is entitled to any rebate, concession, or free rent, other than as reflected in the Contract with such tenant; no commitments have been made to any tenant for repairs or improvements other than for normal repairs and maintenance in the future or improvements required by the tenant Contract; and no rents due under any of the Contracts with tenants have been assigned or hypothecated to, or encumbered by, any Person other than in connection with financing. All material obligations of Seller as landlord required to be performed under each of the tenant Contracts have been performed.

(f) All Owned Real Property and, to Seller's knowledge, Leased Real Property currently in use for the operation of the Hospital Businesses is in compliance in all material respects with all applicable Legal Requirements, and all material Permits and requisite certificates of the local board of fire underwriters (or other material body exercising a similar function) have been issued for the Owned Real Property and Leased Real Property.

(g) (i) Seller has provided to Buyer accurate and complete copies of those leases of which Seller or one of its Subsidiaries is landlord (collectively, the "**Space Leases**"), and (ii) attached as Schedule 3.12(g) is a "rent roll" that sets forth the following information, if any, for each of the Space Leases: (A) the names of the current tenants; (B) the rental payments for the then current month under each of the Space Leases; (C) a list of all then delinquent rental payments; (D) a list of all outstanding concessions granted to tenants; (E) a list of all tenant deposits and a description of any application thereof; (F) the dates that each of the Space Leases commenced and will expire; (G) the square footage of any such space leased pursuant to the Space Leases; (H) any renewal options available to tenants under the Space Leases; and (I) a list of all uncured material defaults under the Space Leases known to Seller.

(h) There are no tenants or other Persons occupying any space in the Owned Real Property, other than pursuant to the Space Leases.

(i) Seller has (A) a valid leasehold estate in all of the Leased Real Property, free and clear of any Encumbrances other than the Encumbrances described on Schedule 3.12(i) pursuant to the leases described on Schedule 2.01(b) (the “**Tenant Leases**”), and (B) provided accurate and complete copies of each of the Tenant Leases to Buyer. The Leased Real Property comprises all of the real property leased by Seller or any Subsidiary of Seller that is associated with or utilized in the operation of the Hospital Businesses.

3.13. Environmental Matters and Medical Waste.

(a) Seller has all material Permits required under applicable Environmental Laws for the operation of the Hospital Businesses, and all such Permits are listed on Schedule 2.01(g). Other than as listed on Schedule 3.13(a), no Environmental Claim is pending, or to Seller’s knowledge, threatened by any Person against Seller or, to Seller’s knowledge, any other Person the liability for which Seller has retained or assumed, either contractually or by operation of law. To Seller’s knowledge, no activities, circumstances, conditions, events or incidents, including the release, emission, discharge or disposal of any Materials of Environmental Concern, have occurred that could reasonably be expected to form the basis of any Environmental Claim by any Person against Seller or any other Person the liability for which Seller has retained or assumed, either contractually or by operation of law.

(b) Without in any way limiting the generality of the foregoing, (i) all on-site and off-site locations where Seller stores, disposes or arranges for the disposal of material quantities or volumes of Materials of Environmental Concern for the Hospital Businesses are identified on Schedule 3.13(b), (ii) all Contracts dealing with the removal, storage, disposal and handling of Materials of Environmental Concern of the Hospital Businesses are with vendors who are, to Seller’s knowledge, properly licensed, (iii) all underground storage tanks, and the capacity and contents of such tanks, located on Owned Real Property are identified on Schedule 3.13(b) and (iv) to Seller’s knowledge, no polychlorinated biphenyls are used or stored at any Owned Real Property.

(c) Seller and the Hospital Businesses have complied in all material respects with all Medical Waste Laws.

3.14. Intellectual Properties and Information Systems. Seller owns or is licensed to use, free and clear of royalty and other payment obligations, claims of infringement or other Encumbrances, each of the Intellectual Properties and the Information Systems. Seller is not, in any material respect, in conflict with or in violation or infringement of, and has not received any notice alleging any conflict with or violation or infringement of, any rights of any other Person with respect to any such Intellectual Properties or Information Systems. To Seller’s knowledge, no other Person is in conflict with or in violation or infringement of Seller’s rights in such Intellectual Properties or Information Systems. Schedule 3.14 identifies those Intellectual Properties and Information Systems used in the conduct of the Hospital Businesses that are owned by or licensed directly to Seller (other than the Intellectual Properties and Information

Systems owned by Seller, for which no copyright registration or application has been made and none of which is, individually or in the aggregate, material to the Hospital Businesses) and those Intellectual Properties and Information Systems that are owned by or licensed to third parties who provide information technology services to Seller pursuant to Contracts described in Section 3.18(c).

3.15. Insurance. Schedule 3.15 describes all insurance arrangements, including self-insurance, in place for the benefit of the Assets and the conduct of the Hospital Businesses (other than Current Seller Plans described in Schedule 3.22). Seller has provided to Buyer a true and complete copy of all such policies and endorsements thereto. With respect to third party insurance, Schedule 3.15 sets forth the name of each insurer, whether such insurer is an Affiliate of Seller, and the number, coverage, limits, term and premium for each policy of insurance purchased or held by Seller covering the ownership and operation of the Assets and the Hospital Businesses. Except as set forth on Schedule 3.15, all of such policies are now, and until Closing will remain, valid, outstanding, in full force and effect, and enforceable with no premium arrearages. Since September 30, 2011, Seller has not been denied, or reduced, or requested a reduction in the scope or amount of, any insurance or indemnity bond coverage. No insurance carrier has canceled or reduced, or given written notice of its intention to cancel or reduce, any insurance coverage and, to Seller's knowledge, there exist no reasonable grounds to cancel or void any such policies or the coverage provided thereby. Except as set forth on Schedule 3.15, since September 30, 2011, Seller has not made any claims against any excess insurance coverage set forth on Schedule 3.15 or any predecessor excess insurance policies applicable during such time period.

3.16. Permits. Schedule 2.01(g) describes all material Permits relating to the ownership of the Assets and the conduct of the Hospital Businesses, all of which are in good standing and not subject to meritorious challenge. Seller has not received any written notice from any Governmental Authority relating to the threatened, pending or possible revocation, termination, suspension or limitation of any of such material Permits. Each Hospital is duly licensed as an acute care hospital by the appropriate Governmental Authorities, and all departments or other business units, including the other Hospital Businesses, that are required to be separately licensed are duly licensed by the appropriate Governmental Authorities. The Hospitals and all departments or business units, including the Hospital Businesses, comply in all material respects with the applicable licensing requirements. Each Hospital has complied in all material respects with the requirements and conditions of all certificates of need (including applications therefor, non-review letters and implemented and unimplemented certificates of need if not lapsed and unexpired).

3.17. Government Payment Programs; Accreditation. Each Hospital has a current and valid provider Contract with the Government Payment Programs and/or their fiscal intermediaries, administrative contractors or paying agents and complies in all material respects with the conditions of participation therein. Each Hospital is entitled to receive and is receiving payment under the Government Payment Programs for services rendered to qualified beneficiaries and, to Seller's knowledge, except as reflected in the Audited Financial Statements, is not subject to any withholds or offsets in respect thereof. Seller has timely filed all Cost Reports due for Cost Report periods through September 30, 2014, and Cost Reports have been audited and notices of program reimbursement have been issued for all Cost Report periods

through September 30, 2010. All amounts shown as due from Seller in the Cost Reports were remitted with such reports and all amounts shown in the notices of program reimbursement as due have been paid. Except to the extent liabilities and contractual adjustments of each Hospital under the Government Payment Programs have been properly reflected and adequately reserved in the Financial Statements in the ordinary course of business, neither Hospital has to its knowledge received nor submitted any claim for payment in excess of the amount provided by Legal Requirements or applicable Contract, and Seller has not received notice of any dispute or claim by any Governmental Authority, fiscal intermediary or other Person regarding the Government Payment Programs or each Hospital's participation therein that remains outstanding or unresolved. All Medicare and Medicaid incentive payments for meaningful use of certified electronic health record technology received by Seller under The American Recovery and Reinvestment Act of 2009 were awarded based on truthful attestations made by Seller or its Affiliates, and no such incentive payments were remitted due to any knowingly fraudulent, negligent or unlawful act or omission of Seller or its Affiliates. 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 materially 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. Each Hospital is duly accredited, with no contingencies except as disclosed on Schedule 3.17, by the Joint Commission and Seller's certification for participation in the Medicare program is based on such Joint Commission accreditation. A copy of the most recent accreditation letter from the Joint Commission pertaining to each Hospital has been made available to Buyer. Seller has delivered to Buyer copies of all accreditation survey reports, deficiency lists, statements of deficiency, and plans of correction since September 30, 2011. Seller has taken or is taking all reasonable steps to correct all material deficiencies noted therein. Schedule 3.17 includes a list and description of all unexpected occurrences involving death or serious physical or psychological injury since September 30, 2011.

3.18. Agreements and Commitments. Schedule 3.18 identifies the Contracts related to the Hospital Businesses in the categories below:

- (a) Contracts that relate to the ownership or use of, title to or interest in Owned Real Property or Leased Real Property;
- (b) Contracts with (i) a physician or physician group, (ii) an Immediate Family Member of a physician on the medical staff of the Hospitals or (iii) any Person that provides marketing services for Seller or its Subsidiaries;
- (c) Contracts relating to Intellectual Properties and Information Systems;

- (d) collective bargaining agreements or other Contracts with labor unions or other employee representatives or groups;
- (e) Contracts with directors, trustees, officers, employees, or other agents of Seller or its Subsidiaries;
- (f) requirements or exclusive Contracts and Contracts that prohibit or limit competition or the conduct by Seller or any Subsidiary of any lawful business;
- (g) Contracts with any health plan, health provider, independent practice association or similar Person providing for capitation or risk-sharing arrangements;
- (h) Contracts relating to the administration, operation or funding of any Employee Benefit Plan;
- (i) Contracts between Seller and any of the Joint Ventures;
- (j) Contracts with Governmental Authorities;
- (k) Contracts providing for payments based in any manner on the revenue or profits of Seller or any Subsidiary thereof, the Hospital Businesses or the Assets;
- (l) loan agreements, indentures, bonds, mortgages, liens, or other security agreements (excluding those that will be terminated at Closing);
- (m) equipment leases and other leases that are capital leases; and
- (n) all other Contracts which require payment by Seller of amounts in excess of \$50,000 annually after the date of this Agreement, unless Seller may terminate the Contract, without cause, within ninety (90) days and all payments due by Seller under the Contract through such termination equal, in the aggregate, less than \$50,000 (including any penalty or termination fee).

3.19. The Assumed Contracts. With respect to the Assumed Contracts listed on Schedule 2.01(f):

- (a) the Assumed Contracts constitute lawful, valid and legally binding obligations of Seller and, to Seller's knowledge, each other party thereto and are enforceable against Seller and, to Seller's knowledge, against each other party thereto, in accordance with their terms;
- (b) each Assumed Contract (together with all amendments and supplements thereto listed on Schedule 2.01(f)) is in full force and effect and constitutes the entire agreement between the parties thereto;
- (c) all material obligations required to be performed under the Assumed Contracts by Seller, and, to Seller's knowledge, each other party thereto, have been performed, and no event has occurred or failed to occur that constitutes, or with the

giving of notice, the lapse of time or both would constitute, a material default by Seller under the Assumed Contracts that has or would reasonably be expected to have a material impact on the Hospital Businesses;

(d) except as set forth on Schedule 3.19(d), 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; and

(e) except as set forth on Schedule 3.19(e), the assignment of any Assumed Contract to, and assumption of such Assumed Contract by, Buyer will not give a third party the right to terminate such Assumed Contract, or result in the payment of any penalty or premium to, or change in the rights, remedies, benefits or obligations of, any party thereunder.

3.20. Transactions with Affiliates. Except as disclosed in the Financial Statements of the Seller, since September 30, 2013, Seller 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 upon terms that would have been paid or received by Seller in similar transactions with independent parties negotiated at arm's length.

3.21. Employees and Employee Relations.

(a) Seller has delivered 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 Affiliates (indicating in the list whether each employee is classified as exempt or nonexempt by Seller), 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 Affiliates (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).

(b) To Seller's knowledge, all employees, former employees and independent contractors of Seller and its Subsidiaries are 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 Legal Requirement.

(c) Except as set forth in Schedule 3.21(c), Seller is in compliance 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; Seller is not 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 Governmental Authority), complaints before the Occupational Safety and Health Administration (or any comparable state safety or health administration or other Governmental Authority), wage and hour claims, unemployment compensation claims, workers' compensation claims, or the like.

(d) Schedule 3.21(d) states the number of employees terminated by Seller and its Affiliates within 90 days prior to the Closing Date, laid off by Seller within the six months prior to the Closing Date, or whose hours of work have been reduced by more than 50% by Seller in the six 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 and (ii) the location to which the employee was assigned. In relation to the foregoing, except as set forth in Schedule 3.21(d), Seller has not violated the 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 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 business of Seller in respect of the Hospital Businesses or the Assets; or (ii) to assign to Seller any rights to any invention, improvement, or discovery. Except as set forth on Schedule 3.21(e), to the knowledge of Seller, no former or current employee of Seller 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 Seller did prior to Closing.

(f) Except as set forth on Schedule 3.21(f), (i) no employee strike, work stoppage or slowdown, labor dispute, grievance or unfair labor practice at the Hospital Businesses is pending or, to Seller's knowledge, threatened, (ii) no employees of Seller are represented by, or have made demand for recognition of, a labor union or employee organization, and, to Seller's knowledge, no other union organizing or collective bargaining activities by or with respect to any employees of Seller are taking place and (iii) no complaint, charge or claim is pending, or, to Seller's knowledge, threatened to be brought or filed, with any Governmental Authority or arbitrator relating to the employment or termination of employment of any individual by Seller or the Hospital Businesses.

(g) All necessary visa or work authorization petitions have been timely and properly filed on behalf of any employees of Seller 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 who is a foreign national has ever worked for Seller without employment authorization from the Department of Homeland Security or any other Government Authority that must authorize such employment, and Seller has complied in all material respects with all applicable immigration laws and other Legal Requirements with respect to the employment of foreign nationals. To the knowledge of Seller, Seller has 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 relating to Seller's compliance with Legal Requirements relating to immigration, except as set forth on Schedule 3.21(g). Seller has not received any letters or other correspondence 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 Seller has not received any letters or other correspondence from the Department of Homeland Security or other Governmental Authorities regarding the employment authorization of any employees of Seller. Seller does not participate in the Department of Homeland Security's e-Verify electronic employment verification system.

3.22. Employee Benefit Plans.

(a) Schedule 3.22 lists each Employee Benefit Plan that Seller or any member of the Controlled Group that includes Seller maintains or to which it contributes (including employee elective deferrals) (each, a "**Current Seller Plan**").

(b) Each Current Seller Plan (and related trust, insurance contract or fund) complies in form and in operation in all material respects with applicable Legal Requirements, and has been administered and operated in all material respects in accordance with the terms of the Current Seller Plan and applicable Legal Requirements. All required reports and descriptions (including form 5500 annual reports, summary annual reports and summary plan descriptions) have been filed or distributed appropriately with respect to each Current Seller Plan. Seller has delivered to Buyer copies of the plan documents and summary plan descriptions, most recent determination letters received from the Internal Revenue Service, most recent form 5500 annual report, and all related trust, insurance and funding Contracts that implement each Current Seller Plan. No Governmental Authority has audited any Current Seller Plan or any other Employee Benefit Plan that Seller or any member of the Controlled Group that includes Seller has maintained, or to which it has contributed or been required to contribute (each, a "**Prior Seller Plan**"), during the five (5) years preceding the date of this Agreement, and Seller has not received any notice that such an audit will or may be conducted.

(c) Each Current Seller Plan that is an Employee Pension Benefit Plan intended to be qualified under section 401(a) of the Code has a current favorable determination letter or opinion or approval letter from the Internal Revenue Service that the plan is so qualified and its trust is exempt from federal income taxation under section 501(a) of the Code, or the remedial amendment period for such Employee Pension Benefit Plan to be submitted to the Internal Revenue Service for such a

determination letter or opinion or approval letter has not yet expired. All contributions (including employer contributions and employee salary reduction contributions) to each such Employee Pension Benefit Plan that are due to be paid have been paid, and all Seller contributions to any Employee Pension Benefit Plan that is a defined contribution plan in respect of periods ending on the Closing Date will be accrued on the Closing Balance Sheets. To Seller's knowledge, nothing has occurred that could reasonably be expected to cause the revocation of such determination letter from the Internal Revenue Service or the unavailability of reliance on such opinion or approval letter from the Internal Revenue Service, as applicable. To Seller's knowledge, nothing has occurred with respect to any Current Seller Plan that has subjected or could reasonably be expected to subject Seller, or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a penalty under Section 502 of ERISA or to an excise tax under the Code. To Seller's knowledge, with respect to any Current Seller Plan, no event has occurred or is reasonably expected to occur that has resulted in or would subject the Seller or, with respect to any period on or after the Closing Date, Buyer or any of its Affiliates, to a tax under Section 4971 of the Code or the assets of any of the foregoing persons to a lien under Section 430(k) of the Code.

(d) The requirements of part 6 of subtitle B of Title I of ERISA and of section 4980B of the Code have been met in all material respects with respect to each Current Seller Plan that is an Employee Welfare Benefit Plan, and all premiums or other payments that are due have been paid with respect to each such Employee Welfare Benefit Plan.

(e) There have been no "*prohibited transactions*," as defined in section 406 of ERISA and section 4975 of the Code, with respect to any Current Seller Plan that would subject Seller or any member of the Controlled Group that includes Seller to any material liability. No ERISA Fiduciary has any material liability for breach of fiduciary duty or any other failure to act or comply in connection with the administration or investment of the assets of any Current Seller Plan. No Proceeding with respect to the administration or the investment of the assets of any Current Seller Plan (other than routine claims for benefits) is pending or, to Seller's knowledge, threatened and, to Seller's knowledge, there exists no basis for any such Proceeding. To Seller's knowledge, no "*party in interest*" (as defined in section 3(14) of ERISA) and no "*disqualified person*" (as defined in the Code) has any interest in any assets of any Current Seller Plan that is an Employee Benefit Pension Plan other than as a beneficiary by virtue of such Person's participation in the plan.

(f) Except as provided on Schedule 3.22(f), no Current Seller Plan that is an Employee Pension Benefit Plan has been completely or partially terminated or the subject of a Reportable Event, and no Proceeding by the PBGC to terminate any such Employee Pension Benefit Plan has been instituted or, to Seller's knowledge, threatened. Seller has not incurred, and, to Seller's knowledge, Seller will not incur, any material liability to the PBGC (other than PBGC premium payments) or otherwise under Title IV of ERISA (including any withdrawal liability) or under the Code with respect to any Current Seller Plan or Prior Seller Plan that is or was an Employee Pension Benefit Plan.

(g) Neither Seller nor any member of a Controlled Group that includes Seller contributes to, has contributed to, or has been required to contribute to any Multiple Employer Plan or any Multiemployer Plan or has any liability (including withdrawal liability) under any Multiple Employer Plan or any Multiemployer Plan. Except as provided on Schedule 3.22(g), neither Seller nor any member of a Controlled Group that includes Seller maintains or contributes, has maintained or contributed, or has been required to maintain or contribute to any Employee Welfare Benefit Plan providing medical, health or life insurance or other welfare-type benefits for current or future retired or terminated employees, their spouses or their dependents (other than in accordance with section 4980B of the Code).

3.23. Proceedings and Legal Claims. Schedule 3.23 contains a list and summary description of each Proceeding and legal claim (including *qui tam* Proceedings and legal claims) pending or, to Seller's knowledge, threatened against or otherwise affecting the Assets, the Hospital Businesses, Seller or any Affiliate of Seller (together with the reserve amount, if any, included in the Financial Statements for each uninsured Proceeding or legal claim). All such Proceedings and legal claims are or will be fully insured (except for applicable deductibles or self-insurance retentions) and no carrier has issued a "*reservation of rights*" letter or otherwise denied its obligation to insure and defend Seller against covered Losses arising therefrom. None of the Proceedings or legal claims described on Schedule 3.23, if determined adverse to Seller, could reasonably be expected to result, individually or in the aggregate, in a Material Adverse Change.

3.24. Taxes.

(a) Seller has filed all Tax Returns required to be filed by or on behalf of Seller on or prior to the date of this Agreement (taking into account applicable extensions), all such Tax Returns are accurate in all material respects and Seller has duly paid or made provision in the Financial Statements for the payment of all Taxes shown as due and payable on such Tax Returns.

(b) Seller has withheld proper amounts from its employees' compensation in compliance with all applicable withholding and similar provisions of the Code and any and all other applicable Legal Requirements, and has withheld and paid, or caused to be withheld and paid, all Taxes on monies paid by it to independent contractors, creditors and other Persons for which withholding or payment is required by Legal Requirements.

(c) No deficiencies for any Taxes relating to the Assets or the Hospital Businesses 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 for the extension of time for the assessment of any Taxes (other than ordinary course extensions of time within which to file Tax Returns).

(d) To Seller's knowledge, no Governmental Authority intends to assess any additional Taxes on Seller for any period for which Tax Returns have been filed. No Governmental Authority has disputed in writing any Tax liability of Seller. No claim has

ever been made in writing by a Governmental Authority in a jurisdiction where Seller does not file Tax Returns that Seller is or may be subject to Tax in that jurisdiction, and no Encumbrances exist against Seller or the Assets in connection with any failure (or alleged failure) of Seller to pay any Tax that is due and payable.

(e) No waiver of a statute of limitations in respect of Taxes or agreement to extend the time with respect to a Tax assessment or deficiency is currently in effect, in each case with respect to Seller (other than ordinary course extensions of time within which to file Tax Returns).

(f) Seller is not a party to any Tax allocation or sharing Contract. Seller is not and has not been a member of an Affiliated Group filing a consolidated federal income Tax Return.

(g) Each of Seller and its Subsidiaries that is a corporation exempt from federal and state income Tax has received a favorable letter of determination from the Internal Revenue Service and the State of Connecticut regarding such Tax status and, to Seller's knowledge, nothing has occurred, whether by action or failure to act, that could reasonably be expected to cause the loss of such exemption (except with respect to the transactions contemplated by this Agreement).

(h) To Seller's knowledge, Seller has no liability for the Taxes of any other Person (other than a Subsidiary under Internal Revenue Service regulation 1.1502-6), as a transferee or successor, by Contract or otherwise.

3.25. Medical Staff; Physician Relations.

(a) Seller has delivered to Buyer a copy of the bylaws, policies, rules and regulations of the medical staff and medical executive committees of each Hospital. As set forth on Schedule 3.25(a), Seller has also delivered to Buyer a list, current as of the date of this Agreement, that sets forth (i) the name and age of each member of the medical staff of each Hospital (active, associate, consulting, courtesy or other), (ii) the degree (M.D., D.O., etc.), title, specialty and board certification, if any, of each such medical staff member, (iii) the names of the medical staff members (current and former) of each Hospital in respect of whom Seller has made a report to the National Practitioners Data Bank during the last three years, and (iv) the number of current medical staff members of each Hospital in respect of whom any committee of the medical staff of such Hospital has recommended adverse action with respect to any member of the medical staff of such Hospital that is not yet final.

(b) Except as set forth on Schedule 3.25(b), no material disputes between Seller and any medical staff member of either Hospital are pending or, to Seller's knowledge, threatened and all appeal periods in respect of any medical staff member against whom an adverse action has been taken by Seller have expired. To the knowledge of Seller, no current member of the medical staff of either Hospital has been excluded from participation in any Government Payment Program.

3.26. Restricted Assets. Except as set forth on Schedule 3.26, none of the Assets is subject to any restriction or limitation concerning the purchase, improvement or use of such Assets or the conduct of the Hospital Businesses, including restricted or conditioned grants or donations and monies received under the Hill-Burton Act.

3.27. Brokers and Finders. 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.

3.28. 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. Seller has not, 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, to Seller's knowledge, any officer, director or trustee of Seller 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 conducts or has conducted any of the Hospital Businesses.

3.29. Solvency. As of immediately after Closing, Seller will not, as a result of the transactions contemplated by this Agreement, be rendered insolvent or otherwise unable to pay its debts as they become due. Seller has no intention of filing a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or any portion of Seller's property and, to Seller's knowledge, no other Person has filed or threatened to file such a petition against Seller.

3.30. Hospital Businesses and Joint Ventures.

(a) Each of Seller's Subsidiaries is a corporation duly organized under the laws of the State of Connecticut with full corporate power to carry on its business as it is now being conducted with the exception of Connecticut Health Insurance Company, which is organized with full corporate power to carry on its business as it is now being conducted under the laws of the Cayman Islands. Each of Seller's Subsidiaries is duly licensed, qualified or admitted to do business and is in good standing in the State of Connecticut, which is the only jurisdiction in which the ownership, use or leasing of their respective assets or properties, or the conduct or nature of their respective businesses, makes such licensing, qualification or admission necessary. All of the issued and outstanding shares of capital stock of Seller's Subsidiaries that are stock corporations are owned as specified on Schedule 3.30(a). All of the issued and outstanding shares of capital stock of Seller's Subsidiaries that are stock corporations have been duly and validly authorized, were validly issued and are fully paid and non-assessable. There are no outstanding rights (including preemptive rights), options, warrants or agreements for the transfer by Seller of any shares of capital stock of Seller's Subsidiaries that are stock corporations and no authorization for any such rights, options, warrants or agreements has been given. Seller has delivered to Buyer a copy of the articles of incorporation and bylaws and other agreements, instruments and documents relating to the creation,

ownership and governance of Seller's Subsidiaries and has provided to Buyer a copy of, or access to, the minute books of Seller's Subsidiaries.

(b) To Seller's knowledge, for each Joint Venture that is a for-profit or nonprofit corporation, it (i) is a corporation duly organized under the laws of the state of its incorporation, (ii) has full corporate power to carry on its business as it is now being conducted, and (iii) is duly licensed, qualified or admitted to do business and is in good standing in the state of its incorporation, which is the only jurisdiction in which the ownership, use or leasing of their respective assets or properties, or the conduct or nature of their respective businesses, makes such licensing, qualification or admission necessary. To Seller's knowledge, all of the issued and outstanding shares of capital stock of the corporate Joint Ventures that are stock corporations are owned as specified on Schedule 3.30(b). To Seller's knowledge, all of the issued and outstanding shares of capital stock of the corporate Joint Ventures that are stock corporations have been duly and validly authorized, were validly issued and are fully paid and non-assessable. To Seller's knowledge, there are no outstanding rights (including preemptive rights), options, warrants or agreements for the transfer by Seller of any shares of capital stock of the corporate Joint Ventures and no authorization for any such rights, options, warrants or agreements has been given. Seller has delivered to Buyer a copy of the articles of incorporation and bylaws and other agreements, instruments and documents relating to the creation, ownership and governance of the corporate Joint Ventures in Seller's possession.

(c) To Seller's knowledge, for each Joint Venture that is a limited liability company, it (i) is organized under the laws of the state of its incorporation, (ii) has full limited liability company power to carry on its respective business as it is now being conducted, and (iii) is duly licensed, qualified or admitted to do business and is in good standing in the state of its incorporation, which is the only jurisdiction in which the ownership, use or leasing of its respective assets or properties, or the conduct or nature of its respective businesses, makes such licensing, qualification or admission necessary. To Seller's knowledge, all of the issued and outstanding membership interests of the limited liability company Joint Ventures are owned as specified on Schedule 3.30(c), have been duly and validly authorized, were validly issued and are fully paid and non-assessable. To Seller's knowledge, except as set forth in the operating agreements of the limited liability company Joint Ventures, the transfers to Buyer of the membership interests in the limited liability company Joint Ventures are not subject to any preemptive rights or third party approvals. Seller has delivered to Buyer a copy of the articles of organization and operating agreements and other agreements, instruments and documents relating to the creation, ownership and governance of the limited liability company Joint Ventures in Seller's possession.

3.31. Operation of the Hospital Businesses. The Assets, together with the Excluded Assets, constitute all assets, properties, goodwill and businesses necessary to operate the Hospital Businesses in the manner in which they have been operated since September 30, 2014, except for property, plant and equipment sold or disposed of since such date in the ordinary course of business. Schedule 3.31 sets forth a list of the ten largest non-governmental payors of the Hospital Businesses, determined on the basis of net patient revenues from services provided

during the year ended September 30, 2014. Since September 30, 2013, no payor listed on Schedule 3.31 has terminated its contract with or materially reduced reimbursement rates to, or has notified Seller in writing of its determination to terminate its contract with or to materially reduce reimbursement rates to, the Hospital Businesses.

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. 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.

4.02. Power and Authority; Due Authorization. Buyer has full power and authority to (a) execute and deliver this Agreement and the Closing Documents to which it is or becomes a party, (b) perform its obligations under this Agreement and such Closing Documents and (c) 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.

4.03. Consents; Absence of Conflicts, Etc. 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:

- (a) are within its corporate powers, are not in contravention of its certificate of formation and operating agreement and have been approved by all required limited liability company and member action;
- (b) do not violate any Legal Requirement to which it is subject; and
- (c) 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.

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, actions, suits, 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 has the ability to obtain funds in cash in amounts equal to the Purchase Price and necessary to perform its obligations hereunder that are to be performed as of Closing by means of credit facilities or otherwise and will at Closing have immediately available funds in cash which will be sufficient to pay the Purchase Price and to perform its obligations hereunder that are required to be performed as of Closing under this Agreement.

4.07. Solvency. Buyer has no intention of filing a petition in bankruptcy or insolvency or for reorganization or for the appointment of a receiver or trustee of all or any portion of Buyer's property and, to the knowledge of Buyer, no other Person has filed or threatened to file such a petition against Buyer.

4.08. Brokers and Finders. Neither Buyer nor any Affiliate of Buyer, nor any officer, director, employee or agent thereof, has engaged or is liable for the payment of any fee to any finder or broker in connection with the transactions contemplated hereunder.

4.09. Full Disclosure. The representations of Buyer in this Agreement do not contain any untrue statement of a material fact or omit to state any material fact necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading.

5. 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 to:

(a) conduct the Hospital Businesses in substantially the same manner as it has heretofore and not make any material change in personnel, operations, finances, accounting policies, or real or personal property of the Hospital Businesses except as set forth on Schedule 5.01;

(b) except as set forth on Schedule 5.01(b), maintain the Assets in working condition in the ordinary course of business, ordinary wear and tear excepted, and make all normal, planned and budgeted capital expenditures related to the Assets and/or the Hospital Businesses, *provided* that Seller may (i) make, in its discretion, necessary expenditures in the ordinary course from its designated capital needs fund and provide advance notice to Buyer of any individual expenditure greater than \$250,000 and (ii) consult with and solicit Buyer's input on individual capital expenditures (or a series of related capital expenditures) not paid from its designated capital needs fund that exceed \$250,000;

(c) comply in all material respects with all Legal Requirements and perform, when due, in all material respects all obligations under Contracts;

(d) deliver to Buyer title to the Assets free and clear of all Encumbrances (except for the Permitted Encumbrances) and to obtain appropriate releases, consents, estoppels, certificates, opinions and other instruments as Buyer may reasonably request;

(e) keep in full force and effect present insurance policies or other comparable insurance benefiting the Assets and the conduct of the Hospital Businesses and maintain sufficient liquid reserves reasonably estimated to be sufficient to meet all deductible, self-insurance and copayment requirements of such policies; and

(f) maintain and preserve its business organizations and operations intact, retain the present employees at the Hospital Businesses (subject to the right of Seller to discharge any employee in the ordinary course of the Hospital Businesses), and maintain in the ordinary course its relationships with physicians, suppliers, patients and other Persons doing business with Seller at 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 to:

(a) excluding capital expenditures, amend or terminate any Assumed Contract, or enter into any Contract, except in the ordinary course of the Hospital Businesses consistent with past practices, *provided* that Seller shall obtain Buyer's consent on any new Contract (or a series of related Contracts) that has required payments by Seller that exceed \$1,000,000 annually, unless such Contract may be terminated without cause upon no more than 90 days written notice and such termination will not result in any penalty or fee (and excluding any waivers or amendments relating to Bond Liabilities that will be defeased or repaid at Closing);

(b) enter into any tertiary or quaternary affiliation with a third-party healthcare provider other than an agreement for hospitalist services;

(c) other than as set forth on Schedule 5.02(c), increase compensation payable or to become payable to, make a bonus or severance payment to, or otherwise enter into one or more bonus or severance Contracts with any employee, contractor or agent of any of the Hospital Businesses except in the ordinary course of the Hospital Businesses consistent with past practices in accordance with existing personnel policies or pursuant to Contract requirements in force on the date of this Agreement;

(d) create, assume or voluntarily consent to any new Encumbrance upon any of the Assets other than pursuant to the Refinancing Loan;

(e) sell or otherwise transfer or dispose of any item of property, plant, equipment or other Asset including any interest in a Joint Venture, except in the ordinary course of the Hospital Businesses consistent with past practices with comparable replacement thereof, and with respect to a an interest in a Joint Venture, except as may be

required under the governing instruments of the Joint Venture and necessary to satisfy a closing condition in Section 7 that has not been waived by Buyer;

(f) take any action other than execution of this Agreement, which would trigger any right of first refusal, or any similar right to purchase, with respect to any Investment interest in a Joint Venture except as necessary to satisfy a closing condition in Section 7 that has not been waived by Buyer;

(g) distribute any assets, other than Excluded Assets, to any Affiliate of Seller other than its Subsidiaries that are transferring Assets pursuant to this Agreement;

(h) make necessary expenditures in the ordinary course from its designated capital needs fund of more than \$100,000 per expenditure without providing advanced notice to Buyer of such expenditure and will not make individual capital expenditures (or a series of related capital expenditures) that are outside the ordinary course in excess of \$100,000 individually or \$500,000 in the aggregate if such capital expenditures are not included in Seller's annual operating or capital budgets that have been provided to Buyer;

(i) add, modify, or discontinue the provision of any material clinical service by the Hospital Businesses other than entering into an agreement with a third party for the provision of hospitalist services, 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 without consent of Buyer, which will not be unreasonably withheld or delayed;

(j) create, incur, assume, guarantee or otherwise become liable for any liability or obligation except in the ordinary course of the Hospital Businesses consistent with past practices in excess of \$250,000, other than Seller's customary annual line of credit renewal with TD Bank in the currently issued amount, or agree to do any of the foregoing including, enter into and consummate the Refinancing Loan, provided however, that Buyer shall not withhold its consent for the Refinancing Loan so long as the Refinancing Loan is on commercially reasonable terms given Seller's credit profile with an interest rate that is no greater than the current rate payable on the Bond Liabilities and with no assumption fee;

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

(l) amend, change or modify the title or duties of the chief executive officer of Seller;

(m) sell or factor any Accounts Receivable;

(n) 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 GAAP or applicable Legal Requirements;

(o) except with respect to the previously planned freeze of Seller's defined benefit pension plan and post-retiree health plan, terminate, amend or otherwise modify in any material respect any Employee Benefit Plan, except for normal course annual changes and amendments required to comply with this Agreement or applicable Legal Requirements; or

(p) amend or agree to amend the articles of incorporation or the bylaws or articles of formation or operating agreement (or comparable organizational documents) of Seller or any Subsidiary thereof or otherwise take any action relating to any liquidation or dissolution of Seller or any Subsidiary thereof, except as expressly contemplated by this Agreement, provided that Seller may merge any one or more of the Subsidiaries into each other or into the Seller in connection with the proposed transaction;

(q) amend or agree to amend the governing documents of any Joint Venture, except immaterial amendments or amendments required to comply with applicable Legal Requirements or reasonably necessary to assign and transfer to Buyer or Buyer's designee Seller's Investment in, or for Buyer to become a partner, member or shareholder of, such Joint Venture or to restructure such joint Venture to permit Buyer to participate in such Joint Venture; or

(r) take any action outside the ordinary course of the Hospital Businesses other than modifying its bond documents as needed.

5.03. Employee Matters.

(a) Subject to the exclusions set forth in this Section and in reliance upon the representations of Seller in Sections 3.21 and 3.22, Buyer will offer, or cause its Affiliates to offer, to employ as of the Closing Date substantially all employees of Seller and its Affiliates who work at the Hospital Businesses, including but not limited to employees on approved leaves of absence as of the Closing Date for any reason including without limitation by reason of a military leave, family or medical leave, illness, injury, disability or similar situation (provided employment shall not commence until such employees return from such approved leave), on the same terms and conditions with respect to job duties, titles and responsibilities that are applicable to such employees on the date of such offer. Buyer will offer the Hired Employees salaries equal to their salaries as of the Closing Date and Employee Benefit Plans that are consistent with Employee Benefit Plans offered to similarly-situated employees at other hospitals operated by Buyer in similar markets. Notwithstanding the foregoing, Buyer will, and will cause its Affiliates to, in all events provide each Hired Employee terms and conditions of employment, including compensation and employee benefits, sufficient to avoid Seller or its Affiliates from incurring any liability under the WARN Act or any comparable Legal Requirement due to actions or omissions of Buyer and its Affiliates related to the Hired Employees at any time on or after the Closing Date.

(b) Seller acknowledges that all employment offers are for “at will” employment only and are subject to the satisfactory completion of Buyer’s usual and customary hiring practices, including employee background checks and pre-employment screenings. Nothing in this Section or elsewhere in this Agreement may be deemed to limit or otherwise affect in any manner the right of Buyer or any Affiliate of Buyer to terminate at will the employment of any Hired Employee or, subject to Buyer’s covenants in Section 5.03(a) and (c), to change individual features or plans in the employment compensation and benefits package of the Hired Employees, provided that Buyer will assume and honor all written severance agreements between Seller and Seller’s employees existing as of Closing that are provided to Buyer prior to the date hereof, as set forth on Schedule 5.03(b).

(c) Following the Closing Date, each Employee Benefit Plan sponsored by Buyer or any Affiliate of Buyer in which the Hired Employees are eligible to participate shall credit the Hired Employees with their periods of employment with Seller or any Affiliate of Seller for all purposes (other than benefit accrual under any defined benefit pension plan), including, but not limited to, application of any preexisting condition limitation or eligibility period otherwise applicable to the Hired Employees and their eligible dependents. In addition, if prior to the Closing Date a Hired Employee or his or her covered dependents paid any amounts towards a deductible or out-of-pocket maximum in Seller’s medical and health plan’s current fiscal year, such amounts shall be applied toward satisfaction of the deductible or out-of-pocket maximum in the current fiscal year of Buyer’s medical and health plan that covers Hired Employees on and after the Closing Date. Buyer will give all Hired Employees credit for their vacation, holiday, personal time and sick pay (whether in such form or in the forms of so-called “paid time off” or an “extended illness bank”) to the extent the same constitute Assumed Liabilities. With respect to the Hired Employees, Buyer will assume the Workers’ Compensation Liability that exists as of Closing and any such claims filed on or after Closing with respect to periods prior to Closing. Except as provided in subsection (b) above, this subsection (c), subsection (e) below, or Schedule 2.03, or as otherwise required by Legal Requirements, Buyer will not assume or otherwise become liable for, and Seller will remain solely responsible for, (i) Seller’s Employee Welfare Benefit Plans and (ii) any other obligations to former or currently retired employees or their dependents. Buyer will make available group health plan continuation coverage required under COBRA to employees and former employees of Seller who are eligible for COBRA, provided that, with respect to COBRA beneficiaries whose qualifying events occurred on or prior to the Closing Date, Seller will reimburse Buyer for all claims of such COBRA beneficiaries paid by Buyer and its Affiliates in excess of the sum of (A) COBRA premiums collected from the COBRA beneficiaries; and (B) amounts reimbursed from stop loss insurance, determined in the aggregate with respect to all such individuals on the first anniversary of the Closing Date and again at the end of the COBRA period for all such COBRA beneficiaries. Buyer agrees to accept rollovers of eligible rollover distributions (within the meaning of Code section 402(c)(4)), including to the extent applicable rollovers of any outstanding loans made as part of a direct rollover, made by Hired Employees from Seller’s Employee Pension Benefit Plans to Buyer’s Plans.

(d) Seller has frozen its defined benefit pension plan known as the “Eastern Connecticut Health Network, Inc. Pension Plan amended and restated as of December 31, 2013” to new participation and future accruals and has frozen the post-retiree health plan to new participation. With respect to the post-retiree health plan, Buyer agrees to maintain post-retiree health coverage for the group of employees and former employees eligible for such coverage as of the Closing. With respect to the post-retiree health plan, Buyer agrees to maintain post-retiree health coverage for the group of employees and former employees eligible for such coverage as of the Closing and shall not amend or terminate the post-retiree health plan unless the members of such group are provided another retiree medical benefit or cash payment of equivalent value (as calculated using reasonable assumptions determined in consultation with an actuary at the time of the determination).

(e) As of the Closing, Buyer agrees to assume, administer, and become the sponsor of Seller’s defined benefit pension plan known as the “Eastern Connecticut Health Network, Inc. Pension Plan amended and restated as of December 31, 2013” and Seller’s post-retiree health plan and assume all collective bargaining agreements of Seller that pertain to the Hospital Businesses.

(f) Between the date of this Agreement and Closing, Buyer may run newspaper advertisements, in the name of any of the Hospital Businesses or in the name of Buyer, to recruit employees for the Hospital Businesses to commence on or after the Closing Date.

(g) At Closing, Seller shall deliver to Buyer a list setting forth the names of all employees of the Hospital Businesses whose employment was terminated between the date of this Agreement and the Closing Date.

(h) This Section 5.03 shall not apply to employees employed by Seller under Assumed Contracts, including but not limited to the collective bargaining agreements described in subsection (d) above. Buyer shall offer employment to all such employees, subject to the satisfactory completion of Buyer’s usual and customary hiring practices, including employee background checks and pre-employment screenings, and employment of such employees will be governed by the terms and conditions of the Assumed Contracts, if any, relating to the employment of such employees.

(i) On or prior to the Closing Date, Seller will be responsible for compliance with the WARN Act and all similar state and local Legal Requirements with respect to the employees of the Hospital Businesses, and for all obligations or liabilities arising thereunder as a result of any action (or failure to act) of Seller on or prior to the Closing Date, and after the Closing Date, Buyer will be responsible for compliance with the WARN Act and all similar state and local Legal Requirements with respect to the Hired Employees, and for all obligations or liabilities arising thereunder as a result of any action (or failure to act) of Buyer after the Closing Date.

5.04. Access to and Provision of Additional Information.

(a) Except to the extent prohibited by applicable Legal Requirements (including antitrust laws), until the Closing Date, Seller shall (i) give Buyer reasonable access to and the right to inspect, during normal business hours and upon reasonable prior notice, Seller's Assets and books and records relating to the Hospital Businesses, (ii) give Buyer reasonable access to Seller's employees and medical staff members providing services at or for the Hospital Businesses and (iii) give Buyer such additional financial, operating and other data and information (including auditors' workpapers) regarding the Hospital Businesses as Buyer may reasonably request and that is reasonably available to Seller. Buyer shall exercise its rights under this Section 5.04(a) in such a manner as to cause the least possible interference with the normal operations of the Hospital Businesses.

(b) Seller will deliver to Buyer:

(i) within 25 days after the end of each calendar month before the Closing Date, copies of the unaudited balance sheet and the related unaudited statements of income and cash flows of the Hospital Businesses for each such month then ended and for the fiscal year-to-date then ended, in consolidating and consolidated format;

(ii) within 35 days after the end of each fiscal quarter ending on or before the Closing Date, copies of the unaudited balance sheet and the related unaudited statements of income and cash flows of the Hospital Businesses for the fiscal quarter then ended and for the fiscal year-to-date then ended; and

(iii) promptly after prepared, copies of any other financial or operating statements, reports or analyses prepared by or for management relating to the Hospital Businesses.

(c) Until the Closing Date, 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, 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 the 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, and with any other federal or state 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. 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 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) To the extent Seller remains in existence and maintains sufficient operational control over relevant functions and pursuant to the Transitional Services Agreement, for seven years after the Closing Date, Seller will give Buyer, within 30 days

after request, an updated claims history, including losses paid and open reserves, for all claims relating to the conduct of the Hospital Businesses on or before the Closing Date.

5.06. Governmental Authority Approvals; Consents to Assignment.

(a) Until the Closing Date, Seller and Buyer shall (i) promptly apply for, and use commercially reasonable efforts to obtain before Closing, all consents, approvals, authorizations and clearances of Governmental Authorities required to consummate the transactions contemplated by this Agreement, including approvals of the applications to the Attorney General and the Office of Health Care Access of the Connecticut Department of Public Health, (ii) provide such information and communications to Governmental Authorities as the other party or such Governmental Authorities may reasonably request, and (iii) assist and cooperate with the other party to obtain all Permits, including approvals of the applications to the Attorney General and the Office of Health Care Access of the Connecticut Department of Public Health, that the other party deems necessary or appropriate, and to prepare any document or other information reasonably required of it by any such Governmental Authority to consummate the transactions contemplated by this Agreement, *provided* that no party may be required without the party's consent (x) to pay any sum to Governmental Authorities other than filing fees or past due amounts, or (y) to agree to divest assets or limit the conduct of the business.

(b) Until the Closing Date, each party shall file, if and to the extent required by applicable Legal Requirements, all reports and other documents required or requested by Governmental Authorities under the HSR Act concerning the transactions contemplated by this Agreement, and shall promptly comply with any requests by the Governmental Authorities for additional information concerning such transactions, so that the waiting period specified in the HSR Act will expire as soon as reasonably possible. Each party shall furnish to the other party such information as the other party reasonably requires to comply with its obligations under the HSR Act and shall exchange drafts of the relevant portions of each other's report forms before filing. The parties shall also share equally the costs of any fees due in respect of filings required by the HSR Act.

(c) Seller shall 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 shall not be required to make any payments or economic concessions to landlords to obtain such consents.

(d) 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 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 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 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 9), 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.

5.07. 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 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 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 Affiliates, 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.

5.08. Connecticut Transfer Act. Certain components of the Real Property (including the Hospitals) 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 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 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 subject to and in accordance with the provisions of Section 7.09 hereof. 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 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 Facilities 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). Notwithstanding the foregoing, Seller shall pay Buyer for all costs and expenses that Buyer incurs in connection with Transfer Act Activities. 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 5.08 shall have the meanings set forth in the Transfer Act. Notwithstanding anything to the contrary in this Agreement, the parties agree that any and all fees, expenses and other costs to be paid by Seller under this Section 5.08 shall be paid first from funds held as part of the Indemnity Reserve established pursuant to Section 9.08.

5.09. No-Shop Clause. Until termination of this Agreement, Seller shall not, and shall not permit any Affiliate of Seller or any other Person acting for or on behalf of Seller or any Affiliate of Seller to, without the prior written consent of Buyer: (a) offer for sale, lease or other disposition all or substantially all of the Assets or any material portion thereof, or any ownership interest in any entity owning any of the Assets, whether by virtue of an asset sale transaction, a lease transaction, affiliation transaction, or a change of control, change of membership, merger, consolidation or other combination transaction with respect to Seller or any entity owning any of the Assets (collectively, a “**Prohibited Transaction**”), or negotiate in respect of an unsolicited offer therefor; (b) solicit offers to acquire all or substantially all of the Assets, or any material portion thereof, or offers to acquire any ownership interest in an entity owning any of the Assets, in a Prohibited Transaction; (c) enter into any Contract with any Person with respect to the disposition of all or substantially all of the Assets, or any material portion thereof, or the sale of any ownership interest in an entity owning any of the Assets, in a Prohibited Transaction; or (d) furnish or permit or cause to be furnished any information to any Person that Seller knows or has reason to believe is in the process of considering a Prohibited Transaction. If Seller, any Affiliate of Seller, or any Person acting for or on behalf of any of the foregoing receives from any Person (other than Buyer or its representatives) any offer, inquiry or informational request referred to above, Seller will promptly advise such Person, by written notice, of this Section.

5.10. Noncompetition. For a period of five years after the Closing Date, Seller shall not, directly or indirectly, and Seller shall cause its Affiliates not to, in any capacity: (i) own, lease, manage, operate, control, be employed by, maintain or continue any interest whatsoever or participate in any manner with the ownership, leasing, management, operation, or control of any business or enterprise that offers services in competition with the Hospital Businesses, including 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, wellness center, urgent care center, ambulatory service, nursing home, skilled nursing facility, home health or hospice agency, or physician clinic or physician medical practice, within a 30 mile radius of either Hospital (the “**Restricted Area**”); (ii) employ or solicit the employment of any Hired Employee, other than no more than five (5) individuals employed solely for winding down operations, unless (x) such employee resigns voluntarily (without any solicitation from Seller or any of its Affiliates), (y) Buyer consents in writing to such employment or solicitation, or (z) such employee is terminated by Buyer or its Affiliate after the Closing Date; (iii) induce, cause or attempt to induce or cause any Person (including any physician employee or medical staff member) to replace or terminate any contract for the provision or arrangement of health care services from the Hospital Businesses with products or services of any other Person after the Closing Date; or (iv) request, induce or cause any physician employee or medical staff member to terminate any contract with or change practice patterns at the Hospital Businesses. Notwithstanding the foregoing, however, (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 Hospitals: 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 to be provided by Buyer or its Affiliates. In the event of a breach of this Section, 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 Buyer 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 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. 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.

5.11. Allocation of Purchase Price. 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 Internal Revenue Service in accordance with such allocation.

5.12. 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. If any interest in a Joint Venture has not been transferred at Closing as a result of the failure to obtain a consent or to otherwise comply with the governing instruments of such Joint Venture, then Seller shall use commercially reasonable efforts following the Closing to obtain such consent or otherwise comply with the governing instruments of the Joint Venture to permit the transfer of such interest to Buyer as soon as practical following the Closing. 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.

5.13. Casualty. If, on or before the Closing Date, any of the Hospital Businesses are destroyed or materially damaged by fire, theft, vandalism or other cause or casualty and as a result thereof any material part of such Hospital Business is rendered unsuitable for its primary intended use and the cost of repair would exceed \$1,000,000, Buyer may elect, by giving written notice to Seller within 15 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 8.04(a), (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 less any reasonable out-of-pocket costs incurred in collecting the proceeds or in securing or repairing the property (or the right to receive the insurance proceeds) payable on account of such destruction or damage, and Buyer shall receive a credit for any deductibles or copayments required under the applicable insurance policy in respect of such claim. Notwithstanding the foregoing, Buyer and Seller acknowledge and agree that the Purchase Price shall not be reduced by an amount that would preclude Seller from paying, or providing for payment of, all of its liabilities in full.

5.14. Seller's Cost Reports. Pursuant to the Transitional Services Agreement, Seller will prepare and timely file all Cost Reports required to be filed after Closing for periods ending on or before the Closing Date, including terminating Cost Reports required as a result of the consummation of the transactions described in this Agreement. Buyer will provide information to Seller and reasonably assist Seller in the preparation and filing of the terminating Cost Reports and the Purchase Price will be allocated in the terminating Cost Reports in a manner consistent with the allocation for Tax purposes described in Section 5.11. Buyer will forward to Seller any and all correspondence, remittances and demands relating to Seller's Cost Reports within ten business days after receipt by Buyer. Seller retains all rights to its Cost Reports, including any

payables resulting from or reserves relating to the Cost Reports and the right to appeal any Medicare determinations relating to the Cost Reports.

5.15. Continuation of Hospitals and Post-Care Continuum. For at least 3 (three) years after Closing, Buyer will (i) continue operating the Hospitals in their current locations as acute care hospitals with emergency departments, and (ii) maintain an ownership interest in Seller's current post-acute care continuum of care network (e.g., VNA/home care, sub-acute and long-term lines of service) and require any joint venture involving such post-acute care continuum of care network to maintain the applicable service line for such three-year period. During such periods that Buyer operates the Hospitals, Buyer agrees to maintain Seller's commitment to quality, safety, and patient satisfaction, including maintaining appropriate enrollment, certifications, and accreditations necessary to receive reimbursement under Government Payment Programs.

5.16. Charity Care and Community Obligations.

(a) Seller has historically provided significant levels of care for indigent and low-income patients and has also provided support for community volunteer services and care through a variety of community-based health programs. Subject to changes in Legal Requirements or governmental guidelines or policies, Buyer will ensure that each Hospital maintains and adheres to Seller's current policies on charity care, indigent care, community volunteer services and community benefits attached as Schedule 5.16 or adopt other policies and procedures that are at least as favorable to the indigent and uninsured in the aggregate as Seller's existing policies.

(b) During all times that Buyer owns and operates the Hospitals, Buyer will strive to provide care through community-based health programs, including by cooperating with local organizations that sponsor health care initiatives to address community needs and improve the health status of the elderly, poor, and at-risk populations in the community.

5.17. Educational Support. Buyer agrees to maintain and support financially the University of New England medical student and other health professions teaching programs established by Seller, in addition to Seller's graduate medical education programs, while operating at a level to not exceed the Indirect Medical Education and Direct Graduate Medical Education caps that may be established by CMS.

5.18. Capital Commitment.

(a) Post-Closing, Buyer, in consultation with Seller, the Local Board and potentially an outside consultant, will develop a strategic capital plan with respect to the Hospital Businesses (which for purposes of this Section 5.18 includes the Joint Ventures). In accordance with such strategic capital plan, Buyer agrees to spend within five years of Closing 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) within five years of Closing not less than \$75,000,000 (the "**Commitment Amount**") at Seller facilities on (i) capital projects, including routine and non-routine capital expenditures for the improvement of

Seller's facilities and/or the acquisition, development, expansion and improvement of hospital, ambulatory or other health care services (such as implementation of a comprehensive and system-wide electronic medical record such as the Epic system), (ii) de novo development, expansion, or acquisition of a department, program, service or facility (whether for inpatient or outpatient services), (iii) upgrades or renovations generally, (iv) deferred maintenance items, and (v) capital expended in support of the recruitment of the Hospitals' medical staff located in the Hospitals' service area, limited to physician practice acquisitions, loan security agreements and real estate acquisition or development (including any associated medical equipment) in support of physician practice acquisitions. Buyer shall provide a written report to Seller on an annual basis that verifies its compliance with the capital commitment, which Seller may share publically. For the purposes of determining whether the Commitment Amount has been expended or committed to be expended, (x) only operating leases for (i) buildings or the fit-out or build-out of space used in the provision or support of medical services or (ii) medical equipment with a useful life of more than one year, shall count towards the Commitment Amount, (y) capital leases, and those operating leases that are permitted to be counted toward the Commitment Amount under Sections 5.18(a)(x)(i)-(ii), shall be valued at the net present value of any lease commitments, and (z) solely with respect to expenditures for equipment not currently owned or leased by the Hospital Businesses or space that is renovated, acquired or newly leased (with respect to incremental Buyer improvements) or obtained after Closing consistent with Section 5.18, it shall not be a prerequisite that the applicable expenditure be classified as a capital expenditure for accounting purposes. Notwithstanding the foregoing, (i) if Seller obtains the Refinancing Loan, the Commitment Amount shall be reduced by the portion of such loan spent on capital projects, and (ii) regardless of whether Seller obtains the Refinancing Loan, if Buyer assumes any Assumed Excess Liabilities, the Commitment Amount shall be further reduced by the amount of such Assumed Excess Liabilities and as otherwise described in Section 2.05(d).

(b) Notwithstanding the above capital commitment, in the event that any Legal Requirement is enacted or imposed by the State of Connecticut after Closing that discriminates against, or adversely affects a disproportionate number of for-profit hospitals and causes the Hospital Businesses to suffer a decline in EBITDA of more than ten (10) percent in any year, on a consolidated basis, then, Buyer may defer in its discretion the above capital commitment beyond the five-year period provided in Section 5.18(a) but only to the extent of the decline in EBITDA resulting from the discriminatory Legal Requirement. To the extent Buyer desires to defer the capital commitment as a result of a discriminatory Legal Requirement, (i) Buyer shall make available to the public reasonably detailed information to support Buyer's position (provided that in no event shall Buyer be required to disclose any information that is subject to a confidentiality or other similar arrangement) and (ii) Buyer shall consult with the Local Board to determine an alternate mutually agreeable timeframe to complete the capital commitment that is reasonable and appropriate in light of the changed circumstances caused by the new Legal Requirement.

5.19. Connecticut Transactions. If at any time prior to Closing, Buyer or any of its Affiliates enter into an agreement with another Connecticut hospital that seeks to consummate

transactions similar to the transactions described herein, then Buyer shall promptly inform Seller of such fact, subject to such hospital's approval of waiving any nondisclosure obligation in a confidentiality agreement between such hospital and Buyer, or an Affiliate of Buyer.

5.20. Fees and Expenses.

(a) Except as otherwise expressly set forth in this Agreement, 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 or its Affiliates shall bear and pay all expenses incurred by or on behalf of Seller 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 Subsidiary) and (iii) the premium for Buyer's title insurance policies described in Section 7.06.

(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.

5.21. Clinical Quality and Integration. For at least three (3) years after Closing, Buyer shall (i) collaborate with the Local Board and remaining former hospital staff of Seller on clinical quality matters of the Hospital Businesses to share best practices, establish clinical quality goals and measure progress, and (ii) to the extent consistent with antitrust Legal Requirements, consult with physicians on the medical staff of each Hospital, including at least

some independent (*i.e.*, non-employed) physicians, in managed care contracting and clinical integration with respect to the Hospital Businesses.

5.22. Insurance Ratings. Seller will take all commercially reasonable actions requested by Buyer to enable Buyer, at Buyer's expense, to succeed to the workers' compensation and unemployment insurance ratings of Seller and the Hospital Businesses for insurance purposes. Buyer shall not be obligated to succeed to any such rating, except as it may elect to do so or as is otherwise required to do so by Legal Requirements.

5.23. Fulfillment of Conditions. If all of the conditions to a party's obligation to consummate the transactions contemplated by this Agreement at the Closing are satisfied (or waived by that party in its sole discretion), such party will execute and deliver at Closing each Closing Document that such party is required by this Agreement to execute and deliver at Closing. Each party will use all commercially reasonable efforts to satisfy each condition to the obligations of the other party to consummate the transactions contemplated by this Agreement, to the extent that satisfaction of any such condition is within the control of such party.

5.24. 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.

5.25. Insurance Transition Provisions.

(a) With respect to the Disability Obligations, Buyer and Seller acknowledge and agree that no tail insurance shall be required in connection with the Disability Obligations because Seller is fully insured with respect to the Disability Obligations.

(b) Other than with respect to the Accumulated Benefit Obligation, the Post-Retiree Health Plan Liability, the Captive Insurer Liability and the Workers' Compensation Liability, on or before the Closing Date, Seller will purchase and obtain an unlimited extended claims reporting provision for all primary and excess insurance policies, including but not limited to coverage for directors, trustees and officers of Seller and its Affiliates, in force as of the date of this Agreement that cover Seller, its Affiliates and each physician employee of Seller or its Affiliates (or for which Seller otherwise has an obligation to provide such insurance), and that are written on a claims-made insuring agreement. Such extended claim endorsements must name Buyer (and other Affiliates of Buyer designated by Buyer prior to the Closing) as named insureds thereunder.

(c) Notwithstanding anything in this Agreement to the contrary and to the extent in the best interests of Seller, Seller may choose in its sole discretion to retain the Captive Insurer Liability, the Workers' Compensation Liability or both and, at or prior to Closing, purchase its own tail insurance policy or policies with respect to the Captive Insurer Liability, the Workers' Compensation Liability or both. To the extent Seller elects to retain the Captive Insurer Liability, the Workers' Compensation Liability or both, Seller shall provide written notice to Buyer of such election, and Buyer will be relieved of its obligations set forth in this Agreement with respect to any liability or liabilities that Seller elects to retain as set forth in such written notice, and there shall be

no reduction in the Purchase Price pursuant to Section 2.05(a)(vi) for any liabilities so retained.

5.26. Strategic Business Plan. After Closing, Buyer will use commercially reasonable efforts to execute and implement the Strategic Business Plan in accordance with its terms, as the Strategic Business Plan may be modified by Buyer, in consultation with the Local Board, from time to time.

5.27. Local Board. The Local Board shall, among other things, serve as a resource for Buyer with respect to Buyer's investment of the Capital Commitment (see Section 5.18 herein), maintenance and implementation of the Strategic Business Plan, be responsible for medical staff credentialing at the Hospitals, maintain and oversee the quality assurance program at the Hospitals and oversee and manage the accreditation process for the Hospitals.

5.28. Compliance Program. The Buyer and its Affiliates have established and implemented corporate compliance and ethics programs to ensure that high ethical and conduct standards are met in the conduct of their business. Buyer shall extend after Closing its corporate compliance and ethics programs to the Hospital Businesses.

6. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

The obligations of Seller to consummate the transactions contemplated by this Agreement, including by taking the actions specified in Section 8.02, are subject to the satisfaction on or before Closing of the following conditions, unless waived by Seller:

6.01. Representations; Covenants.

(a) Each of the representations and warranties of Buyer in this Agreement that is qualified as to materiality was true and correct on and as of the date of this Agreement, each of the other representations and warranties of Buyer was true and correct in all material respects on and as of the date of this Agreement, each of the representations and warranties of Buyer in this Agreement that is qualified as to materiality is true and correct on and as of the Closing Date, and each of the other representations and warranties of Buyer in this Agreement is true and correct in all material respects on and as of the Closing Date.

(b) Each of the covenants to be complied with or performed by Buyer on or before Closing (other than actions to be taken at the Closing, including the delivery of the Closing Documents described in Section 8.03) has been complied with and performed in all material respects.

6.02. Adverse Proceeding. No Proceeding by any Governmental Authority (including the Attorney General) has been instituted or threatened to restrain or prohibit the transactions contemplated by this Agreement, no Governmental Authority (including the Attorney General) has taken any other action or made any request of Seller or Buyer as a result of which Seller reasonably and in good faith deems it inadvisable to proceed with the transactions contemplated by this Agreement, and no order is in effect restraining, enjoining or otherwise preventing consummation of the transactions contemplated by this Agreement.

6.03. Pre-Closing Confirmations. Seller has received all consents, approvals, licenses and other authorizations of Governmental Authorities, on terms reasonably satisfactory to Seller, including (i) the certificate of need approval by the Office of Health Care Access of the Connecticut Department of Public Health, (ii) confirmation that the Bond Liabilities have been satisfied, and (iii) approval for the conversion of the Hospitals to a for-profit entity by the Attorney General (including receipt of a fairness evaluation or fairness opinion satisfactory to the Seller and the Attorney General) and approval of the transfer or disposition of all donor restricted funds of the Hospitals and all Subsidiaries in a manner acceptable to the Attorney General, required for Seller to consummate the transactions contemplated by this Agreement and that all applicable waiting periods under the HSR Act shall have expired or been terminated.

6.04. Redemption of the Bonds/Satisfaction of the Indenture. All actions required to be taken and all conditions required to be satisfied in connection with the defeasance or redemption of all outstanding tax-exempt debt issued by or on behalf of Seller, including the Bond Liabilities, and the satisfaction, discharge, release, and termination of all trust indentures, tax-exempt equipment loans and related documents (collectively, the “**Indenture**”) associated with such tax-exempt debt, and all Encumbrances created by or in connection with the Indenture, have been, or at Closing will be, taken and satisfied. The Indenture and all Encumbrances created by or in connection with the Indenture shall have been satisfied, discharged and terminated, and Seller shall have received an opinion from counsel to the Connecticut Health and Education Facilities Authority to the effect that all Bond Liabilities have been defeased or prepaid, together with evidence satisfactory to Buyer of the discharge of all Encumbrances on the Assets under the Indenture.

6.05. Extraordinary Events. Buyer (a) is not in receivership or dissolution, (b) has not made any assignment for the benefit of creditors, (c) has not admitted in writing its inability to pay its debts as they mature, (d) has not been adjudicated a bankrupt, (e) has not 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 Legal Requirement of the United States or any state (and no such petition has been filed against Buyer), or (f) has not entered into any contract to do any of the foregoing on or after the Closing Date.

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

The obligations of Buyer to consummate the transactions contemplated by this Agreement, including by taking the actions specified in Section 8.03, are subject to the satisfaction on or before Closing of the following conditions, unless waived by Buyer:

7.01. Representations; Covenants; Schedules.

(a) Each of the representations and warranties of Seller in this Agreement that is qualified as to materiality was true and correct on and as of the date of this Agreement, each of the other representations and warranties of Seller in this Agreement was true and correct in all material respects on and as of the date of this Agreement, each of the representations and warranties of Seller in this Agreement that is qualified as to materiality is true and correct on and as of the Closing Date, and each of the other representations and warranties of Seller in this Agreement is true and correct in all

material respects on and as of the Closing Date (other than the representation in Section 3.08(l) which shall be true and correct in all respects).

(b) Each of the covenants to be complied with or performed by Seller on or before Closing (other than actions to be taken at the Closing, including the delivery of the Closing Documents described in Section 8.02) has been complied with and performed in all material respects.

(c) Each of Seller's Schedules, Exhibits and other instruments required under this Agreement has been updated or delivered by Seller, and approved by Buyer, all in accordance with Section 10.01.

7.02. Adverse Action or Proceeding. No Proceeding by any Governmental Authority (including the Attorney General) has been instituted or threatened to restrain or prohibit the transactions contemplated by this Agreement, no Governmental Authority (including the Attorney General) has taken any other action or made any request of Seller or Buyer as a result of which Buyer reasonably and in good faith deems it inadvisable to proceed with the transactions contemplated by this Agreement, and no order is in effect restraining, enjoining or otherwise preventing consummation of the transactions contemplated by this Agreement.

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

7.04. Pre-Closing Confirmations and Contractual Consents. Buyer has obtained documentation or other evidence reasonably satisfactory to Buyer that:

(a) All Permits required to operate the Hospital Businesses will be transferred to or issued in the name of Buyer as of the Closing Date, without the imposition of any condition that is materially burdensome to the operation of the Hospital Businesses after Closing;

(b) The applicable Hospital Businesses that participate in the Government Payment Programs as of the date of this Agreement will be qualified effective as of Closing to participate in the Government Payment Programs in which they participate as of the date of this Agreement and will be entitled to receive payment under such Government Payment Programs for services rendered to qualified beneficiaries of such Government Payment Programs immediately after the Closing Date with respect to the Hospitals, and within a reasonable period of time after the Closing Date with respect to the other applicable Hospital Businesses;

(c) All other consents, approvals, licenses and other authorizations of Governmental Authorities, including the certificate of need approval by the Office of Health Care Access of the Connecticut Department of Public Health and approval for the conversion of the Hospitals to a for-profit entity by the Attorney General, required for Buyer to consummate the transactions contemplated by this Agreement and all other material consents, approvals, licenses and other authorizations of Governmental

Authorities required for Buyer to operate the Hospital Businesses after Closing shall have been received on terms reasonably satisfactory to Buyer;

(d) Seller has delivered to Buyer copies of consents to assignment of the Assumed Contracts, and certain other consents, waivers and estoppels, that are listed on Schedule 7.04(d);

(e) Seller has obtained approvals from its Board of Trustees, corporators and, to the extent required, the governing boards of its Subsidiaries; and

(f) All applicable waiting periods under the HSR Act have expired or been terminated.

7.05. Extraordinary Events. Seller (a) is not in receivership or dissolution, (b) has not made any assignment for the benefit of creditors, (c) has not admitted in writing its inability to pay its debts as they mature, (d) has not been adjudicated a bankrupt, (e) has not 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 Legal Requirement of the United States or any state (and no such petition has been filed against it), and (f) has not entered into any Contract to do any of the foregoing on or after the Closing Date.

7.06. Title Insurance Policies and Surveys. Buyer has received:

(a) One or more commitments from a recognized national title insurance company chosen by Buyer to issue as of the Closing Date ALTA extended coverage owner's title insurance policies for the Owned Real Property, in amounts reasonably acceptable to Buyer, in form reasonably acceptable to Buyer and with such endorsements as Buyer may reasonably require, at Buyer's sole cost and expense; and

(b) ALTA land title surveys of the Owned Real Property, in form reasonably satisfactory to Buyer and the title insurance company, from a firm designated by Buyer and certified to Buyer and the title insurance company, at Buyer's sole cost and expense.

7.07. Opinion of Seller's Counsel. Buyer has received an opinion from counsel to Seller, dated as of the Closing Date and addressed to Buyer, in a form reasonably satisfactory to Buyer.

7.08. The Indenture. The Indenture and all Encumbrances created by or in connection with the Indenture, specifically the Bond Liabilities and other tax-exempt debt, shall have been satisfied, discharged and terminated, and Buyer shall be entitled to rely on the opinion of Seller's bond counsel described in Section 6.04.

7.09. Environmental Assessments. Buyer shall, at its election, have received a Phase I environmental site assessment in a form reasonably satisfactory to Buyer, on each parcel of Owned Real Property and, at Buyer's option, any portion of the premises forming a part of the Leased Real Property (each, a "**Phase I Assessment**," collectively, the "**Phase I Assessments**"). Buyer shall not be permitted to conduct any Phase II environmental site assessments, or other intrusive or destructive testing on or relating to the Owned Real Property or Leased Real

Property (each, a “Phase II Assessment,” collectively, the “Phase II Assessments”) unless pursuant to information contained in the applicable Phase I Assessment and subject to the prior approval of Seller (including any conditions which Seller may impose on such investigations, and, if Seller so requires, memorialized in an environmental access agreement between Buyer and Seller), in Seller’s sole discretion. Notwithstanding the foregoing, if, after review of any Phase I Assessment, the parties reasonably determine that the subject real property is an Establishment Real Property (as defined in Section 5.08 hereof) and reasonably identifies any “areas of concern” (“AOCs”) warranting additional investigation pursuant to the Transfer Act, then, in order to obtain a preliminary (but not definitive) understanding of the nature and extent of any contamination potentially associated with such AOC, Buyer shall have the right to perform a limited Phase II Assessment of each such AOC pursuant to a scope of work approved by Seller in advance, which approval (including any conditions which Seller may reasonably impose on such investigation) shall not be unreasonably withheld, conditioned or delayed. Buyer shall pay the full costs of any Phase I Assessment(s) and any Phase II Assessment(s) that may occur pursuant to this Section 7.09. Notwithstanding any other provision hereof to the contrary, Buyer shall not provide Seller with copies of any Phase II Assessment(s) (or any of the data contained therein) unless requested by Seller. To the extent any Phase II Assessments are performed in accordance with this provision, Buyer shall be reasonably satisfied with same.

7.10. Hill-Burton Facilities. No Encumbrance affects any of the Assets or Hospital Businesses relating to or arising under the Hill-Burton Act.

7.11. [Physician Organization. Simultaneous with the Closing, Eastern Connecticut Medical Professionals Foundation, Inc. shall amend its Bylaws and Certificate of Incorporation, as necessary, to specify that Buyer (or its designee) is its sole corporate member. Eastern Connecticut Medical Professionals Foundation, Inc. shall continue to employ on the Closing Date those physicians and other licensed “Providers,” as defined in Section 33-182aa of the Connecticut General Statutes, that it employs immediately prior to the Closing Date.]

7.12. Additional Liabilities. Seller shall not have Additional Liabilities as described in Section 2.05(d) in excess of \$10,000,000 (Ten Million Dollars), unless Buyer in its sole discretion agrees to assume such liabilities in accordance with Section 2.05(d).

8. CLOSING; TERMINATION OF AGREEMENT

8.01. 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 [_____] at 10:00 a.m., or at such other place and time as the parties may mutually agree, on _____, 2015, or if at such time any conditions to Closing set forth in Articles 6 and 7 have not been satisfied (or waived by the parties entitled to the benefit thereof), on the third business day following satisfaction or waiver of such conditions, 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 immediately following 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 8.02, 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 8.03, 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.

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

(a) special warranty deeds, duly executed by Seller in recordable form, conveying to Buyer fee simple title to the Owned Real Property, free and clear of Encumbrances other than the Permitted Real Property Encumbrances;

(b) assignment and assumption agreements duly executed by Seller conveying to Buyer all of Seller's right, title and leasehold interest in and to the Leased Real Property;

(c) bills of sale and assignment duly executed by Seller conveying to Buyer good and valid title to all personal property Assets, free and clear of Encumbrances other than the Permitted Personal Property Encumbrances;

(d) assignments duly executed by Seller conveying to Buyer Seller's interests in the Assumed Contracts;

(e) 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;

(f) an original or certified copy of the tail insurance policies required by Section 5.25 and receipts evidencing payment of the premiums therefor;

(g) a copy of resolutions duly adopted by the board of directors of Seller authorizing and approving the execution and delivery of this Agreement and the Closing Documents and the consummation of the transactions contemplated herein and therein, certified as in full force and effect as of the Closing Date by an appropriate officer of Seller;

(h) a certificate of a duly authorized officer of Seller certifying that (i) each of the representations and warranties of Seller in this Agreement that is qualified as to materiality was true and correct on and as of the date of this Agreement, (ii) each of the other representations and warranties of Seller in this Agreement was true and correct in all material respects on and as of the date of this Agreement, (iii) each of the representations and warranties of Seller in this Agreement that is qualified as to materiality is true and correct on and as the Closing Date, (iv) each of the other representations and warranties of Seller in this Agreement was true and correct in all material respects on and as of the Closing Date and (v) each of the covenants to be complied with or performed by Seller on or before Closing (other than actions to be taken at the Closing, including the delivery of the Closing Documents described in this Section 8.02) has been complied with and performed in all material respects;

(i) a certificate of incumbency for the officers of Seller executing this Agreement and the Closing Documents;

(j) a certificate of existence and good standing for Seller and each of its Subsidiaries from the State of Connecticut, dated no earlier than 15 days prior to the Closing Date;

(k) stock certificates and certificates or other appropriate instruments of transfer of the ownership interests in the Joint Ventures, duly endorsed for transfer to Buyer, and, to the extent obtained prior to Closing, any amendment to the operating agreement, bylaws or other governing documents of each Joint Venture that Buyer determines, in its reasonable discretion, is necessary to fully effectuate the transfer of the ownership interest in the Joint Ventures to Buyer;

(l) a statement pursuant to section 1.1445-2(b)(2)(iv) of the Treasury Regulations under the Code, executed on behalf of Seller or any Affiliate conveying an interest in Owned Real Property to Buyer or its Affiliates, certifying that such entity is not a foreign corporation and is not otherwise a foreign Person;

(m) all certificates of title and other documents evidencing an ownership interest conveyed as part of the Assets, including for all motor vehicles;

(n) all necessary state and local real estate conveyance tax forms duly executed by Seller;

(o) final execution copy of the Transfer Act Form III and ECAF with a \$3,000 filing fee, as more fully described in Section 5.08;

(p) UCC termination statements or other releases for all Encumbrances on the Assets not constituting Permitted Encumbrances, which termination statements and releases will be effective as of Closing;

(q) the opinion of counsel to Seller as provided in Section 7.07;

(r) owner's affidavits, certificates, rent rolls and other documentation that may be reasonably necessary to consummate the transactions contemplated by this Agreement and obtain the title policies required to be issued hereunder;

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

(t) such other Closing Documents as Buyer deems reasonably necessary to consummate the transactions contemplated by this Agreement.

8.03. 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) an assumption agreement duly executed by Buyer pursuant to which Buyer assumes the Assumed Liabilities, as well as any documents Seller may reasonably require to effectuate Buyer's assumption of certain of Seller's Employee Benefit Plans pursuant to Section 5.03(e);

(c) a copy of resolutions duly adopted by the boards of directors, members or managers of PMH and Buyer, as appropriate, authorizing and approving the execution and delivery of this Agreement and the Closing Documents and the consummation of the transactions contemplated herein and therein, certified as in full force and effect as of the Closing Date by an appropriate officer of PMH and Buyer;

(d) a certificate of a duly authorized officer of Buyer certifying that each of the representations and warranties of Buyer in this Agreement that is qualified as to materiality was true and correct on and as of the date of this Agreement, that each of the other representations and warranties of Buyer in this Agreement was true and correct in all material respects on and as of the date of this Agreement, that each of the representations and warranties of Buyer in this Agreement that is qualified as to materiality is true and correct on and as of the Closing Date, that each of the other representations and warranties of Buyer in this Agreement is true and correct in all material respects on and as of the Closing Date, and that each of the covenants to be complied with or performed by Buyer on or before Closing (other than actions to be taken at the Closing, including the delivery of the Closing Documents described in this Section) has been complied with and performed in all material respects;

(e) a certificate of incumbency for the officers of [Buyer's ultimate parent] and Buyer executing this Agreement and the Closing Documents;

(f) a certificate of existence and good standing of Buyer from the State of [], dated no earlier than 15 days prior to the Closing Date;

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

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

8.04. Termination Prior to Closing; Termination Fee.

(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 7; (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 6; (iv) by Seller or Buyer, if the Closing Date shall not have taken place on or before December 31, 2016 (as such date may be extended by mutual agreement of Seller and Buyer); *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; (v) by Buyer, pursuant to Section 5.13 hereof, or (vi) by Seller pursuant to Section 10.11(b).

(b) For the avoidance of doubt, this Section 8.04(b) shall not be effective unless and until the Certificate of Need (“CON”) application has been filed with the State of Connecticut. Upon the filing of the CON application with the State of Connecticut, Seller shall present its invoices for reasonable out-of-pocket legal, valuation and consulting expenses incurred by Seller after the execution of that Letter of Intent between Buyer and Seller dated June 25, 2015 up to the time of the filing of the CON application (the “**CON Preparation Period**”). Within 10 days of receipt of such invoices, Buyer shall reimburse Seller for such reasonable out-of-pocket legal, valuation and consulting expenses up to \$1,000,000 (One Million Dollars). If, however, the out-of-pocket legal, valuation and consulting expenses incurred by Seller during the CON Preparation Period total less than \$1,000,000 (One Million Dollars), then Seller may present Buyer with additional invoices for out-of-pocket legal, valuation and consulting expenses incurred by Seller after the filing of the CON but prior to the closing of the transaction, and Buyer shall reimburse Seller for such additional out-of-pocket legal, valuation, and consulting expenses within 10 days of receipt of such invoices; *provided*, however, that the total amount of the invoices reimbursed by Buyer for out-of-pocket legal, valuation and consulting expenses paid by Seller during the CON Preparation Period and thereafter shall not in the aggregate exceed \$1,000,000 (One Million Dollars). In the event that the transaction closes, the total amount paid by Buyer to Seller pursuant to this Section 8.04(b) shall be credited against the Purchase Price as shown in Section 2.05(a)(ix). In the event that the transaction does not close because Buyer breaches its obligations under this Agreement or refuses to accept regulatory conditions placed on the transaction by the Attorney General and the Office of Health Care Access of the Connecticut Department of Public Health, Seller shall be entitled to retain all amounts it receives pursuant to this Section 8.04(b). In the event that the transaction does not close as a result of (i) a breach by Seller of the provisions of Section 5.23 where such breach is willful and intentional by Seller or (ii) the failure of any material regulatory approval to issue despite the good faith efforts of the parties to cooperate with each other and regulators as part of the regulatory process, then Seller shall refund to Buyer all amounts paid to Seller under this Section 8.04(b).

(c) If this Agreement is validly terminated pursuant to Section 8.04(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 8.04(a), subject to Section 8.04(b), 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 and (ii) the expense allocation provisions of Section 5.20 and the confidentiality provisions of Section 10.22 shall remain in full force and effect and survive any termination of this Agreement.

(d) 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. This Section 8.04 shall survive any termination of this Agreement.

9. INDEMNIFICATION

9.01. Indemnification by Seller. Subject to the conditions and limitations, and solely to the extent provided in this Article 9, 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, *provided* that, in determining whether there has been any such inaccuracy or breach, any qualification as to materiality included in any representation or warranty shall not be taken into account;

(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;

(e) any actual damages (including reasonable attorneys' fees) resulting from claims by any creditor of Seller relating to a claim in existence as of the Closing Date that the transfer of any of the Assets constitutes a fraudulent conveyance or transfer, or is

avoidable under applicable state or federal insolvency, bankruptcy, bulk sales, fraudulent conveyance or creditors' rights Legal Requirements; and

(f) any liabilities, costs or expenses incurred by Buyer or its Affiliates in connection with the Transfer Act Activities contemplated by Section 5.08.

9.02. Seller's Limitations. Seller will have no liability under Section 9.01(a) and no claim will accrue against Seller under Section 9.01(a) unless and until the total amount of Losses that would otherwise be indemnifiable by Seller in respect of claims arising under Section 9.01(a) exceeds \$675,000 (the "**Seller Deductible**") in the aggregate, at which time Buyer's Indemnified Persons shall be entitled to indemnification for all Losses under Section 9.01(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.

9.03. Indemnification by Buyer. Subject to the conditions and limitations, and solely to the extent, provided in this Article 9, 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, *provided* that, in determining whether there has been any such inaccuracy or breach, any qualification as to materiality included in any representation or warranty shall not be taken into account;

(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.

9.04. Buyer's Limitations. Buyer will have no liability under Section 9.03(a) and no claim will accrue against Buyer under Section 9.03(a) unless and until the total amount of Losses that would otherwise be indemnifiable by Buyer in respect of claims arising under Section 9.03(a) exceeds \$675,000 (the "**Buyer Deductible**") in the aggregate, at which time Seller's Indemnified Persons shall be entitled to indemnification for all Losses under Section 9.03(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.

9.05. 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 9 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 9.05(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 9.05(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 9.05(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 9.05(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 resolved pursuant to Section 10.04 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 ten 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 10.20.

(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 9.05(a)(i) and Section 9.05(b)(i), as applicable.

9.06. Survival of Representations and Warranties; Indemnity Periods. Notwithstanding any right of Buyer to investigate Seller and the Hospital Businesses or any right of any party to investigate the accuracy of the representations and warranties of the other party in this Agreement, or any actual investigation by or knowledge of a party, Seller has, on the one hand, and Buyer has, on the other hand, the right to rely fully upon the representations and warranties of the other in this Agreement. The representations, warranties and covenants of Seller and Buyer in this Agreement respectively will survive the Closing (a) indefinitely with respect to matters covered by Sections 2.04, 3.01, 3.02, 3.03, 3.11, 4.01, 4.02, 4.04, 8.04(b), 8.04(c),

8.04(d), 9.01(b)-(e), 9.03(b)-(d), 10.15, 10.20, 10.22 and 10.23, (b) until the expiration of all applicable statutes of limitations (including all periods of extension) with respect to matters covered by Sections 3.05, 3.07, 3.11, 3.12(a), 3.13, 3.17, 3.22, 3.24 and 3.28, and (c) until the second anniversary of the Closing Date in the case of all other representations and warranties, except that:

(i) the right to indemnification with respect to any claim relating to a breach or default of any representation and warranty whose survival expires in accordance with clause (b) or (c) above will continue to survive if a Claim Notice or an Indemnity Notice with respect to such claim has been given on or before the expiration of such representation or warranty until the claim for indemnification has been satisfied or otherwise resolved as provided in this Article;

(ii) in the event of intentional misrepresentation or fraud in the making of any representation and warranty, all representations and warranties that are the subject of the intentional misrepresentation, fraud or intentional nonfulfillment or breach shall survive until the expiration of all applicable statutes of limitations (including all periods of extension) with respect to claims made for such intentional misrepresentation, fraud or intentional nonfulfillment or breach; and

(iii) covenants to be performed or complied with after the Closing Date will survive the Closing until 60 days after the end of the term specified in each covenant, or, if no term is specified, indefinitely.

9.07. 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.

9.08. Indemnity Reserve. Subject to any adjustment as described in Section 2.05(d), Seller agrees to maintain an indemnity reserve in the amount of \$4,500,000 (Four Million Five Hundred Thousand Dollars) for a period of three years after the Closing so that Buyer will have

meaningful financial recourse against Seller for indemnification claims; provided, however, that (a) if, as of the third anniversary of the Closing Date, Buyer has pending indemnification claims, then Seller shall maintain an indemnity reserve in the amount of Buyer's Indemnified Person's bona fide claims until final resolution of such matters, and (b) if Buyers has not yet received written approval from CTDEEP or a "verification" from a "Licensed Environmental Professional" as contemplated by Section 5.08 that the Establishment Real Properties have been remediated in full compliance with the Connecticut Remediation Standard Regulations, then the indemnification reserve shall be extended for an additional period until such written approval has been received by Buyer. Notwithstanding the foregoing, in no circumstance shall the indemnification reserve established by this Section 9.08 be extended beyond the fifth anniversary of the closing date.

10. GENERAL

10.01. Exhibits; Schedules.

(a) Each Schedule and Exhibit to this Agreement shall be considered a part hereof as if set forth herein in full. From the date hereof until Closing, Seller shall update its Schedules such that all of its representations and warranties are true and accurate as of the Closing Date. Any other provision herein to the contrary notwithstanding, all Schedules, Exhibits, or other instruments provided for herein and not delivered at the time of execution of this Agreement or that are incomplete at the time of execution of this Agreement shall be delivered or completed within ten (10) days after the date hereof or ten (10) days prior to the Closing, whichever is sooner. It shall be deemed a condition precedent to the obligations of Buyer that each of the Schedules, Exhibits and related documents, instruments, books and records shall meet with the approval of Buyer. If Buyer, in its reasonable discretion, determines that it should not consummate the transactions contemplated by this Agreement because of any information contained in a Schedule, Exhibit, or other instrument that is delivered to Buyer after the execution of this Agreement, then Buyer may terminate this Agreement on or before the Closing by giving written notice thereof to Seller.

(b) Nothing in the Schedules shall be deemed adequate to disclose an exception to a representation or warranty made in this Agreement unless the Schedule identifies the exception with reasonable particularity and, without limiting the generality of the foregoing, the mere listing of a document as an exception to any representation and warranty shall not be deemed to disclose the contents of such document as an exception to any representation or warranty (but shall be adequate to disclose the existence of the document itself).

10.02. Equitable Remedies. Subject to Section 8.04(b), 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 9).

10.03. Other Owners of Assets. Buyer, Seller and its undersigned Subsidiaries acknowledge that certain Assets may be owned by 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 Subsidiaries agree and acknowledge, that (i) its obligations with respect to any Assets shall be joint and several with any 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 Subsidiaries of Seller in their ownership capacity, and (iii) it has the legal capacity to cause, and it shall cause, any of its 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. Notwithstanding the foregoing, the parties acknowledge and agree that Seller shall not make pursuant to this Agreement, and this Section 10.03 shall not otherwise suggest, any representation, warranty or other commitment as to the Subsidiaries of Seller listed on Schedule 10.03.

10.04. 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 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 notice of such dispute pursuant to Section 10.14 hereof, 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 10.04(a) within 30 days of the 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 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.

10.05. 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.

10.06. 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).

10.07. 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 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 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. After Closing, the parties shall continue to use commercially reasonable efforts to obtain the consent to the assignment of such 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.

10.08. 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 Manchester, 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.

10.09. 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.

10.10. 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.

10.11. Benefit and Assignment; Change in Control of PMH.

(a) 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 10.23, 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.

(b) If PMH undergoes a "Change in Control" prior to the Closing PMH shall (i) provide 30 days' advance notice to Seller of such Change in Control, and (ii) Seller shall have the right to terminate this Agreement without penalty, including that Seller shall not be required to pay any consulting fees to PMH or Buyer pursuant to any consulting agreement entered into by Seller and PMH or Buyer. For purposes of this Section 10.11(b), the term "Change in Control" means (i) a sale of all or substantially all the assets of PMH, (ii) any merger, consolidation or acquisition of PMH by or into another corporation, entity or person, or (iii) any change in the direct or indirect ownership of more than fifty percent (50%) of the voting capital stock of PMH in one or more related transactions. Notwithstanding the foregoing, a Change in Control shall not include a transfer of 50% or more of the shares of PMH in connection with one or more public offerings of its shares. A transfer of 50% or more of the shares of PMH in connection with one or more transactions involving the sale of PMH shares to one or more private equity firms shall require the prior written consent of Seller, which consent shall not unreasonably be withheld.

10.12. 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 (except as otherwise provided in Section 5.03(d)).

10.13. 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.

10.14. 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 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: [BUYER]
c/o Prospect Medical Holdings, Inc.
10780 Santa Monica Blvd. , Suite 400
Los Angeles, CA 90025
Attn: General Counsel
Fax: 310-943-4501
Email: ellen.shin@prospectmedical.com

If to Seller: Eastern Connecticut Health Network, Inc.
General Counsel
Eastern Connecticut Health Network
71 Haynes Street
Manchester, Connecticut 06040
Attn: Joyce Tichy
Fax:
Email: jtichy@echn.org

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

Ropes & Gray LLP
Prudential Tower

800 Boylston Street
Boston, MA 02199-3600
Attn: Anne Ogilby
Fax: 617-235-0234
Email: anne.ogilby@ropesgray.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.

10.15. Misdirected Payments; Physician Loans. After Closing, (a) Seller shall remit to Buyer with reasonable promptness any monies received by Seller (or its Affiliates) constituting or in respect of the Assets and Assumed Liabilities, and (b) Buyer shall remit to Seller with reasonable promptness any monies received by Buyer (or its Affiliates) constituting or in respect of the Excluded Assets and Excluded Liabilities. If any funds previously paid or credited to Seller or the Hospital Businesses in respect of services rendered on or before the Closing Date have resulted in an overpayment or must be repaid, Seller shall be responsible for the repayment of said monies (and the defense of such actions), except to the extent that such credit or repayment obligation was included in the calculation of Net Working Capital as shown on the Closing Balance Sheets in which case Seller shall not be liable for any such repayment. If Buyer suffers any deduction to or offset or withhold against amounts due Buyer of funds previously paid or credited to Seller or the Hospital Businesses in respect of services rendered on or before the Closing Date (other than in respect of overpayments addressed by the preceding sentence), Seller shall pay to Buyer the amounts so deducted, offset or withheld within five business days after demand therefor, except to the extent that the amount of such deduction, offset or withholding was included in the calculation of Net Working Capital as shown on the Closing Balance Sheets. Any amounts payable pursuant to this Agreement that are due Buyer by Seller or one of its Affiliates, or due Seller by Buyer or one of its Affiliates, may be offset against monies or other funds owed by the party entitled to receive payment to the party required to make payment (other than such owed amounts that are being disputed in good faith). Seller shall use, and cause its Affiliates to use, good faith efforts to collect any and all loans and other amounts due from physicians and their Affiliates that constitute Excluded Assets.

10.16. 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.

10.17. 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 agencies shall have granted a certificate

of need or the appropriate approval or ruled that no certificate of need or other approval is required.

10.18. Entire Agreement; Amendment. 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 9.06, 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.

10.19. 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.

10.20. 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.

10.21. 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.

10.22. Confidentiality; Public Announcements.

(a) Except as required by Legal Requirements or in order to coordinate the defeasance of tax-exempt debt, Seller and Buyer (and their respective 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.

10.23. 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 9.06, 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's obligations under this Section 10.23 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.

[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.

**EASTERN CONNECTICUT HEALTH NETWORK,
INC.**

By: _____

Title: _____

[BUYER]

By: _____

Title: _____

[Acknowledgement Page Follows]

Each of the undersigned 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 10.03.

ACKNOWLEDGED BY:

THE MANCHESTER MEMORIAL HOSPITAL

By: _____

Title: _____

**THE ROCKVILLE GENERAL HOSPITAL,
INCORPORATED**

By: _____

Title: _____

ECHN ELDERCARE SERVICES, INC.

By: _____

Title: _____

**VISITING NURSE AND HEALTH SERVICES OF
CONNECTICUT, INC.**

By: _____

Title: _____

A CARING HAND, LLC

By: _____

Title: _____

ECHN ENTERPRISES, INC.

By: _____

Title: _____

**HAYNES STREET PROPERTY MANAGEMENT,
LLC**

By: _____

Title: _____

ECHN CORPORATE SERVICES, INC.

By: _____

Title: _____

MEDICAL PRACTICE PARTNERS, LLC

By: _____

Title: _____

**CLINICALLY INTEGRATED NETWORK OF
EASTERN CONNECTICUT, LLC**

By: _____

Title: _____

**CONNECTICUT HEALTHCARE INSURANCE
COMPANY, INC.**

By: _____

Title: _____

**EASTERN CONNECTICUT MEDICAL
PROFESSIONALS FOUNDATION, INC.**

By: _____

Title: _____

Exhibit A

Form of Transitional Services Agreement

See attached.

Exhibit B

Form of Limited Power of Attorney

See attached.

Schedule 1.02

Persons with “Seller’s Knowledge”

Peter Karl	President and Chief Executive Officer
Dennis McConville	Senior Vice President and Chief Strategy Officer
Michael Veillette	Senior Vice President and Chief Financial Officer
Joel J. Reich, M.D.	Senior Vice President, Medical Affairs and Chief Medical Officer

Exhibit Q17a

Financial Statements and Independent Accountants' Compilation Report (FY 2014)
Unaudited Financial Statements (FY 2015)

**Tolland Imaging Center, LLC
(A Limited Liability Company)**

**Financial Statements and
Independent Accountant's Compilation Report**

September 30, 2014 and 2013

Tolland Imaging Center, LLC

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Statements of Financial Position	3
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Independent Accountant's Compilation Report

To the Members
Tolland Imaging Center, LLC

We have compiled the accompanying statements of financial position of Tolland Imaging Center, LLC (A Limited Liability Company) as of September 30, 2014 and 2013, and the related statements of operations and changes in members' equity and cash flows for the years then ended. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion or provide any assurance about whether the financial statements are in accordance with accounting principles generally accepted in the United States of America.

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements.

Our responsibility is to conduct the compilations in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. The objective of a compilation is to assist management in presenting financial information in the form of financial statements without undertaking to obtain or provide any assurance that there are no material modifications that should be made to the financial statements.

Management has elected to omit substantially all of the disclosures required by accounting principles generally accepted in the United States of America. If the omitted disclosures were included in the financial statements, they might influence the user's conclusions about the Company's financial position, results of operations and cash flows. Accordingly, the financial statements are not designed for those who are not informed about such matters.

CohnReznick LLP

Hartford, Connecticut
February 16, 2015

Tolland Imaging Center, LLC

Statements of Financial Position September 30, 2014 and 2013

<u>Assets</u>	<u>2014</u>	<u>2013</u>
Current assets:		
Cash	\$ 110,877	\$ 15,706
Patient receivables, net of contractual allowances and uncollectible accounts of \$377,844 and \$545,105	251,896	394,731
Prepaid expenses	23,093	7,806
Total current assets	<u>385,866</u>	<u>418,243</u>
Property and equipment, at cost:		
Medical equipment	2,059,416	2,059,416
Leasehold improvements	471,228	471,228
Computer equipment	62,205	62,205
Furniture and equipment	31,863	31,863
Software	17,694	17,694
	<u>2,642,406</u>	<u>2,642,406</u>
Less accumulated depreciation and amortization	<u>(2,263,035)</u>	<u>(2,169,627)</u>
Net property and equipment	<u>379,371</u>	<u>472,779</u>
Security deposits	<u>29,792</u>	<u>29,792</u>
 Totals	 <u>\$ 795,029</u>	 <u>\$ 920,814</u>
 <u>Liabilities and Members' Equity</u> 		
Current liabilities:		
Current portion of capital lease obligations	\$ 116,656	\$ 355,862
Accounts payable	63,605	73,066
Professional and billing fees payable	49,624	77,762
Total current liabilities	<u>229,885</u>	<u>506,690</u>
Capital lease obligations, less current portion	<u>-</u>	<u>116,655</u>
Total liabilities	<u>229,885</u>	<u>623,345</u>
Unrestricted members' equity	<u>565,144</u>	<u>297,469</u>
 Totals	 <u>\$ 795,029</u>	 <u>\$ 920,814</u>

See Independent Accountant's Compilation Report.

Tolland Imaging Center, LLC

Statements of Operations and Changes in Members' Equity Years Ended September 30, 2014 and 2013

	2014		2013	
	Amount	Percent	Amount	Percent
Changes in unrestricted members' equity:				
Revenue:				
Patient revenue, net of contractual allowances	\$ 1,945,034	100.5 %	\$ 2,055,018	102.7 %
Provision for uncollectible accounts	<u>(10,452)</u>	<u>(0.5)</u>	<u>(53,745)</u>	<u>(2.7)</u>
Net patient revenue less provision for uncollectible accounts	<u>1,934,582</u>	<u>100.0</u>	<u>2,001,273</u>	<u>100.0</u>
Expenses:				
Salaries, wages and benefits	476,877	24.7	446,557	22.3
Repairs and maintenance	319,203	16.5	326,517	16.3
Professional reading fees	283,384	14.6	292,211	14.6
Rent	138,126	7.1	138,417	7.0
Billing service fee	106,372	5.5	89,131	4.5
Depreciation and amortization	93,408	4.8	431,950	21.6
Marketing	61,048	3.2	46,836	2.3
Professional fees	53,842	2.8	7,225	0.4
Leased employee fees	44,796	2.3	44,800	2.2
Medical supplies	39,944	2.1	30,726	1.5
Office expense	22,544	1.2	19,244	1.0
License fee	8,570	0.4	10,493	0.5
Collection expense	6,511	0.3	-	-
Totals	<u>1,654,625</u>	<u>85.5</u>	<u>1,884,107</u>	<u>94.2</u>
Other expense:				
Interest expense	<u>12,282</u>	<u>0.6</u>	<u>36,514</u>	<u>1.8</u>
Totals	<u>12,282</u>	<u>0.6</u>	<u>36,514</u>	<u>1.8</u>
Total expenses	<u>1,666,907</u>	<u>86.1</u>	<u>1,920,621</u>	<u>96.0</u>
Change in unrestricted members' equity	267,675	<u>13.9 %</u>	80,652	<u>4.0 %</u>
Unrestricted members' equity, beginning of year	<u>297,469</u>		<u>216,817</u>	
Unrestricted members' equity, end of year	<u>\$ 565,144</u>		<u>\$ 297,469</u>	

See Independent Accountant's Compilation Report.

Tolland Imaging Center, LLC
Statements of Cash Flows
Years Ended September 30, 2014 and 2013

	<u>2014</u>	<u>2013</u>
Operating activities:		
Change in unrestricted members' equity	\$ 267,675	\$ 80,652
Adjustments to reconcile change in unrestricted members' equity to net cash provided by operating activities:		
Depreciation and amortization	93,408	431,950
Bad debts	10,452	53,745
Changes in operating assets and liabilities:		
Patient receivables	132,383	(212,171)
Prepaid expenses	(15,287)	24,480
Security deposits	-	11,574
Professional and billing fees payable	(28,138)	30,168
Accounts payable	(9,461)	50,972
Net cash provided by operating activities	<u>451,032</u>	<u>471,370</u>
Financing activities:		
Payments on capital lease obligations	(355,861)	(516,233)
Net cash used in financing activities	<u>(355,861)</u>	<u>(516,233)</u>
Net increase (decrease) in cash	95,171	(44,863)
Cash, beginning of year	<u>15,706</u>	<u>60,569</u>
Cash, end of year	<u>\$ 110,877</u>	<u>\$ 15,706</u>
Supplemental disclosure of cash flow data:		
Interest paid	<u>\$ 12,282</u>	<u>\$ 36,514</u>

See Independent Accountant's Compilation Report.

Tolland Imaging Center, LLC

Balance Sheet

As of September 30, 2015

Sep 30, 15

ASSETS

Current Assets

Checking/Savings

Checking 551,595.39

Total Checking/Savings 551,595.39

Other Current Assets

Bad Debt Allowance -8,186.70

Prepaid Expenses 17,266.25

Deposits 29,791.69

Patient Receivables

Gross Accounts Receivable 580,073.00

Contractual Allowance -359,645.26

Total Patient Receivables 220,427.74

Total Other Current Assets 259,298.98

Total Current Assets 810,894.37

Fixed Assets

Computer Equipment 76,633.62

Furniture and Fixtures 31,863.24

Leasehold Improvements 471,228.01

Medical Equipment 2,059,415.91

Software 17,694.49

Accumulated Depreciation -2,327,774.88

Total Fixed Assets 329,060.39

TOTAL ASSETS 1,139,954.76

LIABILITIES & EQUITY

Liabilities

Current Liabilities

Accounts Payable

Accounts Payable 135,771.91

Total Accounts Payable 135,771.91

Other Current Liabilities

Radiologist Payable 43,424.26

Total Other Current Liabilities 43,424.26

Total Current Liabilities 179,196.17

Total Liabilities 179,196.17

Tolland Imaging Center, LLC

Balance Sheet

As of September 30, 2015

Sep 30, 15

Equity

*Retained Earnings	421,744.06
Johnson Memorial Hosital	44,620.50
Manchester Memorial Hospital	104,114.89
Rockville General Hospital	104,114.04
Windham Community Memorial	44,620.50
Retained Earnings	-154,068.54
Net Income	395,613.14

Total Equity 960,758.59

TOTAL LIABILITIES & EQUITY 1,139,954.76

Tolland Imaging Center, LLC
Profit & Loss
October 2014 through September 2015

	Oct '14 - Sep 15
Ordinary Income/Expense	
Income	
Gross Charges	
MRI Gross Charges	2,721,844.00
CT Gross Charges	812,724.20
XR Gross Charges	336,676.00
U/S Gross Charges	669,213.00
Mammo Gross Charges	894,178.00
Bone Density Gross Charges	124,320.00
Total Gross Charges	5,558,955.20
Contractual Adjustments	-3,472,614.26
Revenue	
Collection Revenue	11,985.99
Other	20.00
CT Imaging	0.00
Refunds	-17,628.85
Revenue Adjustment	-13,860.04
Total Revenue	-19,482.90
Total Income	2,066,858.04
Gross Profit	2,066,858.04
Expense	
Direct Costs	
Bad Debt Expense	0.00
Radiologists Payment	305,181.35
Billing Service Fee	104,362.37
Leased Employee Fees	44,796.00
Salaries & Wages	456,652.39
Payroll Taxes	38,306.14
Employee Benefits	43,870.92
Upgrade Costs	-2,378.99
Medical Supplies	
Contrast Media	11,095.20
Film	2,075.51
Other Miscellaneous Supplies	13,757.02
Total Medical Supplies	26,927.73
Maintenance Contract	303,942.09
Total Direct Costs	1,321,660.00
General and Administrative Exp.	

Tolland Imaging Center, LLC
Profit & Loss
October 2014 through September 2015

	<u>Oct '14 - Sep 15</u>
Collection Expense	6,906.60
Unitex	11,853.84
Licensing Fee	12,002.45
Marketing	80,115.60
Office Supplies	7,237.09
Legal Fees	0.00
Accounting and Audit Fees	8,150.00
Facility Rental	140,197.44
Miscellaneous Expense	17,408.12
Total General and Administrative Exp.	<u>283,871.14</u>
Capital Costs	
Depreciation and Amortization	64,740.00
Interest Expense	973.76
Total Capital Costs	<u>65,713.76</u>
Total Expense	<u>1,671,244.90</u>
Net Ordinary Income	<u>395,613.14</u>
Net Income	<u><u>395,613.14</u></u>

Exhibit Q17b
Financial Worksheet B

FOR-PROFIT

Applicant Name: Tolland Imaging Center, LLC
Financial Worksheet (B)

Please provide one year of actual results and three years of projections of Total Entity revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

LINE	Total Entity:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
		FY 2014	FY 2015	FY 2015	FY 2015	FY 2016	FY 2016	FY 2016	FY 2017	FY 2017	FY 2017	FY 2018	FY 2018	FY 2018	FY 2019	FY 2019	FY 2019
		Actual Results	Actual Results	Actual Incremental	Actual With CON	Projected W/out CON	Projected Incremental	Projected With CON	Projected W/out CON	Projected Incremental	Projected With CON	Projected W/out CON	Projected Incremental	Projected With CON	Projected W/out CON	Projected Incremental	Projected With CON
A. OPERATING REVENUE																	
1	Total Gross Patient Revenue	\$5,173,741	\$5,558,955	\$0	\$5,558,955	\$5,670,134	\$0	\$5,670,134	\$5,783,537	\$0	\$5,783,537	\$5,899,208	\$0	\$5,899,208	\$6,017,192	\$0	\$6,017,192
2	Less: Allowances	\$3,226,678	\$3,479,499	\$0	\$3,479,499	\$3,549,089	\$0	\$3,549,089	\$3,620,071	\$0	\$3,620,071	\$3,692,472	\$0	\$3,692,472	\$3,766,322	\$0	\$3,766,322
3	Less: Charity Care	\$2,029	\$1,480	\$0	\$1,480	\$1,510	\$0	\$1,510	\$1,540	\$0	\$1,540	\$1,571	\$0	\$1,571	\$1,602	\$0	\$1,602
4	Less: Other Deductions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Net Patient Service Revenue	\$1,945,034	\$2,077,976	\$0	\$2,077,976	\$2,119,536	\$0	\$2,119,536	\$2,161,926	\$0	\$2,161,926	\$2,205,165	\$0	\$2,205,165	\$2,249,268	\$0	\$2,249,268
5	Medicare	\$328,207	\$271,422	\$0	\$271,422	\$276,851	\$0	\$276,851	\$282,388	\$0	\$282,388	\$288,036	\$0	\$288,036	\$293,796	\$0	\$293,796
6	Medicaid	\$76,683	\$91,455	\$0	\$91,455	\$93,284	\$0	\$93,284	\$95,150	\$0	\$95,150	\$97,053	\$0	\$97,053	\$98,994	\$0	\$98,994
7	CHAMPUS & TriCare	\$12,078	\$41,067	\$0	\$41,067	\$41,888	\$0	\$41,888	\$42,726	\$0	\$42,726	\$43,581	\$0	\$43,581	\$44,452	\$0	\$44,452
8	Other	\$2,797	\$6,726	\$0	\$6,726	\$6,861	\$0	\$6,861	\$6,998	\$0	\$6,998	\$7,138	\$0	\$7,138	\$7,280	\$0	\$7,280
	Total Government	\$419,764	\$410,670	\$0	\$410,670	\$418,884	\$0	\$418,884	\$427,261	\$0	\$427,261	\$435,806	\$0	\$435,806	\$444,523	\$0	\$444,523
9	Commercial Insurers	\$1,398,370	\$1,592,867	\$0	\$1,592,867	\$1,624,724	\$0	\$1,624,724	\$1,657,219	\$0	\$1,657,219	\$1,690,363	\$0	\$1,690,363	\$1,724,170	\$0	\$1,724,170
10	Uninsured	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
11	Self Pay	\$45,748	\$7,255	\$0	\$7,255	\$7,400	\$0	\$7,400	\$7,548	\$0	\$7,548	\$7,699	\$0	\$7,699	\$7,853	\$0	\$7,853
12	Workers Compensation	\$81,151	\$67,184	\$0	\$67,184	\$68,528	\$0	\$68,528	\$69,898	\$0	\$69,898	\$71,296	\$0	\$71,296	\$72,722	\$0	\$72,722
13	Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Total Non-Government	\$1,525,269	\$1,667,306	\$0	\$1,667,306	\$1,700,652	\$0	\$1,700,652	\$1,734,665	\$0	\$1,734,665	\$1,769,359	\$0	\$1,769,359	\$1,804,746	\$0	\$1,804,746
	Net Patient Service Revenue^a (Government+Non-Government)	\$1,945,034	\$2,077,976	\$0	\$2,077,976	\$2,119,536	\$0	\$2,119,536	\$2,161,927	\$0	\$2,161,927	\$2,205,165	\$0	\$2,205,165	\$2,249,269	\$0	\$2,249,269
14	Less: Provision for Bad Debts	\$10,452	\$11,118	\$0	\$11,118	\$11,340	\$0	\$11,340	\$11,567	\$0	\$11,567	\$11,798	\$0	\$11,798	\$12,034	\$0	\$12,034
	Net Patient Service Revenue less provision for bad debts	\$1,934,582	\$2,066,858	\$0	\$2,066,858	\$2,108,195	\$0	\$2,108,195	\$2,150,359	\$0	\$2,150,359	\$2,193,366	\$0	\$2,193,366	\$2,237,234	\$0	\$2,237,234
15	Other Operating Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
17	Net Assets Released from Restrictions	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	TOTAL OPERATING REVENUE	\$1,934,582	\$2,066,858	\$0	\$2,066,858	\$2,108,195	\$0	\$2,108,195	\$2,150,359	\$0	\$2,150,359	\$2,193,366	\$0	\$2,193,366	\$2,237,234	\$0	\$2,237,234
B. OPERATING EXPENSES																	
1	Salaries and Wages	\$453,445	\$494,959	\$0	\$494,959	\$504,858	\$0	\$504,858	\$514,955	\$0	\$514,955	\$525,254	\$0	\$525,254	\$535,759	\$0	\$535,759
2	Fringe Benefits	\$23,432	\$43,871	\$0	\$43,871	\$44,748	\$0	\$44,748	\$45,643	\$0	\$45,643	\$46,556	\$0	\$46,556	\$47,487	\$0	\$47,487
3	Physicians Fees	\$283,384	\$305,461	\$0	\$305,461	\$311,570	\$0	\$311,570	\$317,801	\$0	\$317,801	\$324,157	\$0	\$324,157	\$330,640	\$0	\$330,640
4	Supplies and Drugs	\$43,889	\$34,165	\$0	\$34,165	\$34,848	\$0	\$34,848	\$35,545	\$0	\$35,545	\$36,256	\$0	\$36,256	\$36,981	\$0	\$36,981
5	Depreciation and Amortization	\$93,408	\$64,740	\$0	\$64,740	\$35,493	\$0	\$35,493	\$25,484	\$0	\$25,484	\$25,484	\$0	\$25,484	\$25,484	\$0	\$25,484
6	Provision for Bad Debts-Other ^b	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
7	Interest Expense	\$12,282	\$974	\$0	\$974	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
8	Malpractice Insurance Cost	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
9	Lease Expense	\$138,126	\$140,197	\$0	\$140,197	\$143,001	\$0	\$143,001	\$145,861	\$0	\$145,861	\$148,779	\$0	\$148,779	\$151,754	\$0	\$151,754
10	Other Operating Expenses	\$618,940	\$587,242	\$0	\$587,242	\$598,987	\$29,237	\$628,224	\$610,967	\$29,237	\$640,204	\$623,186	\$29,237	\$652,423	\$635,650	\$29,237	\$664,887
	TOTAL OPERATING EXPENSES	\$1,666,906	\$1,671,608	\$0	\$1,671,608	\$1,673,506	\$29,237	\$1,702,743	\$1,696,257	\$29,237	\$1,725,494	\$1,729,672	\$29,237	\$1,758,909	\$1,763,756	\$29,237	\$1,792,993
	INCOME/(LOSS) FROM OPERATIONS	\$267,676	\$395,250	\$0	\$395,250	\$434,690	(\$29,237)	\$405,453	\$454,102	(\$29,237)	\$424,865	\$463,694	(\$29,237)	\$434,457	\$473,478	(\$29,237)	\$444,241
	NON-OPERATING INCOME	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	Income before provision for income taxes	\$267,676	\$395,250	\$0	\$395,250	\$434,690	(\$29,237)	\$405,453	\$454,102	(\$29,237)	\$424,865	\$463,694	(\$29,237)	\$434,457	\$473,478	(\$29,237)	\$444,241
	Provision for income taxes ^c	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
	NET INCOME	\$267,676	\$395,250	\$0	\$395,250	\$434,690	(\$29,237)	\$405,453	\$454,102	(\$29,237)	\$424,865	\$463,694	(\$29,237)	\$434,457	\$473,478	(\$29,237)	\$444,241
	Retained Earnings, beginning of year	\$297,469	\$565,145	\$0	\$565,145	\$960,395	\$0	\$960,395	\$1,395,084	\$0	\$1,395,084	\$1,849,187	\$0	\$1,849,187	\$2,312,881	\$0	\$2,312,881
	Retained Earnings, end of year	\$565,145	\$960,395	\$0	\$960,395	\$1,395,084	\$0	\$1,395,084	\$1,849,187	\$0	\$1,849,187	\$2,312,881	\$0	\$2,312,881	\$2,786,358	\$0	\$2,786,358
	Principal Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
D. PROFITABILITY SUMMARY																	
1	Hospital Operating Margin	13.8%	19.1%	0.0%	19.1%	20.6%	0.0%	19.2%	21.1%	0.0%	19.8%	21.1%	0.0%	19.8%	21.2%	0.0%	19.9%
2	Hospital Non Operating Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Hospital Total Margin	13.8%	19.1%	0.0%	19.1%	20.6%	0.0%	19.2%	21.1%	0.0%	19.8%	21.1%	0.0%	19.8%	21.2%	0.0%	19.9%
E. FTEs																	
		7	7	0	7	7	0	7	7	0	7	7	0	7	7	0	7

FOR-PROFIT

Applicant Name: Tolland Imaging Center, LLC
Financial Worksheet (B)

Please provide one year of actual results and three years of projections of **Total Entity** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

LINE	Total Entity:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
		FY 2014	FY 2015	FY 2015	FY 2015	FY 2016	FY 2016	FY 2016	FY 2017	FY 2017	FY 2017	FY 2018	FY 2018	FY 2018	FY 2019	FY 2019	FY 2019
	Description	Actual Results	Actual Results	Actual Incremental	Actual With CON	Projected W/out CON	Projected Incremental	Projected With CON	Projected W/out CON	Projected Incremental	Projected With CON	Projected W/out CON	Projected Incremental	Projected With CON	Projected W/out CON	Projected Incremental	Projected With CON
F. VOLUME STATISTICS^d																	
1	MRI Scans	1,775	1,815	0	1,815	1,851	0	1,851	1,888	0	1,888	1,926	0	1,926	1,965	0	1,965
2	CT Scans	773	855	0	855	855	0	855	855	0	855	855	0	855	855	0	855

^aTotal amount should equal the total amount on cell line "Net Patient Revenue" Row 14.

^bProvide the amount of any transaction associated with Bad Debts not related to the provision of direct services to patients. For additional information, refer to FASB, No.2011-07, July 2011.

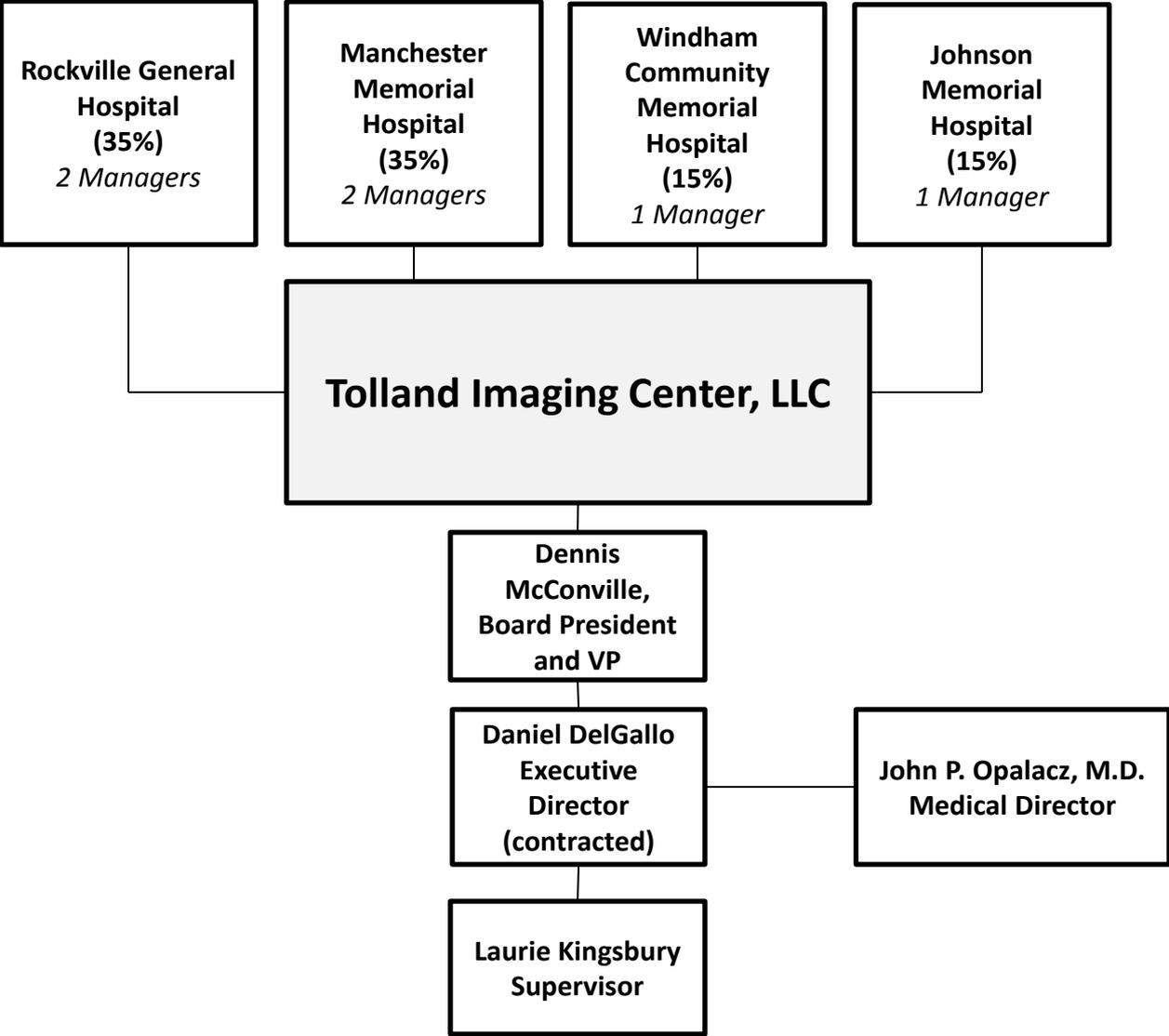
^cProvide the amount of income taxes as defined by the Internal Revenue Services for for-profit entities.

^dProvide projected inpatient and/or outpatient statistics for any new services and provide actual and projected inpatient and/or outpatient statistics for any existing services which will change due to the proposal.

Exhibit S-Q1b
Legal Chart Prior and Subsequent to Proposal

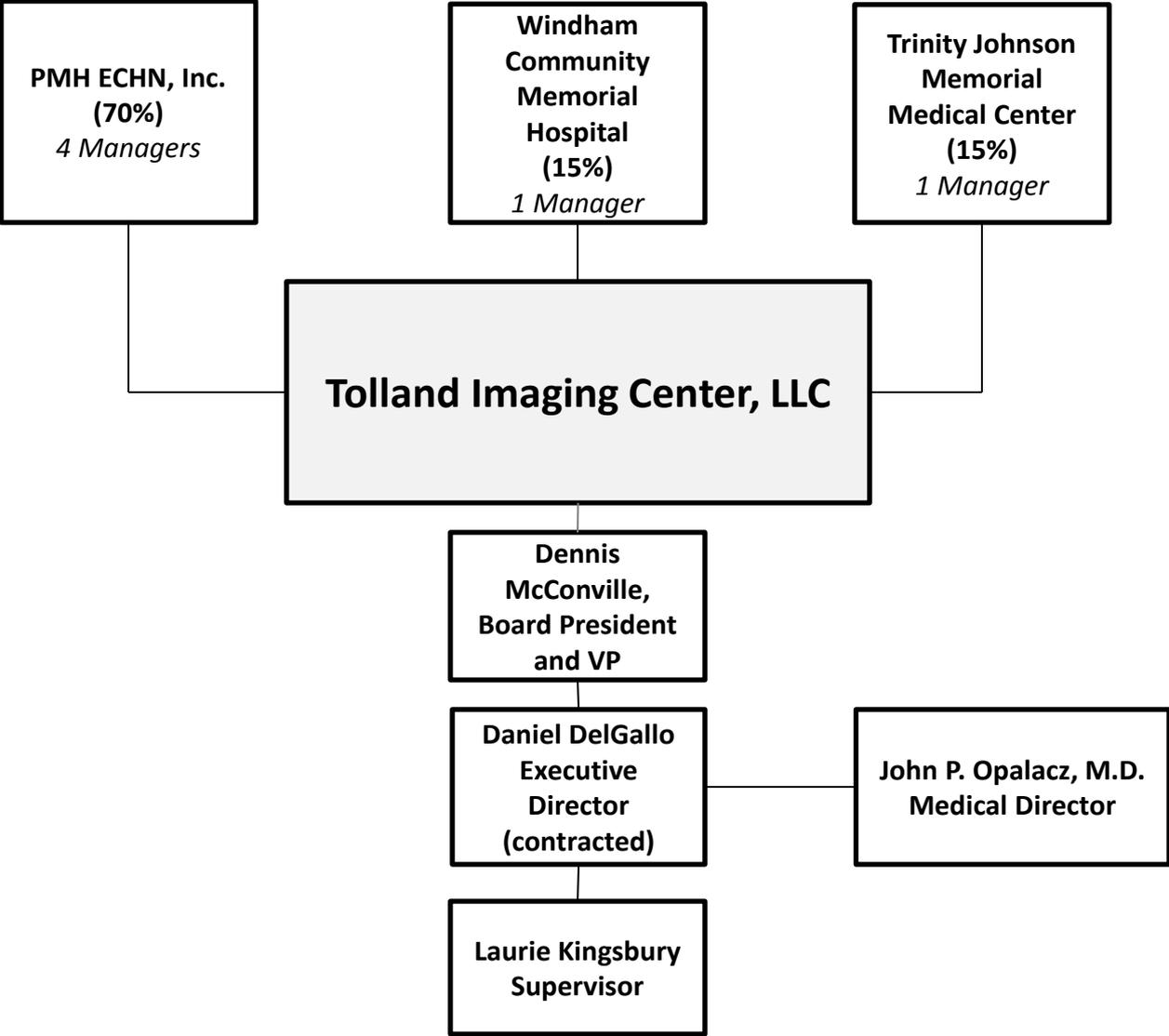
Tolland Imaging Center, LLC

Current Organization Chart



Tolland Imaging Center, LLC

Proposed Organization Chart



Greer, Leslie

From: Fernandes, David
Sent: Friday, February 05, 2016 11:00 AM
To: gkline@echn.org
Cc: Greer, Leslie; Riggott, Kaila; Carney, Brian
Subject: Completeness Letter for Docket Number: 16-32059-CON
Attachments: 16-32059 Completeness.docx; con_main_form.docx; financial_workbook_-_march_2015.xlsx

Good morning Ms. Kline,

Please see the attached completeness letter in the matter of the proposed transfer of ownership interests of Tolland Imaging Center, LLC to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc. In responding to the completeness letter questions, please follow the instructions included in the letter and provide the response document as an attachment only (no hard copies required). Please provide your written responses to OHCA no later than **April 5, 2016**.

Email to OHCA@ct.gov and cc: David.Fernandes@ct.gov, Brian.Carney@ct.gov and Kaila.Riggott@ct.gov.

If you have any questions regarding the completeness letter, please contact myself at (860) 418-7032, Brian Carney at (860) 418-7014 or Kaila Riggott at (860) 418-7037.

Sincerely,
David Fernandes

Ps. Please confirm receipt of this email and corresponding attachment.

David Fernandes
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, Hartford, Connecticut 06134
P: (860) 418-7032 | F: (860) 418-7053 | E: David.Fernandes@ct.gov



STATE OF CONNECTICUT

DEPARTMENT OF PUBLIC HEALTH



Raul Pino, M.D., M.P.H.
Acting Commissioner

Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Office of Health Care Access

February 5, 2016

VIA EMAIL ONLY

Ms. Gina Kline
Director, Planning & System Development
Eastern Connecticut Health Network
71 Haynes Street
Manchester, CT 06040

RE: Certificate of Need Application; Docket Number: 16-32059-CON
Transfer of Ownership Interests of Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

Dear Ms. Kline:

On January 8, 2016, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application filing on behalf of Tolland Imaging Center, LLC ("TIC"). This proposal requests authorization to transfer Eastern Connecticut Health Network, Inc. ("ECHN") ownership interest in TIC to Prospect Medical Holdings, Inc. ("PMH") and in addition, to transfer Johnson Memorial Medical Center, Inc. ("JMMC") ownership interest in TIC to Trinity Health New England Inc. ("TH-NE"), with no associated capital expenditure.

After reviewing the ownership transfer request, OHCA has determined that PMH and TH-NE will be made co-applicants in the above-referenced matter.

OHCA requests additional information pursuant to Connecticut General Statutes §19a-639a(c). *Please electronically confirm receipt of this email as soon as you receive it.* Provide responses to the questions below in both a Word document and PDF format at the earliest convenience as an attachment to a responding email. **Please email your responses to all of the following email addresses: OHCA@ct.gov, David.Fernandes@ct.gov, Brian.Carney@ct.gov, and Kaila.Riggott@ct.gov.**

Pursuant to Section 19a-639a(c) of the Connecticut General Statutes, you must submit your response to this request for additional information no later than sixty days after the date that this



Phone: (860) 509-8000 • Fax: (860) 509-7184 • VP: (860) 899-1611
410 Capitol Avenue, P.O. Box 340308
Hartford, Connecticut 06134-0308
www.ct.gov/dph

Affirmative Action/Equal Opportunity Employer

request was transmitted. Therefore, please provide your written responses to OHCA no later than **April 5, 2016**, otherwise your application will be automatically considered withdrawn.

Paginate and date your response (i.e., each page in its entirety). Repeat each OHCA question before providing your response. Information filed after the initial CON application submission (e.g., completeness response letter, prefiled testimony, late file submissions, etc.) must be numbered sequentially from the Applicant's preceding document. Begin your submission using **Page 196** and reference "**Docket Number: 15-32059-CON.**"

1. As co-applicants, PMH and TH-NE are each required to submit the following information and documents:
 - a. General Application information contained on pages 2 and 3 of the CON Main Form (attached to this email) for each co-applicant;
 - b. A notarized affidavit for each co-applicant indicated on page 4 of the attached CON Main Form;
 - c. The appropriate Financial Worksheet (attached).
2. Please elaborate and provide clarification on the steps necessary to restructure TIC as a limited liability company. In addition, explain:
 - a. How the purchase price will be determined;
 - b. Why there are no capital expenditures associated with this proposal.
3. Page 18 of the application states: "For ECHN and JMMC, they will receive the value of their interests as part of the overall purchase price in the broader affiliations, which is in the best interest of the communities served by ECHN and JMMC as proceeds from the sale (after payment of liabilities and reserves for indemnification) will continue to be used for charitable purposes."
 - a. Please clarify the statement above and explain how the proposed transfer will generate proceeds for charitable purposes and the dollar amounts anticipated for each member.
4. Describe TIC's current charity care policies. How will the proposed change of ownership affect these policies?
5. How will the Applicant notify patients of the change in ownership?

If you have any questions concerning this letter, please feel free to contact me at (860) 418-7032, Brian Carney at (860) 418-7014 or Kaila Riggott at (860) 418-7037.



**State of Connecticut
Department of Public Health
Office of Health Care Access**

**Certificate of Need Application
Main Form**
Required for all CON applications

Contents:

- Checklist
- List of Supplemental Forms
- General Information
- Affidavit
- Abbreviated Executive Summary
- Project Description
- Public Need and Access to Health Care
- Financial Information
- Utilization

Supplemental Forms

In addition to completing this **Main Form** and **Financial Worksheet (A, B or C)**, the applicant(s) must complete the appropriate **Supplemental Form** listed below. All CON forms can be found on the OHCA website at [OHCA Forms](#).

Conn. Gen. Stat. Section 19a-638(a)	Supplemental Form
(1)	Establishment of a new health care facility (mental health and/or substance abuse) - see note below*
(2)	Transfer of ownership of a health care facility (excludes transfer of ownership/sale of hospital – see “Other” below)
(3)	Transfer of ownership of a group practice
(4)	Establishment of a freestanding emergency department
(5) (7) (8) (15)	Termination of a service: <ul style="list-style-type: none"> - inpatient or outpatient services offered by a hospital - surgical services by an outpatient surgical facility** - emergency department by a short-term acute care general hospital - inpatient or outpatient services offered by a hospital or other facility or institution operated by the state that provides services that are eligible for reimbursement under Title XVIII or XIX of the federal Social Security Act, 42 USC 301, as amended
(6)	Establishment of an outpatient surgical facility
(9)	Establishment of cardiac services
(10) (11)	Acquisition of equipment: <ul style="list-style-type: none"> - acquisition of computed tomography scanners, magnetic resonance imaging scanners, positron emission tomography scanners or positron emission tomography-computed tomography scanners - acquisition of nonhospital based linear accelerators
(12)	Increase in licensed bed capacity of a health care facility
(13)	Acquisition of equipment utilizing [new] technology that has not previously been used in the state
(14)	Increase of two or more operating rooms within any three-year period by an outpatient surgical facility or short-term acute care general hospital
Other	Transfer of Ownership / Sale of Hospital

*This supplemental form should be included with all applications requesting authorization for the establishment of a **mental health and/or substance abuse treatment facility**. For the establishment of other “health care facilities,” as defined by Conn. Gen. Stat § 19a-630(11) - hospitals licensed by DPH under chapter 386v, specialty hospitals, or a central service facility - complete *the Main Form* only.

**If termination is due to insufficient patient volume, or it is a subspecialty being terminated, a CON is not required.

Application Checklist

Instructions:

1. Complete the following checklist and **submit** as the first page of the CON application:

- Attached is a paginated hard copy of the CON application (all social security numbers must be redacted), including a completed affidavit, signed and notarized by the appropriate individuals.
- (*New*). A completed supplemental application form specific to the proposal type, available on OHCA's website under [OHCA Forms](#) (see previous page for the list of supplemental forms).
- Attached is the CON application filing fee in the form of a check made out to the "Treasurer State of Connecticut" in the amount of \$500.
- Attached is evidence demonstrating that public notice has been published in a suitable newspaper that relates to the location of the proposal, 3 days in a row, at least 20 days prior to the submission of the CON application to OHCA. (*OHCA requests that the Applicant fax a courtesy copy to OHCA (860) 418-7053, at the time of the publication*)
- Attached is a completed Financial Worksheet (A, B or C) available at OHCA's website under [OHCA Forms](#).
- Submission includes one (1) original and four (4) hard copies with each set placed in 3-ring binders.
- The following have been submitted on a CD:
 - 1. A scanned copy of each submission in its entirety, including all attachments in Adobe (.pdf) format; and
 - 2. An electronic copy of the completed application forms in **MS Word** (the applications) and **MS Excel** (Financial Worksheet)

For OHCA Use Only:

Docket No.: _____ Check No.: _____
OHCA Verified by: _____ Date: _____

General Information

Name of Applicant:

Name of Co-Applicant:

--	--

Connecticut Statute Reference:

--

Main Site	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME	
	STREET & NUMBER				
	TOWN			ZIP CODE	

Project Site	PROJECT SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	PROJECT SITE NAME	
	STREET & NUMBER				
	TOWN			ZIP CODE	

Operator	OPERATING CERTIFICATE NUMBER		TYPE OF FACILITY	LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator)	
	STREET & NUMBER				
	TOWN			ZIP CODE	

Chief Executive	NAME			TITLE	
	STREET & NUMBER				
	TOWN			STATE	ZIP CODE
	TELEPHONE		FAX	E-MAIL ADDRESS	

Title of Attachment:

Is the applicant an existing facility? If yes, attach a copy of the resolution of partners, corporate directors, or LLC managers, as the case may be, authorizing the project.	YES <input type="checkbox"/> NO <input type="checkbox"/>	
Does the Applicant have non-profit status? If yes, attach documentation.	YES <input type="checkbox"/> NO <input type="checkbox"/>	
Identify the Applicant's ownership type.	PC <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input type="checkbox"/>	Other: _____
Applicant's Fiscal Year (mm/dd)	Start _____	End _____

Contact:

Identify a single person that will act as the contact between OHCA and the Applicant.

Contact Information	NAME		TITLE
	STREET & NUMBER		
	TOWN	STATE	ZIP CODE
	TELEPHONE	FAX	E-MAIL ADDRESS
	RELATIONSHIP TO APPLICANT		

Identify the person primarily responsible for preparation of the application (optional):

Prepared by	NAME		TITLE
	STREET & NUMBER		
	TOWN	STATE	ZIP CODE
	TELEPHONE	FAX	E-MAIL ADDRESS
	RELATIONSHIP TO APPLICANT		

Affidavit

Applicant: _____

Project Title: _____

I, _____, _____
(Name) (Position – CEO or CFO)

of _____ being duly sworn, depose and state that the (Facility Name) said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630, 19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

Signature

Date

Subscribed and sworn to before me on _____

Notary Public/Commissioner of Superior Court

My commission expires: _____

Executive Summary

The purpose of the Executive Summary is to give the reviewer a conceptual understanding of the proposal. In the space below, provide a succinct overview of your proposal (this may be done in bullet format). Summarize the key elements of the proposed project. Details should be provided in the appropriate sections of the application that follow.

Pursuant to Section 19a-639 of the Connecticut General Statutes, the Office of Health Care Access is required to consider specific criteria and principles when reviewing a Certificate of Need application. Text marked with a “§” indicates it is actual text from the statute and may be helpful when responding to prompts.

Project Description

1. Provide a detailed narrative describing the proposal. Explain how the Applicant(s) determined the necessity for the proposal and discuss the benefits for each Applicant separately (if multiple Applicants). Include all key elements, including the parties involved, what the proposal will entail, the equipment/service location(s), the geographic area the proposal will serve, the implementation timeline and why the proposal is needed in the community.
2. Provide the history and timeline of the proposal (i.e., When did discussions begin internally or between Applicant(s)? What have the Applicant(s) accomplished so far?).
3. Provide the following information:
 - a. utilizing [OHCA Table 1](#), list all services to be added, terminated or modified, their physical location (street address, town and zip code), the population to be served and the existing/proposed days/hours of operation;
 - b. identify in [OHCA Table 2](#) the service area towns and the reason for their inclusion (e.g., provider availability, increased/decreased patient demand for service, market share);
4. List the health care facility license(s) that will be needed to implement the proposal;
5. Submit the following information as attachments to the application:
 - a. a copy of all State of Connecticut, Department of Public Health license(s) currently held by the Applicant(s);
 - b. a list of all key professional, administrative, clinical and direct service personnel related to the proposal and attach a copy of their Curriculum Vitae;
 - c. copies of any scholarly articles, studies or reports that support the need to establish the proposed service, along with a brief explanation regarding the relevance of the selected articles;
 - d. letters of support for the proposal;
 - e. the protocols or the Standard of Practice Guidelines that will be utilized in relation to the proposal. Attach copies of relevant sections and briefly describe how the Applicant proposes to meet the protocols or guidelines.
 - f. copies of agreements (e.g., memorandum of understanding, transfer agreement, operating agreement) related to the proposal. If a final signed version is not available, provide a draft with an estimated date by which the final agreement will be available.

Public Need and Access to Care

§ “Whether the proposed project is consistent with any applicable policies and standards adopted in regulations by the Department of Public Health;” (Conn.Gen.Stat. § 19a-639(a)(1))

6. Describe how the proposed project is consistent with any applicable policies and standards in regulations adopted by the Connecticut Department of Public Health.

§ “The relationship of the proposed project to the statewide health care facilities and services plan;” (Conn.Gen.Stat. § 19a-639(a)(2))

7. Describe how the proposed project aligns with the Connecticut Department of Public Health Statewide Health Care Facilities and Services Plan, available on [OHCA's website](#).

§ “Whether there is a clear public need for the health care facility or services proposed by the applicant;” (Conn.Gen.Stat. § 19a-639(a)(3))

8. With respect to the proposal, provide evidence and documentation to support clear public need:
 - a. identify the target patient population to be served;
 - b. discuss how the target patient population is currently being served;
 - c. document the need for the equipment and/or service in the community;
 - d. explain why the location of the facility or service was chosen;
 - e. provide incidence, prevalence or other demographic data that demonstrates community need;
 - f. discuss how low income persons, racial and ethnic minorities, disabled persons and other underserved groups will benefit from this proposal;
 - g. list any changes to the clinical services offered by the Applicant(s) and explain why the change was necessary;
 - h. explain how access to care will be affected;
 - i. discuss any alternative proposals that were considered.

§ *“Whether the applicant has satisfactorily demonstrated how the proposal will improve quality, accessibility and cost effectiveness of health care delivery in the region, including, but not limited to, (A) provision of or any change in the access to services for Medicaid recipients and indigent persons; (Conn.Gen.Stat. § 19a-639(a)(5))*

9. Describe how the proposal will:
 - a. improve the quality of health care in the region;
 - b. improve accessibility of health care in the region; and
 - c. improve the cost effectiveness of health care delivery in the region.
10. How will this proposal help improve the coordination of patient care (explain in detail regardless of whether your answer is in the negative or affirmative)?
11. Describe how this proposal will impact access to care for Medicaid recipients and indigent persons.
12. Provide a copy of the Applicant’s charity care policy and sliding fee scale applicable to the proposal.

§ *“Whether an applicant, who has failed to provide or reduced access to services by Medicaid recipients or indigent persons, has demonstrated good cause for doing so, which shall not be demonstrated solely on the basis of differences in reimbursement rates between Medicaid and other health care payers;” (Conn.Gen.Stat. § 19a-639(a)(10))*

13. If the proposal fails to provide or reduces access to services by Medicaid recipients or indigent persons, provide explanation of good cause for doing so.

§ *“Whether the applicant has satisfactorily demonstrated that any consolidation resulting from the proposal will not adversely affect health care costs or accessibility to care.” (Conn.Gen.Stat. § 19a-639(a)(12))*

14. Will the proposal adversely affect patient health care costs in any way? Quantify and provide the rationale for any changes in price structure that will result from this proposal, including, but not limited to, the addition of any imposed facility fees.

Financial Information

§ “Whether the applicant has satisfactorily demonstrated how the proposal will impact the financial strength of the health care system in the state or that the proposal is financially feasible for the applicant;” (Conn.Gen.Stat. § 19a-639(a)(4))

15. Describe the impact of this proposal on the financial strength of the state’s health care system or demonstrate that the proposal is financially feasible for the applicant.
16. Provide a final version of all capital expenditure/costs for the proposal using [OHCA Table 3](#).
17. List all funding or financing sources for the proposal and the dollar amount of each. Provide applicable details such as interest rate; term; monthly payment; pledges and funds received to date; letter of interest or approval from a lending institution.
18. Include as an attachment:
 - a. audited financial statements for the most recently completed fiscal year. If audited financial statements do not exist, provide other financial documentation (e.g., unaudited balance sheet, statement of operations, tax return, or other set of books). Connecticut hospitals required to submit annual audited financial statements may reference that filing, if current;
 - b. completed **Financial Worksheet A (non-profit entity), B (for-profit entity) or C (§19a-486a sale)**, available on OHCA’s website under [OHCA Forms](#), providing a summary of revenue, expense, and volume statistics, “without the CON project,” “incremental to the CON project,” and “with the CON project.” **Note: the actual results reported in the Financial Worksheet must match the audited financial statement that was submitted or referenced.**
19. Complete [OHCA Table 4](#) utilizing the information reported in the attached Financial Worksheet.
20. Explain all assumptions used in developing the financial projections reported in the Financial Worksheet.
21. Explain any projected incremental losses from operations resulting from the implementation of the CON proposal.
22. Indicate the minimum number of units required to show an incremental gain from operations for each projected fiscal year.

Utilization

§ *“The applicant’s past and proposed provision of health care services to relevant patient populations and payer mix, including, but not limited to, access to services by Medicaid recipients and indigent persons;”*
(Conn.Gen.Stat. § 19a-639(a)(6))

23. Complete [OHCA Table 5](#) and [OHCA Table 6](#) for the past three fiscal years (“FY”), current fiscal year (“CFY”) and first three projected FYs of the proposal, for each of the Applicant’s existing and/or proposed services. Report the units by service, service type or service level.
24. Provide a detailed explanation of all assumptions used in the derivation/ calculation of the projected service volume; explain any increases and/or decreases in volume reported in OHCA Table 5 and 6.
25. Provide the current and projected patient population mix (number and percentage of patients by payer) for the proposal using [OHCA Table 7](#) and provide all assumptions. **Note: payer mix should be calculated from patient volumes, not patient revenues.**

§ *“Whether the applicant has satisfactorily identified the population to be served by the proposed project and satisfactorily demonstrated that the identified population has a need for the proposed services;”*
(Conn.Gen.Stat. § 19a-639(a)(7))

26. Describe the population (as identified in question 8(a)) by gender, age groups or persons with a specific condition or disorder and provide evidence (i.e., incidence, prevalence or other demographic data) that demonstrates a need for the proposed service or proposal. **Please note: if population estimates or other demographic data are submitted, provide only publicly available and verifiable information (e.g., U.S. Census Bureau, Department of Public Health, CT State Data Center) and document the source.**
27. Using [OHCA Table 8](#), provide a breakdown of utilization by town for the most recently completed fiscal year. Utilization may be reported as number of persons, visits, scans or other unit appropriate for the information being reported.

§ *“The utilization of existing health care facilities and health care services in the service area of the applicant;”* (Conn.Gen.Stat. § 19a-639(a)(8))

28. Using [OHCA Table 9](#), identify all existing providers in the service area and, as available, list the services provided, population served, facility ID (see table footnote), address, hours/days of operation and current utilization of the facility. Include providers in the towns served or proposed to be served by the Applicant, as well as providers in towns contiguous to the service area.
29. Describe the effect of the proposal on these existing providers.

30. Describe the existing referral patterns in the area served by the proposal.

31. Explain how current referral patterns will be affected by the proposal.

§ “Whether the applicant has satisfactorily demonstrated that the proposed project shall not result in an unnecessary duplication of existing or approved health care services or facilities;” (Conn.Gen.Stat. § 19a-639(a)(9))

32. If applicable, explain why approval of the proposal will not result in an unnecessary duplication of services.

§ “Whether the applicant has satisfactorily demonstrated that the proposal will not negatively impact the diversity of health care providers and patient choice in the geographic region;” (Conn.Gen.Stat. § 19a-639(a)(11))

33. Explain in detail how the proposal will impact (i.e., positive, negative or no impact) the diversity of health care providers and patient choice in the geographic region.

Tables

**TABLE 1
APPLICANT'S SERVICES AND SERVICE LOCATIONS**

Service	Street Address, Town	Population Served	Days/Hours of Operation	New Service or Proposed Termination

[\[back to question\]](#)

**TABLE 2
SERVICE AREA TOWNS**

List the official name of town* and provide the reason for inclusion.

Town*	Reason for Inclusion

* Village or place names are not acceptable.

[\[back to question\]](#)

**TABLE 3
TOTAL PROPOSAL CAPITAL EXPENDITURE**

Purchase/Lease	Cost
Equipment (Medical, Non-medical, Imaging)	
Land/Building Purchase*	
Construction/Renovation**	
Other (specify)	
Total Capital Expenditure (TCE)	
Lease (Medical, Non-medical, Imaging)***	
Total Lease Cost (TLC)	
Total Project Cost (TCE+TLC)	

* If the proposal involves a land/building purchase, attach a real estate property appraisal including the amount; the useful life of the building; and a schedule of depreciation.

** If the proposal involves construction/renovations, attach a description of the proposed building work, including the gross square feet; existing and proposed floor plans; commencement date for the construction/ renovation; completion date of the construction/renovation; and commencement of operations date.

*** If the proposal involves a capital or operating equipment lease and/or purchase, attach a vendor quote or invoice; schedule of depreciation; useful life of the equipment; and anticipated residual value at the end of the lease or loan term.

[\[back to question\]](#)

**TABLE 4
PROJECTED INCREMENTAL REVENUES AND EXPENSES**

	FY 20__*	FY 20__*	FY 20__*
Revenue from Operations	\$	\$	\$
Total Operating Expenses			
Gain/Loss from Operations	\$	\$	\$

* Fill in years using those reported in the Financial Worksheet attached.

[\[back to question\]](#)

**TABLE 5
HISTORICAL UTILIZATION BY SERVICE**

Service**	Actual Volume (Last 3 Completed FYs)			CFY Volume*
	FY 20__***	FY 20__***	FY 20__***	FY 20__***
Total				

- * For periods greater than 6 months, report annualized volume, identifying the number of actual months covered and the method of annualizing. For periods less than 6 months, report actual volume and identify the period covered.
- ** Identify each service type and level adding lines as necessary. Provide the number of visits or discharges as appropriate for each service type and level listed.
- *** Fill in years. If the time period reported is not *identical* to the fiscal year reported in Table 4 of the application, provide the date range using the mm/dd format as a footnote to the table.

[\[back to question\]](#)

**TABLE 6
PROJECTED UTILIZATION BY SERVICE**

Service*	Projected Volume		
	FY 20__**	FY 20__**	FY 20__**
Total			

- * Identify each service type by location and add lines as necessary. Provide the number of visits/discharges as appropriate for each service listed.
- ** If the first year of the proposal is only a partial year, provide the first partial year and then the first three full FYs. Add columns as necessary. If the time period reported is not *identical* to the fiscal year reported in Table 4 of the application, provide the date range using the mm/dd format as a footnote to the table.

[\[back to question\]](#)

**TABLE 7
 APPLICANT'S CURRENT & PROJECTED PAYER MIX**

Payer	Current		Projected					
	FY 20__**		FY 20__**		FY 20__**		FY 20__**	
	Discharges	%	Discharges	%	Discharges	%	Discharges	%
Medicare*								
Medicaid*								
CHAMPUS & TriCare								
Total Government								
Commercial Insurers								
Uninsured								
Workers Compensation								
Total Non- Government								
Total Payer Mix								

* Includes managed care activity.

** Fill in years. Ensure the period covered by this table corresponds to the period covered in the projections provided. New programs may leave the "current" column blank.

[\[back to question\]](#)

**TABLE 8
UTILIZATION BY TOWN**

Town	Utilization FY 20__**

* List inpatient/outpatient/ED volumes separately, if applicable
 ** Fill in most recently completed fiscal year.

[\[back to question\]](#)

**TABLE 9
SERVICES AND SERVICE LOCATIONS OF EXISTING PROVIDERS**

Service or Program Name	Population Served	Facility ID*	Facility's Provider Name, Street Address and Town	Hours/Days of Operation	Current Utilization

* Provide the Medicare, Connecticut Department of Social Services (DSS), or National Provider Identifier (NPI) facility identifier and label column with the identifier used.

[\[back to question\]](#)

NON-PROFIT

Applicant:
Financial Worksheet (A)

Please provide one year of actual results and three years of projections of **Total Entity** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

LINE	Total Entity: Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		FY Actual Results	FY Projected W/out CON	FY Projected Incremental	FY Projected With CON									
	Principal Payments				\$0			\$0			\$0			\$0
C. PROFITABILITY SUMMARY														
1	Hospital Operating Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	Hospital Non Operating Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Hospital Total Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	D. FTEs				0			0			0			0
E. VOLUME STATISTICS^c														
1	Inpatient Discharges				0			0			0			0
2	Outpatient Visits				0			0			0			0
	TOTAL VOLUME	0	0	0	0	0	0	0	0	0	0	0	0	0

^aTotal amount should equal the total amount on cell line "Net Patient Revenue" Row 14.

^bProvide the amount of any transaction associated with Bad Debts not related to the provision of direct services to patients. For additional information, refer to FASB, No.2011-07, July 2011.

^cProvide projected inpatient and/or outpatient statistics for any new services and provide actual and projected inpatient and/or outpatient statistics for any existing services which will change due to the proposal.

FOR-PROFIT

Applicant Name:
Financial Worksheet (B)

Please provide one year of actual results and three years of projections of **Total Entity** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

LINE	Total Entity:	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY	FY
	Description	Actual Results	Projected W/out CON	Projected Incremental	Projected With CON	Projected W/out CON	Projected Incremental	Projected With CON	Projected W/out CON	Projected Incremental	Projected With CON	Projected W/out CON	Projected Incremental	Projected With CON
	Provision for income taxes ^c	\$0	\$0	\$0	\$0			\$0			\$0			\$0
NET INCOME		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C.	Retained Earnings, beginning of year	\$0	\$0	\$0	\$0			\$0			\$0			\$0
	Retained Earnings, end of year	\$0	\$0	\$0	\$0			\$0			\$0			\$0
	Principal Payments	\$0	\$0	\$0	\$0			\$0			\$0			\$0
D. PROFITABILITY SUMMARY														
1	Hospital Operating Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	Hospital Non Operating Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Hospital Total Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
E.	FTEs	0	0	0	0			0			0			0
F. VOLUME STATISTICS^d														
1	Inpatient Discharges	0	0	0	0			0			0			0
2	Outpatient Visits	0	0	0	0			0			0			0
TOTAL VOLUME		0	0	0	0	0	0	0	0	0	0	0	0	0

^aTotal amount should equal the total amount on cell line "Net Patient Revenue" Row 14.

^bProvide the amount of any transaction associated with Bad Debts not related to the provision of direct services to patients. For additional information, refer to FASB, No.2011-07, July 2011.

^cProvide the amount of income taxes as defined by the Internal Revenue Services for for-profit entities.

^dProvide projected inpatient and/or outpatient statistics for any new services and provide actual and projected inpatient and/or outpatient statistics for any existing services which will change due to the proposal.

FINANCIAL WORKSHEET DESCRIPTIONS

Financial Worksheet:

C- Sale of Non-Profit Hospital to **For-Profit Entity**

Cells Legend:

	Indicates input cell
	Indicates calculated cell

Columns 1,2,5,8 & 11: Add Non-Profit data (without CON)

Columns 3,4,6,7,9,10,12 & 13: Add **For-Profit** data (with CON & incremental to CON)

Sale of Non-Profit Hospital to For-Profit Entity

Name Entity:

Please provide one year of actual results and three years of projections of **Total Entity** revenue, expense and volume statistics without, incremental to and with the CON proposal in the following reporting format:

Financial Worksheet (C):

LINE	Total Entity: Description	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
		FY Actual Results	FY Projected W/out CON	FY Projected Incremental	FY Projected With CON									
	NON-OPERATING INCOME / REVENUE				\$0			\$0			\$0			\$0
	NET INCOME / EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
C.	Retained Earnings/ Net Assets, beginning of year				\$0			\$0			\$0			\$0
	Retained Earnings / Net Assets, end of year				\$0			\$0			\$0			\$0
	Principal Payments				\$0			\$0			\$0			\$0
	D. PROFITABILITY SUMMARY													
1	Hospital Operating Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2	Hospital Non Operating Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
3	Hospital Total Margin	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
	E. FTEs				0			0			0			0
	F. VOLUME STATISTICS^d													
1	Inpatient Discharges				0			0			0			0
2	Outpatient Visits				0			0			0			0
	TOTAL VOLUME	0	0	0	0	0	0	0	0	0	0	0	0	0

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^dProvide projected inpatient and/or outpatient statistics for any new services and provide actual and projected inpatient and/or outpatient statistics for any existing services which will change due to the proposal.

Greer, Leslie

From: Kline, Gina C <gkline@echn.org>
Sent: Friday, February 05, 2016 11:15 AM
To: Fernandes, David
Cc: Greer, Leslie; Riggott, Kaila; Carney, Brian; Basile, Mary C; Mcconville, Dennis P
Subject: RE: Completeness Letter for Docket Number: 16-32059-CON

Mr. Fernandes,

Thank you for your correspondence. I did receive completeness letter, the CON Main from and the Financial Worksheet attached to your email.

You have indicated that no hard copy submission is required. I wanted to confirm this direction, particularly as it relates to the signed and notarized affidavits – will you need the affidavits in hard copy?

Thank you in advance for the clarification regarding the affidavits. We will work on assembling our responses to these questions.

Thank you!
-Gina

Gina C. Kline, MHS

Director, Planning and System Development
Eastern Connecticut Health Network (ECHN)
71 Haynes Street
Manchester, CT 06040
(860)533-2970
gkline@echn.org

From: Fernandes, David [<mailto:David.Fernandes@ct.gov>]
Sent: Friday, February 05, 2016 11:00 AM
To: Kline, Gina C
Cc: Greer, Leslie; Riggott, Kaila; Carney, Brian
Subject: Completeness Letter for Docket Number: 16-32059-CON

Good morning Ms. Kline,

Please see the attached completeness letter in the matter of the proposed transfer of ownership interests of Tolland Imaging Center, LLC to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc. In responding to the completeness letter questions, please follow the instructions included in the letter and provide the response document as an attachment only (no hard copies required). Please provide your written responses to OHCA no later than **April 5, 2016**.

Email to OHCA@ct.gov and cc: David.Fernandes@ct.gov, Brian.Carney@ct.gov and Kaila.Riggott@ct.gov.

If you have any questions regarding the completeness letter, please contact myself at (860) 418-7032, Brian Carney at (860) 418-7014 or Kaila Riggott at (860) 418-7037.

Sincerely,

David Fernandes

Ps. Please confirm receipt of this email and corresponding attachment.

David Fernandes

Office of Health Care Access

Connecticut Department of Public Health

410 Capitol Avenue, Hartford, Connecticut 06134

P: (860) 418-7032 | F: (860) 418-7053 | E: David.Fernandes@ct.gov



"This message originates from Eastern Connecticut Health Network. The information contained in this message may be privileged and confidential. If you are the intended recipient, you must maintain this message in a secure and confidential manner. If you are not the intended recipient, please notify the sender immediately and destroy this message. Thank you."

Greer, Leslie

From: Fernandes, David
Sent: Friday, February 05, 2016 12:51 PM
To: Kline, Gina C
Cc: Greer, Leslie; Riggott, Kaila; Carney, Brian; Basile, Mary C; Mcconville, Dennis P
Subject: RE: Completeness Letter for Docket Number: 16-32059-CON

Hello Ms. Kline,

I am confirming that a hard copy will not be necessary when submitting the affidavits. Submitting the affidavits electronically will suffice.

Thanks and have a good weekend,

David Fernandes

Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, Hartford, Connecticut 06134
P: (860) 418-7032 | F: (860) 418-7053 | E: David.Fernandes@ct.gov



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Sent: Friday, February 05, 2016 11:15 AM
To: Fernandes, David <David.Fernandes@ct.gov>
Cc: Greer, Leslie <Leslie.Greer@ct.gov>; Riggott, Kaila <Kaila.Riggott@ct.gov>; Carney, Brian <Brian.Carney@ct.gov>; Basile, Mary C <mbasile@echn.org>; Mcconville, Dennis P <dmconville@echn.org>
Subject: RE: Completeness Letter for Docket Number: 16-32059-CON

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Thank you!
-Gina

Gina C. Kline, MHS

Director, Planning and System Development
Eastern Connecticut Health Network (ECHN)
71 Haynes Street
Manchester, CT 06040
(860)533-2970
gkline@echn.org

From: Fernandes, David [<mailto:David.Fernandes@ct.gov>]
Sent: Friday, February 05, 2016 11:00 AM
To: Kline, Gina C
Cc: Greer, Leslie; Riggott, Kaila; Carney, Brian
Subject: Completeness Letter for Docket Number: 16-32059-CON

Good morning Ms. Kline,

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If you have any questions regarding the completeness letter, please contact myself at (860) 418-7032, Brian Carney at (860) 418-7014 or Kaila Riggott at (860) 418-7037.

Sincerely,
David Fernandes

Ps. Please confirm receipt of this email and corresponding attachment.

David Fernandes
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, Hartford, Connecticut 06134
P: (860) 418-7032 | F: (860) 418-7053 | E: David.Fernandes@ct.gov



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Greer, Leslie

From: Kline, Gina C <gkline@echn.org>
Sent: Friday, February 19, 2016 5:00 PM
To: User, OHCA; Fernandes, David; Carney, Brian; Riggott, Kaila
Cc: Mcconville, Dennis P; Matthews, Rebecca; mmv@bvmlaw.com; 'jonathan.spees@prospectmedical.com'; DelGallo, Daniel J
Subject: DN 16-32059-CON Response to February 5 2016 Completeness Letter
Attachments: 16-32059 TIC Response to Completeness Questions 02192016.docx; 16-32059 TIC Response to Completeness Questions 02192016.pdf

Please find attached the response to the February 5, 2016 Completeness Letter filed on behalf of Tolland Imaging Center, LLC.

Thank you!

Gina C. Kline, MHS

Director, Planning and System Development
Eastern Connecticut Health Network (ECHN)
71 Haynes Street
Manchester, CT 06040
(860)533-2970
gkline@echn.org

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CERTIFICATE OF NEED APPLICATION

Response to February 5, 2016 Completeness Letter

Tolland Imaging Center, LLC

Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

OHCA Docket Number: 16-32059-CON

February 19, 2016

tolland imaging center

February 19, 2016

Via Electronic Submission Only

Kimberly R. Martone, Director of Operations
Department of Public Health - Office of Health Care Access
410 Capitol Avenue, MS# 13HCA
P.O. Box 340308
Hartford, CT 06134-0308

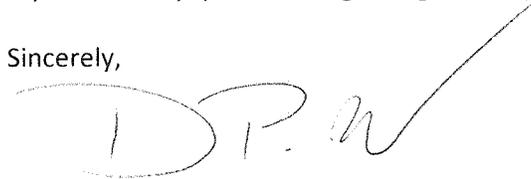
Re: Certificate of Need Application, Docket Number 16-32059-CON
Tolland Imaging Center, LLC
Transfer of Ownership Interest in Tolland Imaging Center, LLC from Eastern Connecticut Health
Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and
Trinity Health New England.

Dear Ms. Martone:

Attached electronically is a copy of the Applicants' response to OHCA's Completeness Letter dated February 5, 2016 for the transfer of Eastern Connecticut Health Network, Inc's and Johnson Memorial Medical Center's interests in Tolland Imaging Center, LLC to Prospect Medical Holdings, Inc and Trinity Health New England, Inc.

If you have any questions regarding this response, please do not hesitate to give me a call at (860) 533-3429.

Sincerely,



Dennis P. McConville
President and VP

cc: Christopher Dadlez, President and Chief Executive Officer, Trinity Health New England, Inc.
Daniel DelGallo, Executive Director, Tolland Imaging Center, LLC
R. Christopher Hartley, SVP Planning, Business Development and Government Relations, Trinity Health
New England, Inc.
Peter Karl, President and Chief Executive Officer, Eastern Connecticut Healthcare Network, Inc.
Rebecca A. Matthews, Esq., Wiggin and Dana LLP
Stuart Rosenberg, President and Chief Executive Officer, Johnson Memorial Medical Center, Inc.
John Spees, Senior Vice President, Corporate Development, Prospect Medical Holdings, Inc.
Michele M. Volpe, Esq., Bershtein, Volpe & McKeon, P.C.

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Attachment 1	ECHN's Board Resolution	230
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Tolland Imaging Center, LLC

Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

Docket Number: 16-32059-CON

Response to Completeness Letter dated February 5, 2016

Tolland Imaging Center, LLC (“TIC”), Eastern Connecticut Health Network, Inc. (“ECHN”), Johnson Memorial Medical Center, Inc. (“JMMC”), Prospect Medical Holdings, Inc. (“PMH”) and Trinity Health New England, Inc. (“TH-NE”) (collectively the “Applicants”) received correspondence from the Office of Health Care Access (“OHCA”) requesting additional clarification for certain items identified in the Application submitted on January 8, 2016. The Applicants’ response to OHCA’s request for additional information has been provided below:

- 1) As co-applicants, PMH and TH-NE are each required to submit the following information and documents:
 - a. General Application information contained on pages 2 and 3 of the CON Main Form for each co-applicant;
 - b. A notarized affidavit for each co-applicant indicated on page 4 of the attached CON Main Form;
 - c. The appropriate Financial Worksheet.

Response:

Please see **Exhibit A** for the requested General Application Information for PMH, TH-NE, ECHN and JMMC.

Please see **Exhibit B** for the notarized affidavits for PMH, TH-NE, ECHN and JMMC. Affidavits have been signed by each of the Applicants related to the Main Form and both the Supplement Forms that were submitted with the Certificate of Need application.

Please refer to Exhibit I on page 2311 of Docket Number 15-32016-486 for a copy of the financial worksheets completed for ECHN and PMH related to this proposal.

Please refer to Exhibit 17 on page 1296 of Docket Number 15-32002-CON for a copy of the financial worksheets completed for JMMC and TH-NE related to this proposal.

- 2) Please elaborate and provide clarification on the steps necessary to restructure TIC as a limited liability company. In addition, explain:
 - a. How the purchase price will be determined;
 - b. Why there are no capital expenditures associated with this proposal.

Response:

The reorganization will be accomplished by first dissolving TIC and distributing its assets to its current members in accordance with TIC’s current operating agreement. The current members will

Tolland Imaging Center, LLC

Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

Docket Number: 16-32059-CON

Response to Completeness Letter dated February 5, 2016

then immediately contribute the distributed assets to a new limited liability company (“New TIC”). Each of the current members will initially hold the same percentage interest in New TIC as they currently hold in TIC. An Operating Agreement will be adopted for New TIC that permits the current members to transfer their interests under specified circumstances (and subject to required regulatory approvals) and that also ensures that, for so long as any of the members of New TIC are tax-exempt, that New TIC will be operated in a manner consistent with such status.

If a member is permitted to transfer its interest in New TIC, the member will negotiate the terms of the purchase with the proposed purchaser. The purchase price will, therefore, be subject to negotiation between the parties. For example, ECHN and PMH have negotiated a purchase price for each of ECHN’s joint venture interests, including the interests held by Manchester Memorial Hospital and Rockville General Hospital, in TIC. See OHCA Docket Number: 15-32016-486.

Because the restructuring requires only the preparation of certain legal documents and filings, and any transfer of an interest will be negotiated between the member and the purchaser, there is no capital expenditure required of TIC. Any payments to be made by PMH and TH-NE for the interests to be transferred to them are part of the negotiated purchase price for the larger affiliations described in OHCA Docket Number: 15-32016-486 and OHCA Docket Number 15-31979-CON.

- 3) Page 18 of the application states: “For ECHN and JMMC, they will receive the value of their interests as part of the overall purchase price in the broader affiliations, which is in the best interest of the communities served by ECHN and JMMC as proceeds from the sale (after payment of liabilities and reserves for indemnification) will continue to be used for charitable purposes.”
 - a. Please clarify the statement above and explain how the proposed transfer will generate proceeds for charitable purposes and the dollar amounts anticipated for each member.

Response:

The transfer by ECHN of the interests held by Manchester Memorial Hospital and Rockville General Hospital in TIC to PMH is part of the overall affiliation contemplated by OHCA Docket Number: 15-32016-486. The purchase price described in OHCA Docket Number: 15-32016-486 assumes that all of ECHN’s joint venture interests can be transferred to PMH. If any interest cannot be transferred, a downward adjustment will be made to the purchase price, reflecting an agreed upon value of the joint venture interest that has not been transferred. If such a downward adjustment is made, PMH will make a loan to ECHN in an amount equal to the adjustment. This loan will need to be repaid with interest, out of future distributions by the joint venture; as such, the full present value of the joint venture may not be realized by ECHN which will use all proceeds to satisfy liabilities with the remainder transferred to a charitable foundation for future use in the community. The affiliation agreement between TH-NE and JMMC similarly assumes that the various joint venture interests of JMMC will be transferred.

Tolland Imaging Center, LLC

Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

Docket Number: 16-32059-CON

Response to Completeness Letter dated February 5, 2016

- 4) Describe TIC's current charity care policies. How will the proposed change of ownership affect these policies?

Response:

TIC provides financial assistance to patients consistent with the charity care practices of ECHN. A copy of TIC's Notice of Availability for Uncompensated Care has been provided as **Exhibit C**.

As discussed in OHCA Docket Number 15-32016-486 (response to Question 48, page 93), PMH does not have any plans to change ECHN's charity care policy, except as may be required to comply with new legal or regulatory requirements such as Internal Revenue Code Section 501(r).

As discussed in OHCA Docket Number 15-32002-CON (response to Question 4 of the Supplemental Form, page 71), TH-NE does not have any plans to change JMMC's charity care policy.

Further, despite the restructuring of TIC as a for-profit, limited liability company, two of the four members are still non-profit hospitals. Given this and the fact that PMH and TH-NE have no plans to change the respective charity care policies for ECHN and JMMC, the Applicants do not anticipate there will be any changes to TIC's charity care policy.

- 5) How will the Applicant notify patients of the change in ownership?

Response:

Not applicable. The proposed change in ownership will have no impact on patients receiving services from TIC. The facility will continue to operate under the name Tolland Imaging Center and patients will not experience any changes in service delivery, appointment accessibility or billing practices as a result of the proposed change in ownership. The transfer of ownership interests will not impact the day-to-day operations of TIC so patient notification of the change is not necessary.

Tolland Imaging Center, LLC

Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

Docket Number: 16-32059-CON

Response to Completeness Letter dated February 5, 2016

Exhibit A
General Application Information for Co-Applicants

Name of Applicant:**Name of Co-Applicant #1:**

Tolland Imaging Center, LLC	Eastern Connecticut Hospital Network, Inc. (ECHN)
-----------------------------	--

Connecticut Statute Reference:

C.G. S. Section 19a-638(a)(2)

Main Site	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
	Manchester	Not Applicable	Health System	Eastern Connecticut Health Network, Inc.
	STREET & NUMBER			
	71 Haynes Street			
	TOWN	ZIP CODE		
	Manchester	06040		

Project Site	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
	Tolland Imaging Center	008001571	Free-standing Medical Imaging Center	Tolland Imaging Center
	STREET & NUMBER			
	6 Fieldstone Commons, Suite E			
	TOWN	ZIP CODE		
	Tolland, CT	06084		

Operator	OPERATING CERTIFICATE NUMBER	TYPE OF FACILITY	LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator)
	Not Applicable	Free-standing Medical Imaging Center	Tolland Imaging Center, LLC
	STREET & NUMBER		
	6 Fieldstone Commons, Suite E		
	TOWN	ZIP CODE	
	Tolland, CT	06084	

Chief Executive	NAME		TITLE		
	Peter Karl		President and Chief Executive Officer		
	STREET & NUMBER				
	ECHN, 71 Haynes Street				
	TOWN	STATE	ZIP CODE		
	Manchester	CT	06040		
	TELEPHONE	FAX	E-MAIL ADDRESS		
	(860) 533-3458	(860) 533-3437	pkarl@echn.org		

Title of Attachment:

Is the applicant an existing facility? If yes, attach a copy of the resolution of partners, corporate directors, or LLC managers, as the case may be, authorizing the project.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Attachment 1 Board Resolution
Does the Applicant have non-profit status? If yes, attach documentation.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Attachment 2 Tax Exempt Status
Identify the Applicant's ownership type.	PC <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input checked="" type="checkbox"/>	Other: _____
Applicant's Fiscal Year (mm/dd)	Start: <u>October 1</u> End: <u>September 30</u>	

Contact:

Identify a single person that will act as the contact between OHCA and the Applicant.

Contact Information	NAME		TITLE		
	Dennis P. McConville		Senior Vice President and Chief Strategy Officer		
	STREET & NUMBER				
	ECHN, 71 Haynes Street				
	TOWN	STATE	ZIP CODE		
	Manchester	CT	06040		
	TELEPHONE	FAX	E-MAIL ADDRESS		
	(860) 533-3429	(860) 647-6860	dmconville@echn.org		
	RELATIONSHIP TO APPLICANT		ECHN representative		

Name of Applicant:

Name of Co-Applicant #2:

Tolland Imaging Center, LLC	Prospect Medical Holdings, Inc. (PMH)
-----------------------------	---------------------------------------

Connecticut Statute Reference:

C.G. S. Section 19a-638(a)(2)

Main Site	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
	Los Angeles, CA	Not Applicable	Health System	Prospect Medical Holdings, Inc.
	STREET & NUMBER			
	10780 Santa Monica Blvd., Suite 400			
	TOWN	ZIP CODE		
	Los Angeles, CA	90025		

Project Site	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
	Tolland Imaging Center	008001571	Free-standing Medical Imaging Center	Tolland Imaging Center
	STREET & NUMBER			
	6 Fieldstone Commons, Suite E			
	TOWN	ZIP CODE		
	Tolland, CT	06084		

Operator	OPERATING CERTIFICATE NUMBER	TYPE OF FACILITY	LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator)
	Not Applicable	Free-standing Medical Imaging Center	Tolland Imaging Center, LLC
	STREET & NUMBER		
	6 Fieldstone Commons, Suite E		
	TOWN	ZIP CODE	
Tolland, CT	06084		

Chief Executive	NAME		TITLE		
	Samuel S. Lee		Chief Executive Officer		
	STREET & NUMBER				
	PMH, 10780 Santa Monica Blvd., Suite 400				
	TOWN	STATE	ZIP CODE		
	Los Angeles	CA	90025		
	TELEPHONE	FAX	E-MAIL ADDRESS		
	(310) 943-4500	(310) 943-4504	Sam.Lee@pmh.com		

Title of Attachment:

Is the applicant an existing facility? If yes, attach a copy of the resolution of partners, corporate directors, or LLC managers, as the case may be, authorizing the project.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Attachment 3 Board Resolution
Does the Applicant have non-profit status? If yes, attach documentation.	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>	Not Applicable
Identify the Applicant's ownership type.	PC <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input checked="" type="checkbox"/>	Other: _____
Applicant's Fiscal Year (mm/dd)	Start: <u>October 1</u> End: <u>September 30</u>	

Contact:

Identify a single person that will act as the contact between OHCA and the Applicant.

Contact Information	NAME		TITLE		
	Jonathan Spees		Senior Vice President, Mergers and Acquisitions		
	STREET & NUMBER				
	10780 Santa Monica Blvd., Suite 400				
	TOWN	STATE	ZIP CODE		
	Los Angeles	CA	90025		
	TELEPHONE	FAX	E-MAIL ADDRESS		
	(310) 696-4738	(714) 560-7320	Jonathan.spees@prospectmedical.com		
RELATIONSHIP TO APPLICANT		PMH representative			

Name of Applicant:**Name of Co-Applicant #3:**

Tolland Imaging Center, LLC	Johnson Memorial Medical Center, Inc. (JMMC)
-----------------------------	--

Connecticut Statute Reference:

C.G. S. Section 19a-638(a)(2)

Main Site	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
	Stafford Springs	IP – 4041687 OP – 4024980	Hospital	Johnson Memorial Medical Center
	STREET & NUMBER			
	201 Chestnut Hill Road			
	TOWN	ZIP CODE		
	Stafford Springs	06076		

Project Site	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
	Tolland Imaging Center	008001571	Free-standing Medical Imaging Center	Tolland Imaging Center
	STREET & NUMBER			
	6 Fieldstone Commons, Suite E			
	TOWN	ZIP CODE		
	Tolland, CT	06084		

Operator	OPERATING CERTIFICATE NUMBER	TYPE OF FACILITY	LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator)
	Not Applicable	Free-standing Medical Imaging Center	Tolland Imaging Center, LLC
	STREET & NUMBER		
	6 Fieldstone Commons, Suite E		
	TOWN	ZIP CODE	
	Tolland, CT	06084	

Chief Executive	NAME		TITLE		
	Stuart Rosenberg		President and Chief Executive Officer		
	STREET & NUMBER				
	JMMC, 201 Chestnut Hill Road				
	TOWN	STATE	ZIP CODE		
	Stafford Springs	CT	06076		
	TELEPHONE	FAX	E-MAIL ADDRESS		
	(860) 684-8101	(860) 684-8165	stuart.rosenberg@jmmc.com		

Title of Attachment:

Is the applicant an existing facility? If yes, attach a copy of the resolution of partners, corporate directors, or LLC managers, as the case may be, authorizing the project.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Please refer to Exhibit 1 in Docket Number 15-320002-CON (page 86-87)
Does the Applicant have non-profit status? If yes, attach documentation.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Please refer to Exhibit 2 in Docket Number 15-320002-CON (page 100)
Identify the Applicant's ownership type.	PC <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input checked="" type="checkbox"/>	Other: _____ _____
Applicant's Fiscal Year (mm/dd)	Start: <u>October 1</u> End: <u>September 30</u>	

Contact:

Identify a single person that will act as the contact between OHCA and the Applicant.

Contact Information	NAME		TITLE		
	Stuart Rosenberg		President and Chief Executive Officer		
	STREET & NUMBER				
	JMMC, 201 Chestnut Hill Road				
	TOWN	TOWN	ZIP COD		
	Stafford Springs	Stafford Springs	06076		
	TELEPHONE	FAX	E-MAIL ADDRESS		
	(860) 684-8101	(860) 684-8165	stuart.rosenberg@jmmc.com		
RELATIONSHIP TO APPLICANT			JMMC representative		

Name of Applicant:

Name of Co-Applicant #4:

Tolland Imaging Center, LLC	Trinity Health New England, Inc. (TH-NE)
-----------------------------	--

Connecticut Statute Reference:

C.G. S. Section 19a-638(a)(2)

Main Site	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
	Hartford, CT	IP – 004041620 OP – 004024923	Hospital	Saint Francis Hospital and Medical Center
	STREET & NUMBER			
	114 Woodland Street			
	TOWN	ZIP CODE		
	Hartford	06105		

Project Site	MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME
	Tolland Imaging Center	008001571	Free-standing Medical Imaging Center	Tolland Imaging Center
	STREET & NUMBER			
	6 Fieldstone Commons, Suite E			
	TOWN	ZIP CODE		
	Tolland, CT	06084		

Operator	OPERATING CERTIFICATE NUMBER	TYPE OF FACILITY	LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator)
	Not Applicable	Free-standing Medical Imaging Center	Tolland Imaging Center, LLC
	STREET & NUMBER		
	6 Fieldstone Commons, Suite E		
	TOWN	ZIP CODE	
	Tolland, CT	06084	

Chief Executive	NAME		TITLE		
	Christopher Dadlez		President and Chief Executive Officer		
	STREET & NUMBER				
	TH-NE, 114 Woodland Street				
	TOWN	STATE	ZIP CODE		
	Hartford	CT	06105		
	TELEPHONE	FAX	E-MAIL ADDRESS		
	(860) 714-5541	(860) 714-7920	cdadlez@stfranciscare.org		

Title of Attachment:

Is the applicant an existing facility? If yes, attach a copy of the resolution of partners, corporate directors, or LLC managers, as the case may be, authorizing the project.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Please refer to Exhibit 1 in Docket Number 15-320002-CON (page 81-85)
Does the Applicant have non-profit status? If yes, attach documentation.	YES <input checked="" type="checkbox"/> NO <input type="checkbox"/>	Please refer to Exhibit 2 in Docket Number 15-320002-CON (page 89-99)
Identify the Applicant's ownership type.	PC <input type="checkbox"/> LLC <input type="checkbox"/> Corporation <input checked="" type="checkbox"/>	Other: _____ _____
Applicant's Fiscal Year (mm/dd)	Start: <u>October 1</u> End: <u>September 30</u>	

Contact:

Identify a single person that will act as the contact between OHCA and the Applicant.

Contact Information	NAME		TITLE		
	R. Christopher Hartley		SVP, Planning, Business Development & Government Relations		
	STREET & NUMBER				
	TH-NE, 114 Woodland Street				
	TOWN	STATE	ZIP CODE		
	Hartford	CT	06105		
	TELEPHONE	FAX	E-MAIL ADDRESS		
	(860) 714-5573	(860) 714-8093	chartley@stfranciscare.org		
RELATIONSHIP TO APPLICANT		TH-NE representative			

Exhibit B
Co-Applicant Affidavits

Affidavit

Applicant: Eastern Connecticut Health Network, Inc.

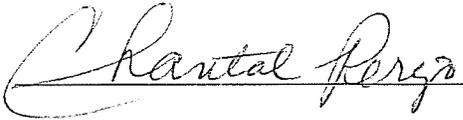
Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

I, Peter Karl, Chief Executive Officer
(Name) (Position – CEO or CFO)

of Eastern Connecticut Health Network, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

 2-15-16
Signature Date

Subscribed and sworn to before me on February 15, 2016


Notary Public/Commissioner of Superior Court

My commission expires: August 31, 2019

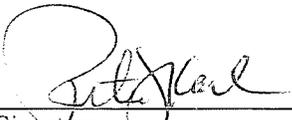
Affidavit

Applicant: Eastern Connecticut Health Network, Inc.

Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

I, Peter Karl, Chief Executive Officer
(Name) (Position – CEO or CFO)

of Eastern Connecticut Health Network, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

 2-15-16
Signature Date

Subscribed and sworn to before me on February 15, 2016



Notary Public/Commissioner of Superior Court

My commission expires: August 31, 2019

Affidavit

Applicant: Eastern Connecticut Health Network, Inc.

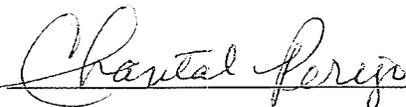
Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

I, Peter Karl, Chief Executive Officer
(Name) (Position – CEO or CFO)

of Eastern Connecticut Health Network, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

 2-15-16
Signature Date

Subscribed and sworn to before me on February 15, 2016



Notary Public/Commissioner of Superior Court

My commission expires: August 31, 2019

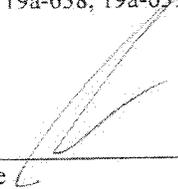
Affidavit

Applicant: Prospect Medical Holdings, Inc.

Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

I, Samuel S. Lee, Chief Executive Officer
(Name) (Position – CEO or CFO)

of Prospect Medical Holdings, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

 _____ 2/19/2016
Signature Date

Subscribed and sworn to before me on _____

Notary Public/Commissioner of Superior Court
My commission expires: _____

Pls. see attached.

JURAT

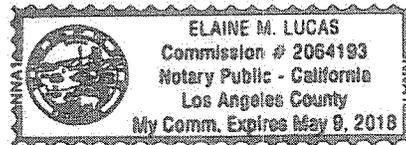
A notary public or other officer completing this Certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on
this 19th day of February, 2016,

by -----Sang Bum Lee-----

proved to me on the basis of satisfactory evidence to
be the person(s)-who appeared before me.



Signature *E. Lucas* (Seal)

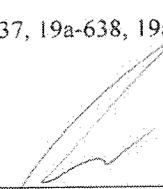
Affidavit

Applicant: Prospect Medical Holdings, Inc.

Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

I, Samuel S. Lee, Chief Executive Officer
(Name) (Position – CEO or CFO)

of Prospect Medical Holdings, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.



Signature

2/19/2016

Date

Subscribed and sworn to before me on _____

Notary Public/Commissioner of Superior Court

My commission expires: _____

Pls. see attached

JURAT

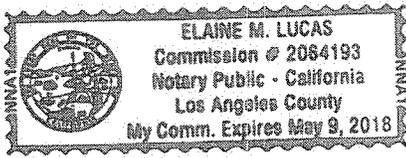
A notary public or other officer completing this Certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on
this 19th day of February, 20¹⁶.

by -----Sang Bum Lee-----

proved to me on the basis of satisfactory evidence to
be the person(s) who appeared before me.



Signature *E. Swan* (Seal)

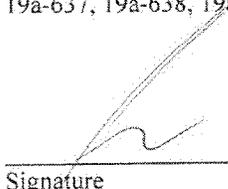
Affidavit

Applicant: Prospect Medical Holdings, Inc.

Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

I, Samuel S. Lee, Chief Executive Officer
(Name) (Position – CEO or CFO)

of Prospect Medical Holdings, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.



Signature

2/19/2016

Date

Subscribed and sworn to before me on _____

Notary Public/Commissioner of Superior Court

My commission expires: _____

Pls. see attached.

JURAT

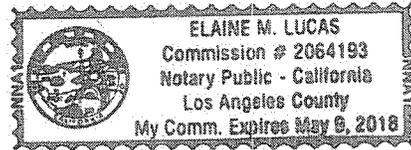
A notary public or other officer completing this Certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Los Angeles

Subscribed and sworn to (or affirmed) before me on
this 19th day of February, 2016,

by -----Sang Bum Lee-----

proved to me on the basis of satisfactory evidence to
be the person(s)-who appeared before me.



Signature E. Lucas (Seal)

Affidavit

Applicant: Johnson Memorial Medical Center, Inc.

Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

I, Stuart Rosenberg, President and Chief Executive Officer
(Name) (Position – CEO or CFO)

of Johnson Memorial Medical Center, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

Stuart Rosenberg
Signature

2/15/16
Date

Subscribed and sworn to before me on February 15, 2016

Kristina L. Verry
Notary Public/~~Commissioner of Superior Court~~

My commission expires: Kristina L. Verry
NOTARY PUBLIC
My Commission Expires July 31, 2019

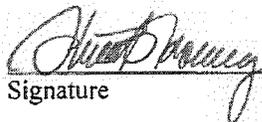
Affidavit

Applicant: Johnson Memorial Medical Center, Inc.

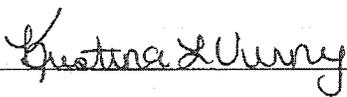
Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

I, Stuart Rosenberg, President and Chief Executive Officer
(Name) (Position – CEO or CFO)

of Johnson Memorial Medical Center, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

 2/15/16
Signature Date

Subscribed and sworn to before me on February 15, 2016


Notary Public/Commissioner of Superior Court

My commission expires: Kristina L. Verry
NOTARY PUBLIC
My Commission Expires July 31, 2019

Affidavit

Applicant: Johnson Memorial Medical Center, Inc.

Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

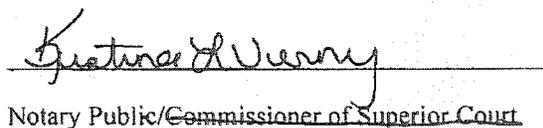
I, Stuart Rosenberg, President and Chief Executive Officer
(Name) (Position – CEO or CFO)

of Johnson Memorial Medical Center, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.


Signature

2/15/16
Date

Subscribed and sworn to before me on February 15, 2016


Notary Public/Commissioner of Superior Court

My commission expires: Kristina L. Verry
NOTARY PUBLIC
My Commission Expires July 31, 2019

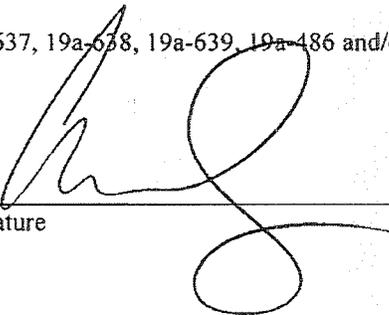
Affidavit

Applicant: Trinity Health New England, Inc.

Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

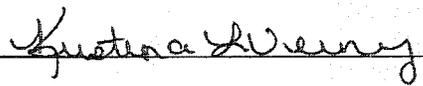
I, Christopher Dadlez, President and Chief Executive Officer
(Name) (Position – CEO or CFO)

of Trinity Health New England, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.



Signature Date 2/15/16

Subscribed and sworn to before me on February 15, 2016



Notary Public/Commissioner of Superior Court

My commission expires: Kristina L. Verna
NOTARY PUBLIC
My Commission Expires July 31, 2019

Affidavit

Applicant: Trinity Health New England, Inc.

Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

I, Christopher Dadlez, President and Chief Executive Officer
(Name) (Position – CEO or CFO)

of Trinity Health New England, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.

Signature

Date

Subscribed and sworn to before me on February 15, 2016

Kristina L. Verry
Notary Public/Commissioner of Superior Court

My commission expires: _____

Kristina L. Verry
NOTARY PUBLIC
My Commission Expires July 31, 2019

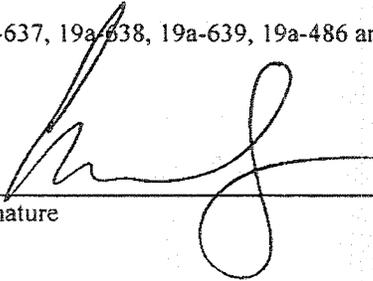
Affidavit

Applicant: Trinity Health New England, Inc.

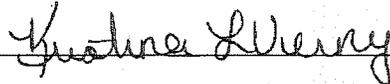
Project Title: Transfer of Ownership Interests in Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

I, Christopher Dadlez, President and Chief Executive Officer
(Name) (Position – CEO or CFO)

of Trinity Health New England, Inc. being duly sworn, depose and state that the
(Facility Name)
said facility complies with the appropriate and applicable criteria as set forth in the Sections 19a-630,
19a-637, 19a-638, 19a-639, 19a-486 and/or 4-181 of the Connecticut General Statutes.


Signature _____ Date 2/15/16

Subscribed and sworn to before me on February 15, 2016


Notary Public/~~Commissioner of Superior Court~~

My commission expires: Kristina L. Verny
~~NOTARY PUBLIC~~
My Commission Expires July 31, 2019

Exhibit C

Notice of Availability for Uncompensated Care

Notice of Availability for Uncompensated Care

Tolland Imaging Center LLC. will provide assistance for those patients who fall within the guidelines below.

To be eligible to receive uncompensated care, your family must be at or below the following current guidelines.

Family Gross Income Levels

2015 Federal Poverty Guidelines	125%	150%	175%	200%	250%	300%	400%
--	------	------	------	------	------	------	------

% of Write Off	100%	90%	80%	70%	60%	50%	40%
Family Size							
1	14,713	17,655	20,598	23,540	29,425	35,310	47,080
2	19,913	23,895	27,878	31,860	39,825	47,790	63,720
3	25,113	30,135	35,158	40,180	50,225	60,270	80,360
4	30,313	36,375	42,438	48,500	60,625	72,750	97,000
5	35,513	42,615	49,718	56,820	71,025	85,230	113,640
6	40,713	48,855	56,998	65,140	81,425	97,710	130,280
7	45,913	55,095	64,278	73,460	91,825	110,190	146,920
8	51,113	61,335	71,558	81,780	102,225	122,670	163,560

Add \$4,160 for each additional member

Patient Responsibility	0%	10%	20%	30%	40%	50%	60%
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If you feel you may be eligible, you may request free or discounted services from Tolland Imaging Center. Requests may be made prior to appointment, at the date of service, or after the date of service. A financial evaluation form and application will be provided for the applicant upon request. Tolland Imaging Center will make a final determination of your eligibility for uncompensated services.

When Third Party coverage is available (Medicare, State, Medicaid LIA, etc) all applicable benefits must be applied first. Patient convenience items such as private room differentials are not covered.

Refusal to take reasonable actions necessary to obtain these available benefits can exclude the granting of uncompensated services.

Source – Federal Register Income Poverty Guidelines

Attachment 1
ECHN's Board Resolution



Eastern Connecticut Health Network
71 Haynes Street
Manchester, CT 06040
860.533.3414
www.echn.org

CERTIFICATE OF AUTHORITY

I, Michele B. Conlon, MD, Secretary, Board of Trustees of Eastern Connecticut Health Network, Inc., a corporation organized under the laws of the State of Connecticut, do hereby certify that the following is a full and true copy of a resolution adopted at a meeting of the Board of Trustees of Eastern Connecticut Health Network, Inc., duly held on the 25th day of June, 2015:

WHEREAS, the Board of Trustees (the "Board") of Eastern Connecticut Health Network, Inc. (the "Corporation"), following an extensive study of the health care market and future prospects and alternatives facing the Corporation, has determined that an affiliation of the Corporation with, or sale of substantially all of the Corporation's assets to, another healthcare organization is in the best interest of the Corporation and its affiliates; and

WHEREAS, the Board authorized the President and CEO of the Corporation to solicit bids for an asset sale or member substitution from other health care organizations; and

WHEREAS, the Corporation received bids from three organizations, including a bid for an asset sale from Prospect Medical Holdings ("PMH"), a bid for a member substitution agreement from Saint Francis Care, Inc. in collaboration with Trinity Health Corporation, and a bid for purchase of a minority interest in the Corporation from Hartford HealthCare Corporation; and

WHEREAS, the Corporation and its advisers have conducted due diligence on, and engaged in further negotiation with, each of the bidders; and

WHEREAS, the Transaction Committee of the Board has considered the three bids thoroughly and determined that in view of the likelihood of continuing changes in the health care market and ongoing financial pressures, the alternative that will best enable continued availability of high-quality health care for residents of the Corporation's service area is the bid submitted by PMH; and

WHEREAS, to memorialize its intent to negotiate exclusively with PMH regarding the sale of substantially all of the Corporation's assets, the Corporation has negotiated with PMH a letter of intent (the "Letter of Intent"); and

WHEREAS, the Corporation has memorialized the terms of PMH's bid in that certain Asset Purchase Agreement by and among the Corporation and its affiliates, including The Manchester Memorial Hospital, The Rockville General Hospital, Incorporated, Visiting Nurse and Health Services of Connecticut, Inc., including its wholly owned subsidiary, A Caring Hand, LLC, ECHN ElderCare Services, Inc., ECHN Corporate Services, Inc., including its wholly owned subsidiary Medical Practice Partners, LLC, Connecticut Healthcare Insurance Company, ECHN Enterprises, Inc., including its wholly owned subsidiary Haynes Street Property Management, LLC, Clinically Integrated Network of Eastern Connecticut, LLC, and Eastern Connecticut Medical Professional Foundation, Inc. (such affiliate entities are each referred to herein as a "Subsidiary" and collectively as the "Subsidiaries"), and a corporation to be named at a later time that is owned by PMH (the "Buyer") (the "Asset Purchase Agreement"), providing for the sale of substantially all of the assets of the Corporation and its Subsidiaries to the Buyer (the "Transaction"); and

WHEREAS, the Transaction Committee recommended that the Board approve the Asset Purchase Agreement, the Letter of Intent, and the Transaction; and

WHEREAS, the Board has determined that in view of the likelihood of continuing changes in the health care market and ongoing financial pressures, the alternative that will best enable continued availability of high-quality health care for residents of the Corporation's service area is the Transaction; and

WHEREAS, the Board now desires to authorize the Transaction and the definitive agreements to effectuate the Transaction, including the Asset Purchase Agreement and the filing of all necessary regulatory applications.

NOW, THEREFORE, be it resolved as follows:

Selection of PMH and Approval of Asset Purchase Agreement

RESOLVED: That the form, terms and provisions of (i) the Letter of Intent, in substantially the form attached hereto as Exhibit A, and (ii) the Asset Purchase Agreement, in substantially the form attached hereto as Exhibit B, and the transactions contemplated by such documents be, and they hereby are, declared in the best interest of the Corporation and the Subsidiaries and approved in all respects.

RESOLVED: That the President and CEO, Treasurer and Secretary of the Corporation (collectively, the "Authorized Officers") be and they hereby are, and each of them acting singly is, hereby authorized and empowered to execute and deliver the Asset Purchase Agreement, together with all of the exhibits and schedules thereto, any other documents necessary or appropriate in connection with the Transaction, including without limitation the Letter of Intent, deeds, bills of sale, transitional agreements, and regulatory applications (collectively, the "Transaction Documents"), in the name and on behalf of the Corporation, in such form and with such changes therein as the Authorized Officers shall determine to be necessary, appropriate or desirable, the execution and delivery by such Authorized Officers of the Transaction Documents to be conclusive evidence that the same have been approved by the Board.

General Authorization

RESOLVED: That the Authorized Officers be and they hereby are, and each of them acting singly is, hereby authorized from time to time, on behalf of the Corporation, to execute, acknowledge, deliver and file any such certificates, agreements, notices, amendments, waivers, consents, indemnities and other instruments and documents, and to take such other action, as may be shown by his, her or their execution and performance thereof to be in his, her or their judgment necessary or desirable in connection with the consummation of the transactions contemplated by the Transaction Documents or any other document executed and delivered in accordance with the foregoing resolutions, or by the transactions otherwise authorized by these resolutions, the taking of any such action to be conclusive evidence that the same has been authorized by the Board.

AND I DO FURTHER CERTIFY these Votes have been duly taken pursuant to the Corporation's Bylaws and filed with the corporate records as of the date first written above,

AND I DO FURTHER CERTIFY that the above resolution has not been in any way altered, amended or repealed, and is now in full force and effect.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation this 25th day of June, 2015.

Eastern Connecticut Health Network, Inc.

(SEAL)

By: 

Michele B. Conlon, MD
Its Secretary



Manchester Memorial Hospital
71 Haynes Street
Manchester, CT 06040
860.646.1222
www.echn.org

CERTIFICATE OF AUTHORITY

I, Michele B. Conlon, MD, Secretary, Board of Trustees of The Manchester Memorial Hospital, a corporation organized under the laws of the State of Connecticut, do hereby certify that the following is a full and true copy of a resolution adopted at a meeting of the Board of Trustees of Eastern Connecticut Health Network, Inc., duly held on the **25th day of June, 2015**:

WHEREAS, the Eastern Connecticut Health Network, Inc. (“ECHN”) Board of Trustees, following an extensive study of the health care market and future prospects and alternatives facing ECHN, has determined that an affiliation of ECHN with, or sale of substantially all of ECHN’s assets to, another healthcare organization is in the best interest of ECHN and its affiliates; and

WHEREAS, the Board of Trustees of ECHN has authorized the President and CEO of ECHN to solicit bids from other health care organizations for a sale of substantially all of ECHN’s assets or a member substitution transaction; and

WHEREAS, ECHN received bids from three organizations, including a bid for an asset sale from Prospect Medical Holdings (“PMH”), a bid for a member substitution agreement from Saint Francis *Care*, Inc. (“SFC”) in collaboration with Trinity Health Corporation, and a bid for purchase of a minority interest in ECHN from Hartford HealthCare Corporation; and

WHEREAS, ECHN and its advisers, since receipt of the bids, have conducted due diligence on the bidders and engaged in further negotiation with each of them; and

WHEREAS, to memorialize its intent to negotiate exclusively with PMH regarding the sale of substantially all of ECHN’s assets, ECHN has negotiated with PMH a letter of intent (the “Letter of Intent”); and

WHEREAS, ECHN has memorialized the terms of PMH’s bid in that certain Asset Purchase Agreement by and among ECHN and its affiliates, including The Manchester Memorial Hospital (the “Corporation”), The Rockville General Hospital, Incorporated, Visiting Nurse and Health Services of Connecticut, Inc., including its wholly owned subsidiary, A Caring Hand, LLC, ECHN ElderCare Services, Inc., ECHN Corporate Services, Inc., including its wholly owned subsidiary Medical Practice Partners, LLC, Connecticut Healthcare Insurance Company, ECHN Enterprises, Inc., including its wholly owned subsidiary Haynes Street Property Management, LLC, Clinically Integrated Network of Eastern Connecticut, LLC, and Eastern Connecticut Medical Professional Foundation, Inc. (such affiliate entities are each referred to herein as a “Subsidiary” and collectively as the “Subsidiaries”), and a corporation to be named at a later time that is owned by Prospect Medical Holdings, Inc. (the “Asset Purchase Agreement”), providing for the sale of substantially all of the assets of the Corporation and its Subsidiaries (the “Transaction”); and

WHEREAS, the Board of Trustees of ECHN has approved the Letter of Intent, the Asset Purchase Agreement and the Transaction as being in the best interests of ECHN; and

WHEREAS, the Board of Trustees of the Corporation has reviewed the Transaction and concluded that completion of the Transaction is in the best interest of the Corporation and residents of its service area; and

WHEREAS, the Corporation now desires to authorize the Transaction and the definitive agreements to effectuate the Transaction, including the Asset Purchase Agreement.

NOW, THEREFORE, be it resolved as follows:

Approval of Asset Purchase Agreement

RESOLVED: That the form, terms and provisions of the Asset Purchase Agreement, in substantially the form attached hereto as Exhibit A, and the transactions contemplated thereby be, and they hereby are, declared in the best interest of the Corporation and in the furtherance of its corporate purpose and are approved in all respects.

RESOLVED: That the President and CEO, Treasurer and Secretary of the Corporation (collectively, the "Authorized Officers") hereby are, and each of them acting singly is, hereby authorized and empowered to execute and deliver the Asset Purchase Agreement, together with all of the exhibits and schedules thereto, and any other documents necessary or appropriate in connection with the Transaction, including without limitation deeds, bills of sale, transitional agreements and regulatory applications (collectively, the "Transaction Documents") in the name and on behalf of the Corporation, in such form and with such changes therein as the Authorized Officers shall determine to be necessary, appropriate or desirable, the execution and delivery by such Authorized Officers of the Transaction Documents to be conclusive evidence that the same has been approved by the Board of Trustees of the Corporation.

RESOLVED: That the Corporation hereby recommend that ECHN, in its capacity as sole corporate member, approve the transactions contemplated by the foregoing resolutions.

General Authorization

RESOLVED: That the Authorized Officers be and they hereby are, and each of them acting singly is, hereby authorized from time to time, on behalf of the Corporation, to execute, acknowledge, deliver and file any such certificates, agreements, notices, amendments, waivers, consents, indemnities and other instruments and documents, and to take such other action, as may be shown by his, her or their execution and performance thereof to be in his, her or their judgment necessary or desirable in connection with the consummation of the transactions contemplated by the Transaction Documents or any other document executed and delivered in accordance with the foregoing resolutions, or by the transactions otherwise authorized by these resolutions, the taking of any such action to be conclusive evidence that the same has been authorized by the Board of Trustees of the Corporation.

AND I DO FURTHER CERTIFY these Votes have been duly taken pursuant to the Corporation's Bylaws and filed with the corporate records as of the date first written above,

AND I DO FURTHER CERTIFY that the above resolution has not been in any way altered, amended or repealed, and is now in full force and effect.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation this 25th day of June, 2015.

The Manchester Memorial Hospital

(SEAL)

By: 
Michele B. Conlon, MD
Its Secretary



Rockville General Hospital
31 Union Street
Rockville, CT 06066
860.872.0501
www.echn.org

CERTIFICATE OF AUTHORITY

I, Michele B. Conlon, MD, Secretary, Board of Trustees of The Rockville General Hospital, Inc., a corporation organized under the laws of the State of Connecticut, do hereby certify that the following is a full and true copy of a resolution adopted at a meeting of the Board of Trustees of Eastern Connecticut Health Network, Inc., duly held on the **25th day of June, 2015**:

WHEREAS, the Eastern Connecticut Health Network, Inc. (“ECHN”) Board of Trustees, following an extensive study of the health care market and future prospects and alternatives facing ECHN, has determined that an affiliation of ECHN with, or sale of substantially all of ECHN’s assets to, another healthcare organization is in the best interest of ECHN and its affiliates; and

WHEREAS, the Board of Trustees of ECHN has authorized the President and CEO of ECHN to solicit bids from other health care organizations for a sale of substantially all of ECHN’s assets or a member substitution transaction; and

WHEREAS, ECHN received bids from three organizations, including a bid for an asset sale from Prospect Medical Holdings (“PMH”), a bid for a member substitution agreement from Saint Francis *Care*, Inc. (“SFC”) in collaboration with Trinity Health Corporation, and a bid for purchase of a minority interest in ECHN from Hartford HealthCare Corporation; and

WHEREAS, ECHN and its advisers, since receipt of the bids, have conducted due diligence on the bidders and engaged in further negotiation with each of them; and

WHEREAS, to memorialize its intent to negotiate exclusively with PMH regarding the sale of substantially all of ECHN’s assets, ECHN has negotiated with PMH a letter of intent (the “Letter of Intent”); and

WHEREAS, ECHN has memorialized the terms of PMH’s bid in that certain Asset Purchase Agreement by and among ECHN and its affiliates, including The Manchester Memorial Hospital, The Rockville General Hospital, Incorporated (the “Corporation”), Visiting Nurse and Health Services of Connecticut, Inc., including its wholly owned subsidiary, A Caring Hand, LLC, ECHN ElderCare Services, Inc., ECHN Corporate Services, Inc., including its wholly owned subsidiary Medical Practice Partners, LLC, Connecticut Healthcare Insurance Company, ECHN Enterprises, Inc., including its wholly owned subsidiary Haynes Street Property Management, LLC, Clinically Integrated Network of Eastern Connecticut, LLC, and Eastern Connecticut Medical Professional Foundation, Inc. (such affiliate entities are each referred to herein as a “Subsidiary” and collectively as the “Subsidiaries”), and a corporation to be named at a later time that is owned by Prospect Medical Holdings, Inc. (the “Asset Purchase Agreement”), providing for the sale of substantially all of the assets of the Corporation and its Subsidiaries (the “Transaction”); and

WHEREAS, the Board of Trustees of ECHN has approved the Letter of Intent, the Asset Purchase Agreement and the Transaction as being in the best interests of ECHN; and

WHEREAS, the Board of Trustees of The Rockville General Hospital, Incorporated (the “Corporation”) has reviewed the Transaction and concluded that completion of the Transaction is in the best interest of the Corporation and residents of its service area; and

WHEREAS, the Corporation now desires to authorize the Transaction and the definitive agreements to effectuate the Transaction, including the Asset Purchase Agreement.

NOW, THEREFORE, be it resolved as follows:

Approval of Asset Purchase Agreement

RESOLVED: That the form, terms and provisions of the Asset Purchase Agreement, in substantially the form attached hereto as Exhibit A, and the transactions contemplated thereby be, and they hereby are, declared in the best interest of the Corporation and in the furtherance of its corporate purpose and are approved in all respects.

RESOLVED: That the President and CEO, Treasurer and Secretary of the Corporation (collectively, the "Authorized Officers") hereby are, and each of them acting singly is, hereby authorized and empowered to execute and deliver the Asset Purchase Agreement, together with all of the exhibits and schedules thereto, and any other documents necessary or appropriate in connection with the Transaction, including without limitation deeds, bills of sale, transitional agreements and regulatory applications (collectively, the "Transaction Documents") in the name and on behalf of the Corporation, in such form and with such changes therein as the Authorized Officers shall determine to be necessary, appropriate or desirable, the execution and delivery by such Authorized Officers of the Transaction Documents to be conclusive evidence that the same has been approved by the Board of Trustees of the Corporation.

RESOLVED: That the Corporation hereby recommend that ECHN, in its capacity as sole corporate member, approve the transactions contemplated by the foregoing resolutions.

General Authorization

RESOLVED: That the Authorized Officers be and they hereby are, and each of them acting singly is, hereby authorized from time to time, on behalf of the Corporation, to execute, acknowledge, deliver and file any such certificates, agreements, notices, amendments, waivers, consents, indemnities and other instruments and documents, and to take such other action, as may be shown by his, her or their execution and performance thereof to be in his, her or their judgment necessary or desirable in connection with the consummation of the transactions contemplated by the Transaction Documents or any other document executed and delivered in accordance with the foregoing resolutions, or by the transactions otherwise authorized by these resolutions, the taking of any such action to be conclusive evidence that the same has been authorized by the Board of Trustees of the Corporation.

AND I DO FURTHER CERTIFY these Votes have been duly taken pursuant to the Corporation's Bylaws and filed with the corporate records as of the date first written above,

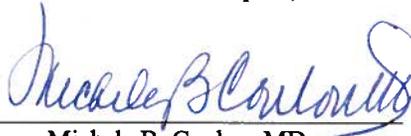
AND I DO FURTHER CERTIFY that the above resolution has not been in any way altered, amended or repealed, and is now in full force and effect.

IN WITNESS WHEREOF, I hereunto set my hand and affixed the corporate seal of said corporation this 25th day of June, 2015.

The Rockville General Hospital, Inc.

(SEAL)

By:



Michele B. Conlon, MD
Its Secretary

Attachment 2
ECHN's Tax Exempt Status

INTERNAL REVENUE SERVICE
DISTRICT DIRECTOR
G.P.O. BOX 1680
BROOKLYN, NY 11202

DEPARTMENT OF THE TREASURY

Date: MAY 09 1997

Employer Identification Number:
22-2546079
Case Number:
117080086
Contact Person:
STEVEN FONTERIAND
Contact Telephone Number:
(617) 565-7776
Date of Exemption:
July 1984
Internal Revenue Code
Section 501(c)(3)

EASTERN CONNECTICUT HEALTH NETWORK
INC
71 HAYNES ST
MANCHESTER, CT 06040-4112

Dear Applicant:

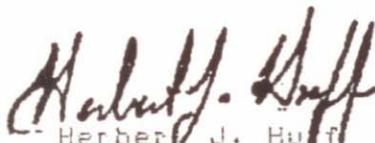
Thank you for submitting the information shown on the enclosure. We have made it a part of your file.

The changes indicated do not adversely affect your exempt status and the exemption letter issued to you continues in effect.

Please let us know about any future change in the character, purpose, method of operation, name or address of your organization. This is a requirement for retaining your exempt status.

Thank you for your cooperation.

Sincerely yours,


Herbert J. Huff
District Director

Letter 976 60070

ECTIN

Internal Revenue Service

Department of the Treasury

Washington, DC 20224

Manchester Memorial Corporation
71 Haynes Street
Manchester, CT 06040

Person to Contact:

Telephone Number:

Refer Reply to:

OP:E:EO:R:5

Date: NOV 13 1984

Employer Identification Number: 22-2546079
Key District: Brooklyn
Accounting Period Ending: September 30
Foundation Status Classification: 509(a)(3)

Dear Applicant:

Based on information supplied and assuming your operations will be as stated in your application for recognition of exemption, we have determined you are exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

We have further determined that you are not a private foundation within the meaning of Code section 509(a), because you are an organization described in the sections of the Code shown above.

If your sources of support, or your purposes, character, or method of operation change, please let your key district know so that office can consider the effect of the change on your exempt status and foundation status. Also, you should inform your key District Director of all changes in your name or address.

Unless specifically excepted, beginning January 1, 1984, you must pay taxes under the Federal Insurance Contributions Act (social security taxes) for each employee who is paid \$100 or more in a calendar year. You are not required to pay tax under the Federal Unemployment Tax Act (FUTA).

Since you are not a private foundation, you are not subject to the excise taxes under Chapter 42 of the Code. However, you are not automatically exempt from other federal excise taxes. If you have questions about excise, employment, or other federal taxes, contact your key District Director.

Donors may deduct contributions to you as provided in Code section 170. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522.

-2-

The Manchester Memorial Corporation

You are required to file Form 990, Return of Organization Exempt From Income Tax, only if your gross receipts each year are normally more than \$25,000. If a return is required, it must be filed by the 15th day of the fifth month after the end of your annual accounting period. There is a penalty of \$10 a day, up to a maximum of \$5,000, when a return is filed late, unless there is reasonable cause for the delay.

You are not required to file federal income tax returns unless you are subject to the tax on unrelated business income under Code section 511. If you are subject to this tax, you must file an income tax return on Form 990-T, Exempt Organization Business Income Tax Return. In this letter we are not determining whether any of your present or proposed activities are unrelated trade or business as defined in section 513.

Please show your employer identification number on all returns you file and in all correspondence with the Internal Revenue Service.

We are informing your key District Director of this ruling. Because this letter could help resolve any questions about your exempt status and foundation status, you should keep it in your permanent records.

In a separate ruling, we have determined the tax consequences of your participation in the restructuring of Manchester Memorial Hospital.

If you have any questions about this ruling, please contact the person whose name and telephone number are shown in the heading of this letter. For other matters, including questions concerning reporting requirements, please contact your key District Director.

Sincerely yours,

J. E. Griffith

J. E. Griffith
Chief, Exempt Organizations
Rulings Branch

Attachment 3
PMH's Board Resolution

**WRITTEN CONSENT OF THE BOARD OF
DIRECTORS OF
PROSPECT MEDICAL HOLDINGS, INC.**

The undersigned, being all of the members of the Board of Directors of Prospect Medical Holdings, Inc. (the "Corporation"), acting pursuant to the authority set forth in the Delaware General Corporation Law and granted in the Bylaws of the Corporation, hereby adopts the following resolutions by unanimous written consent:

RATIFICATION OF LETTER OF INTENT AND REGULATORY FILINGS AND APPROVALS

WHEREAS, Eastern Connecticut Health Network, Inc. ("ECHN") is the owner of The Manchester Memorial Hospital and the Rockville General Hospital and related healthcare assets in eastern Connecticut;

WHEREAS, Prospect Medical Holdings, Inc. (the "Corporation") desires to acquire substantially all the assets of ECHN (collectively, the "Transaction") and the proposed Transaction has been discussed with the Board previously;

WHEREAS, in connection with the Transaction the Corporation entered into a letter of intent with ECHN on June 25, 2015, which letter of intent was amended on October 13, 2015 (collectively, the "LOI"); and

WHEREAS, the LOI provides that ECHN and the Corporation will each use its commercially reasonable efforts to obtain all government approvals necessary to approve and consummate the proposed Transaction including, without limitation, filing a Conversion Application/Certificate of Need and related documents with the Attorney General of the State of Connecticut and the Commissioner of Public Health of the State of Connecticut (collectively, the "Filings and Approvals"); and

WHEREAS, the undersigned directors have determined that it is the best interest of the Corporation to continue to pursue the proposed Transaction and desire to ratify the execution of the LOI and the Filings and Approvals made to date and desire to authorize further Filings and Approvals and pursuit of the proposed Transaction;

NOW, THEREFORE, BE IT

RESOLVED, that the execution of the LOI and all prior Filings and Approvals related to the proposed Transaction, are hereby approved, ratified and confirmed in all respects as fully as if such actions had been presented to the Board of Directors for its approval prior to such actions being taken; and

RESOLVED FURTHER, that the Corporation may continue to pursue the proposed Transaction as contemplated by the LOI, including without limitation, making and seeking additional Filings and Approvals with the Attorney General of the State of Connecticut and the Commissioner of Public Health of the State of Connecticut in connection with the proposed Transaction, and that any officer of the Corporation (the "Authorized Officers") be, and each of them acting alone hereby is, authorized, empowered and directed, in the name and on behalf of the Corporation, to pursue such Filings and Approvals, with such changes therein and additions or amendments thereto as such Authorized Officer may approve; and

General Authorization

RESOLVED FURTHER, that the Authorized Officers be, and each of them acting alone hereby is, authorized, empowered and directed, in the name of and on behalf of the Corporation, to execute, deliver and perform any and all other agreements, certificates, instruments or other documents required to be entered into or contemplated by the foregoing resolutions, including any officers' certificates, and to do or cause to be done any and all further acts and things which any such Authorized Officer may deem necessary, advisable or appropriate in connection with the execution, delivery and performance of the LOI and the Filings and Approvals; and

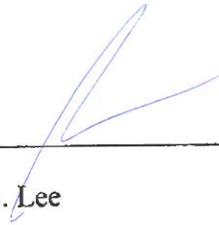
RESOLVED FURTHER, that the consummation of the transactions contemplated in the LOI and the Filings and Approvals, and the execution and delivery by an Authorized Officer of any document, agreement, certificate or instrument or the doing by an Authorized Officer of any act in connection with the foregoing shall conclusively establish his authority to do so on behalf of the Corporation; and

RESOLVED FURTHER, that any and all actions heretofore taken by an Authorized Officer in connection with the matters contemplated by the foregoing resolutions be, and they hereby are, approved, ratified and confirmed in all respects as fully as if such actions had been presented to the Board of Directors for its approval prior to such actions being taken.

The undersigned, being all of the directors of the Corporation, do hereby acknowledge that they have read the foregoing resolutions and the undersigned do hereby approve, confirm, ratify, authorize and adopt this Written Consent and do hereby instruct and empower the Secretary of the Corporation, or any other officer of a Corporation, to attest to and to certify to this Written Consent and its correctness.

IN WITNESS WHEREOF, the undersigned directors have executed this Written Consent of the Board of Directors of the Corporation, effective as of January 28, 2016.

DIRECTORS:



Samuel S. Lee

John Baumer



Jeerreddi A. Prasad, M.D.

Michael S. Solomon

Alyse Wagner

IN WITNESS WHEREOF, the undersigned directors have executed this Written Consent of the Board of Directors of the Corporation, effective as of January __, 2016.

DIRECTORS:

Samuel S. Lee



John Baumer

Jeerreddi A. Prasad, M.D.



Michael S. Solomon



Alyse Wagner

Greer, Leslie

From: Carney, Brian
Sent: Friday, March 18, 2016 10:48 AM
To: dmccconville@echn.org
Cc: Riggott, Kaila; Fernandes, David; Greer, Leslie
Subject: 16-32058-CON and 16-32059-CON Deemed Complete as of 3/18/16
Attachments: 16-32058-con.pdf; 16-32059-con.pdf

Mr. McConville,

Please see attached letters deeming complete the above referenced applications. I would appreciate it if you could reply to confirm receipt of this email.

Sincerely,
Brian A. Carney

Brian A. Carney, MBA

Associate Research Analyst
Office of Health Care Access
CT Department of Public Health
410 Capitol Avenue, MS #13HCA
P.O. Box 340308
Hartford, CT 06134-0308

Phone: (860) 418-7014
Fax: (860) 418 7053
Email: brian.carney@ct.gov
Web: www.ct.gov/ohca



STATE OF CONNECTICUT
DEPARTMENT OF PUBLIC HEALTH



Raul Pino, M.D., M.P.H.
Commissioner

Dannel P. Malloy
Governor
Nancy Wyman
Lt. Governor

Office of Health Care Access

March 18, 2016

Via Email Only

dmconville@echh.org

Mr. Dennis McConville
Senior Vice President and Chief Strategy Officer
Eastern Connecticut Health Network
71 Haynes St.
Manchester, CT 06040

RE: Certificate of Need Application; Docket Number: 16-32059-CON
Transfer of Ownership Interests of Tolland Imaging Center, LLC from Eastern Connecticut Health Network, Inc. and Johnson Memorial Medical Center, Inc. to Prospect Medical Holdings, Inc. and Trinity Health New England, Inc.

Dear Mr. McConville:

This letter is to inform you that, pursuant to Section 19a-639a (d) of the Connecticut General Statutes, the Office of Health Care Access has deemed the above-referenced application complete as of March 18, 2016.

If you have any questions concerning this letter, please feel free to contact Kaila Riggott, Brian Carney or me at (860) 418-7001.

Sincerely,

A handwritten signature in blue ink that reads "David Fernandes".

David Fernandes
Planning Analyst (CCT)



Phone: (860) 509-8000 • Fax: (860) 509-7184 • VP: (860) 899-1611
410 Capitol Avenue, P.O. Box 340308
Hartford, Connecticut 06134-0308
www.ct.gov/dph

Affirmative Action/Equal Opportunity Employer

Greer, Leslie

From: Mcconville, Dennis P <dmconville@echn.org>
Sent: Friday, March 18, 2016 10:50 AM
To: Carney, Brian
Cc: Riggott, Kaila; Fernandes, David; Greer, Leslie
Subject: RE: 16-32058-CON and 16-32059-CON Deemed Complete as of 3/18/16

Thank you Brian,

Have a good weekend,

Dennis

Dennis P. McConville
Senior Vice President, Chief Strategy Officer
Eastern Connecticut Health Network, Inc.
(860) 533-3429 (office)
(860) 268-4591 (cell)
(860) 647-6860 (fax)
dmconville@echn.org



From: Carney, Brian [<mailto:Brian.Carney@ct.gov>]
Sent: Friday, March 18, 2016 10:48 AM
To: Mcconville, Dennis P
Cc: Riggott, Kaila; Fernandes, David; Greer, Leslie
Subject: 16-32058-CON and 16-32059-CON Deemed Complete as of 3/18/16

Mr. McConville,

Please see attached letters deeming complete the above referenced applications. I would appreciate it if you could reply to confirm receipt of this email.

Sincerely,
Brian A. Carney

Brian A. Carney, MBA
Associate Research Analyst
Office of Health Care Access
CT Department of Public Health
410 Capitol Avenue, MS #13HCA
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