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195 Church Street
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July 14, 2016

VIA HAND DELIVERY

Kimberly R. Martone, Director of Operations
Department of Public Health - Office of Healthcare Access
410 Capitol Avenue
MS# 13HCA
Hartford, CT 06134

RECEIVED
JUL 14 2016
Office of
HEALTHCARE ACCESS

Re: Greater Waterbury Health Network, Inc.
Prospect Medical Holdings, Inc.
Certificate of Need Application – Cardiology Associates of Greater Waterbury, LLC

Dear Ms. Martone:

I enclose for filing an original and four (4) copies of Greater Waterbury Health Network, Inc.'s Certificate of Need Application for authorization to cause the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc. Also enclosed is a disc containing the entire submission and a check for the $500 filing fee.

Please feel free to contact me with any questions. Thank you for your attention to this matter.

Very truly yours,

David S. Hardy

DSH/cf
Enc.

cc: Michele Volpe, Esq., Counsel for Prospect Medical Holdings, Inc.

{N5251333}

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.: 16-32105 **Check No.:** 243860
OHCA Verified by: SKD **Date:** 7/14/16

{N5249848}

TABLE OF CONTENTS

Main CON Application	CAGW 003
Attachments/Worksheet	CAGW 029
Supplemental CON Application	CAGW 191
Proof of Newspaper Publication	CAGW 197
Copy of Filing Fee Check	CAGW 204

{N5251313}

General Information

Name of Applicant:	Name of Co-Applicant:
Cardiology Associates of Greater Waterbury, LLC	Prospect Medical Holdings, Inc.

Connecticut Statute Reference:

C.G.S. Section 19a-638(a)(3)

Main Site				
MAIN SITE	MEDICAID PROVIDER ID	TYPE OF FACILITY	MAIN SITE NAME	
Waterbury	004143955	Physician Group	Cardiology Associates of Greater Waterbury, LLC	
STREET & NUMBER				
455 Chase Parkway				
TOWN			ZIP CODE	
Waterbury, CT			06708	

Operator			
OPERATING CERTIFICATE NUMBER	TYPE OF FACILITY	LEGAL ENTITY THAT WILL OPERATE OF THE FACILITY (or proposed operator)	
		Prospect Medical Holdings, Inc. or an affiliate or subsidiary thereof.	
STREET & NUMBER			
3415 South Sepulveda Boulevard, 9th Floor			
TOWN		ZIP CODE	
Los Angeles, CA		90034	

Chief Executive				
NAME		TITLE		
Sam Lee		President/CEO		
STREET & NUMBER				
3415 South Sepulveda Boulevard, 9th Floor				
TOWN			STATE	ZIP CODE
Los Angeles			CA	90034
TELEPHONE	FAX	E-MAIL ADDRESS		
310-696-4747	714-560-7320	sam.lee@prospectmedical.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 ☒ NO ☐	ATTACHMENT 1

{N5249848}

Does the Applicant have non-profit status? If yes, attach documentation.	YES ☐ NO ☒	
Identify the Applicant's ownership type.	PC ☐ LLC ☒ Corporation ☐	Other:
Applicant's Fiscal Year (mm/dd)	Start 10/01 End 09/30	

Contact:

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

Contact Information			
NAME		TITLE	
Darlene Stromstad		President/CEO	
STREET & NUMBER			
64 Robbins Street			
TOWN	STATE	ZIP CODE	
Waterbury	CT	06708	
TELEPHONE	FAX	E-MAIL ADDRESS	
203-573-7101	203-573-6161	dstromstad@wtbyhosp.org	
RELATIONSHIP TO APPLICANT	President/CEO		

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			

{N5249848}

Affidavit

Applicant: Cardiology Associates of Greater Waterbury, LLC

Project Title: Authorization for Greater Waterbury Health Network, Inc. to cause the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.

I, Darlene Stromstad (Name), President/CEO (Position – CEO or CFO)

of Greater Waterbury Health Network, Inc. being duly sworn, depose and state that Cardiology Associates of Greater Waterbury, LLC 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 7/12/16 Date

Subscribed and sworn to before me on 7/12/16

Jan Balzarini

Notary Public/Commissioner of Superior Court

My commission expires: 7-31-16

Affidavit

Applicant: Cardiology Associates of Greater Waterbury, LLC
Project Title: Authorization for Greater Waterbury Health Network, Inc. to cause the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.

I, Sam Lee, CEO
(Name) (Position – CEO or CFO)

of Prospect Medical Holdings, Inc. being duly sworn, depose and state that the Cardiology Associates of Greater Waterbury, LLC 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 7/13/16
Date

Subscribed and sworn to before me on 13th of July 2016

Patricia A. Bradley

Notary Public/Commissioner of Superior Court

My commission expires: 2-24-19

COMMONWEALTH OF PENNSYLVANIA
NOTARIAL SEAL
PATRICIA A. BRADLEY, Notary Public
Springfield Twp., Delaware County
My Commission Expires February 24, 2019

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.

Cardiology Associates of Greater Waterbury, LLC ("CAGW") is requesting Certificate of Need ("CON") authorization for Greater Waterbury Health Network, Inc. to cause the transfer of the assets and liabilities of CAGW to Prospect Medical Holdings, Inc. ("PMH" or "Prospect") or an affiliate or subsidiary of PMH (each such affiliate or subsidiary, a "A Prospect Entity").

Key Elements of the Proposal

CAGW is a Connecticut limited liability company, whose sole member is The Waterbury Hospital. The sole member of The Waterbury Hospital is Greater Waterbury Health Network, Inc. ("GWHN").

CAGW is an outpatient provider of cardiology services consisting of seven (7) physicians and a physician-assistant formed in 2011. Additionally, five (5) contracted physicians provide services on a part time basis. CAGW currently serves approximately 20,000 patients in the Greater Waterbury area.

GWHN and PMH submitted to the Attorney General and the Commissioner of the Department of Public Health an application for approval of a proposed asset purchase by Prospect under OHCA Docket Number 15-32017-486 and AG Docket Number 15-486-02 (the "Conversion Application"). That proposed transaction involves the acquisition of substantially all of the assets of GWHN by a subsidiary of Prospect (the "Transaction").

GWHN and Prospect plan to transfer substantially all of the assets and liabilities of CAGW to a Prospect Entity.

It is not anticipated that any CAGW services will be changed as a result of this proposal. The services currently provided by CAGW will be carried on by a Prospect Entity.

The proposal is financially feasible, and a necessary and integral component of the Transaction as set forth in the Conversion Application.

The transfer of the assets and liabilities of CAGW to a Prospect Entity is contingent upon, and expected to be consummated simultaneously with the closing of the Transaction, pending approval of CON 15-32017-486.

The terms defined in this Executive Summary shall be used throughout this Application.

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:

GWHN and PMH submitted to the Attorney General and the Commissioner of the Department of Public Health an application for approval of a proposed asset purchase under OHCA Docket Number 15-32017-486 and AG Docket Number 15-486-02. That proposed transaction involves the acquisition of substantially all of the assets of GWHN by a subsidiary of Prospect for a cash payment of $45 million and a commitment to expend no less than $55 million on capital items and the development and improvement of services in the greater Waterbury community.

GWHN is the sole member of The Waterbury Hospital (the "Hospital"). The Hospital is the sole member of CAGW. CAGW is an outpatient and hospitalist provider of cardiology services consisting of seven (7) physicians and a physician-assistant located in Waterbury. Additionally, five (5) contracted physicians provide services on a part time basis. It serves patients in the towns of, among others, Beacon Falls, Bethlehem, Cheshire, Middlebury, Morris, Naugatuck, Oakville, Oxford, Plantsville, Plymouth, Prospect, Seymour, Southbury, Southington, Terryville, Thomaston, Torrington, Waterbury, Watertown, Wolcott, and Woodbury.

GWHN and Prospect plan to transfer the assets and liabilities of CAGW to a Prospect Entity.

CAGW provides services under the licenses of its employed physicians. After the closing of the Transaction, the physicians currently employed by CAGW will continue to offer the same services through a Prospect Entity to the same communities that have historically been served by CAGW. CAGW does not anticipate any changes to the patient or payer's population to be served by CAGW physicians or an adverse impact on the communities' access to the services provided by CAGW physicians.

For PMH, approval of this proposal will enable it to include CAGW physicians as providers. This benefits Prospect by permitting it to provide services across the care continuum, either directly or through its wholly owned entities or through ownership interest in joint ventures with other community providers.

In addition to the above benefits, by transferring the assets and liabilities of CAGW to Prospect Entity, the value will be included in the overall purchase price of GWHN. Approval of this proposal will support GWHN's attainment of the negotiated purchase price, which is in the best interest of the communities served by GWHN.

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:

GWHN has been in the process of evaluating and pursuing affiliation options over the past several years and has maintained regular communication with its related entities, including CAGW, during these various affiliation processes. Informal discussions with CAGW concerning the transfer of CAGW's assets and liabilities to a Prospect Entity shortly after GWHN and Prospect entered into the letter of intent outlining the Transaction.

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 CAGW, its physical location, the population served and the existing hours of operation.

It is anticipated that no clinical services offered by CAGW will be added, modified or terminated as a result of transferring CAGW's assets and liabilities to a Prospect Entity.

   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 service area towns. These service area towns have been included because they reflect the addresses of patients served by CAGW during the recent years.

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

Response:

As a physician practice, CAGW does not need or have its own license. CAGW's physicians will continue to operate under their existing individual licenses following the transfer of CAGW's assets and liabilities to a Prospect Entity. No additional health care 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.

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 CAGW personnel related to the proposal include:

Janet Kennedy, Executive Director
John Santa Maria, Director of Human Resources and Finance
Tammie Kennedy, Director of Operations
Mark Holtz, President
Mark Louis Ruggiero, MD., Treasurer
Ehsan Ansari, MD
Henry Borkowski, Jr., MD
Dennis Dobkin, MD
Stephen C. Widman, MD
Raghuraman R. Vidhun, MD
Joseph P. Morley, MD
Michele Colwell, PA-C

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 Prospect Entity that will serve as CAGW's successor is not proposing to establish any new services as a result of the transfer of CAGW's assets and liabilities.

d. **letters of support for the proposal;**

Response:

Not applicable. Letters of support for PMH to acquire the assets of GWHN will be submitted under the CON application pending in OHCA Docket Number 15-32017-486 and AG Docket Number 15-486-02.

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. No change in services or service delivery is expected as a result of the transfer of CAGW's assets and liabilities to a Prospect Entity. It is not anticipated that the transfer will the day to day operations of CAGW's physicians and therefore no protocols or Standard of Practice Guidelines 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 Attachment 2 for a copy of the proposed Asset Purchase Agreement between GWHN and Prospect. Per the terms agreed upon in the Asset Purchase Agreement, PMH will purchase substantially all of the assets of GWHN, including properties, assets and businesses of, or ownership interests of, GWHN affiliates and joint ventures, including, but not limited to, CAGW's assets and liabilities. GWHN and Prospect 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 proposed Asset Purchase Agreement will be promptly executed following receipt of such approval.

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:

Connecticut General Statutes § 19a-637 states in part 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 care services and improve the availability and financial stability of health care services through the state."

It is not anticipated that the proposed transfer of CAGW's assets and liabilities to Prospect will have any impact on the services provided to the greater Waterbury community or that the cost of services will change as a result of the project, or that the transfer will result in the duplication of any health care services. The proposed transfer will, however, ensure continuity of care by supporting the financial viability of healthcare providers in Waterbury.

It is expected that overall healthcare costs will be reduced and quality of care enhanced through implementation of Prospect's Coordinated-Regional Care model ("CRC").

Prospect aligns its hospitals and physicians under CRC which provides for clinical integration among hospitals, physicians and other medical, social and community providers working closely with strategic partner health plans and other payers under a value-based, global risk reimbursement payment system to achieve the triple aim of improved patient care and experience, better patient health, and lower costs. This model has been highly successful in aligning physicians with Prospect hospitals and improving quality, efficiency and financial performance in California, and local versions of the model have been implemented in Texas and Rhode Island with similar success. Through Prospect's CRC model, Prospect works closely with hospitals and affiliated medical groups for the benefit of every person who comes to them for care, building comprehensive networks of quality healthcare services that are designed to offer patients highly coordinated, personalized care and help them live healthier lives. Through collaboration, Prospect strives to provide every patient with the quality, affordable healthcare they need and deserve.

The CRC model allows Prospect to respond to the rapid changes in reimbursement and care delivery by operating its hospitals efficiently, aligning physician interests with the efficient and effective delivery of healthcare, and offering a full continuum of non-acute services in the hospitals' service areas. The goal is to ensure that patients receive the right care, at the right time, in the right setting, while avoiding unnecessary, inefficient and duplicative services and reducing medical errors.

> § *"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:

The Connecticut Department of Public Health Statewide Health Care Facilities and Services 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 of CAGW's assets and liabilities to a Prospect Entity will permit the continuance of existing healthcare services in the greater Waterbury community. There is no plan to add, modify or decrease services.

> *§ "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:

   CAGW provides outpatient cardiology services to patients in the greater Waterbury region.

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

   Response:

   CAGW is an existing provider of outpatient cardiology services; the target population is currently being served by CAGW. No change in services or service delivery is expected as a result of the transfer of CAGW's assets and liabilities to a Prospect Entity. The transfer will in no way impact the services provided by CAGW physicians so the target population will continue to be served by the same physicians.

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

   Response:

   The need for the cardiology services provided by CAGW is evidenced by its utilization by approximately 20,000 patients in the Greater Waterbury area.

   Post-closing, Prospect will reevaluate the healthcare needs of the community with input from

the Local Board as part of its overall planning process and expects to prioritize capital projects and service improvements, including specialty-specific provider recruitment, based on any identified hospital and community needs. The goal will be to establish priorities based on maintaining or providing access to needed specialties and services that allow for the optimum care and coordination of care within and across the community. Pending the completion of this process, the existing CAGW practice will continue to provide the same services throughout the service area following the transfer of its assets to Prospect.

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

Response:

The existing location of CAGW is determined by the patient needs of the community that it currently serves. No change in services or service delivery is expected as a result of the transfer of CAGW's assets and liabilities to a Prospect Entity, and that entity will continue to provide its services at its existing location.

Post-closing, Prospect will reevaluate the healthcare needs of the community with input from the Local Board as part of its overall planning process and expects to prioritize capital projects and service improvements, including specialty-specific provider recruitment, based on any identified hospital and community needs. Specific plans to address the priority needs in CAGW's service area will be developed post-closing once the priority needs have been confirmed or identified.

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

Response:

CAGW experienced approximately 56,000 patient encounters during its last fiscal year. It is anticipated that no services offered by CAGW will be added, modified or terminated as a result of transferring CAGW's assets and liabilities to a Prospect Entity.

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 CAGW's outpatient services is a benefit to underserved groups in the greater Waterbury area, including low income individuals, racial and ethnic minorities and disabled persons. Nearly 12.5% of patients treated by CAGW are Medicaid patients, and availability of CAGW's services reduces potential financial and geographic barriers often experienced by this segment of the patient population. No changes in access for this patient population are anticipated as a result of this proposal as the transfer of ownership will not impact the services currently delivered by CAGW physicians.

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

Response:

Not applicable. There are no anticipated changes to the clinical services currently offered by CAGW physicians as a result of this proposal.

h. explain how access to care will be affected;

Response:

It is anticipated that access to outpatient cardiology services in the greater Waterbury area will remain the same after the Transaction is consummated. The services provided and the availability of those services will not be affected by this proposal.

i. discuss any alternative proposals that were considered.

Response:

The proposed transfer of CAGW's assets and liabilities to a Prospect Entity is an integral component of the broader GWHN-Prospect Transaction. As such, no alternative proposals related to this transfer were considered. The proposed transfer is contingent upon the closing of the Transaction and is not intended to be consummated unless and until the Transaction 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;**

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

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

Response:

Authorization for GWHN to cause the transfer of CAGW's assets and liabilities to a Prospect Entity will have no impact on the services that its physicians offer. It is anticipated that CAGW physicians will continue to offer the same level of care to the same communities they have historically served. As a result, this proposal will maintain the improvements to health care quality and accessibility that were attained with CAGW's establishment on March 1, 2011. As stated in response to Question 15, the Transaction will support the financial strength of the state's health care systems.

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:

The coordination of care between among GWHN entities, including CAGW, is already well established. The transfer of CAGW's assets and liabilities to a Prospect Entity will maintain this collaborative relationship after Prospect's acquisition of GWHN assets. Prospect's experience in developing and implementing its CRC model will provide additional opportunity to improve the coordination of patient care. CRC provides for clinical integration among hospitals, physicians and other medical, social and community providers working closely with strategic partner health plans and other payers under a value-based, global risk reimbursement payment system to achieve the triple aim of patient care and experience, better patient health, and lower costs. This model has been highly successful in aligning physicians with PMH hospitals and improving quality, efficiency and financial performance in California, and local versions of the model have been implemented in Texas and Rhode Island with similar success. Through Prospect's CRC model, Prospect works closely with hospitals and affiliated medical groups for the benefit of every person who comes to them for care, building comprehensive networks of quality healthcare services that are designed to offer patients highly coordinated, personalized care and help them live healthier lives. Through collaboration, Prospect strives to provide every patient with the quality, affordable healthcare they need and deserve.

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

Response:

Nearly 12.5% of patients treated by CAGW are Medicaid patients, and availability of CAGW's services reduces potential financial and geographic barriers often experienced by this segment of the patient population. The Applicants do not anticipate any changes to the patient or payer populations currently served by CAGW physicians or any adverse impact on access to services

currently provided by CAGW physicians by Medicaid recipients or indigent persons as a result of this proposal.

12. Provide a copy of the Applicant's charity care policy and sliding fee scale applicable to the proposal.

Response:

A copy of the charity care policy and sliding fee scale applicable to the proposal has been provided as Attachment 3.

> *§ "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.

Response:

Not applicable. 12.5% of patients currently receiving services from CAGW physicians and physician assistants are Medicaid recipients. As discussed in response to Question 11 above, the Applicant does not anticipate any changes to the patient or payer populations currently served by CAGW providers or any adverse impact on access to services 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))*

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.

Response:

The transfer of the assets and liabilities of CAGW to a Prospect Entity will not affect patient health care costs in any way. It is anticipated that no services will be added, modified or terminated, and no changes in the price structure are planned in connection with the proposed transfer to a Prospect Entity.

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.

Response:

The financial status of GWHN is detailed in the Conversion Application and reflects the financial desirability and importance of this proposal for both the state's health care system and the greater Waterbury community.

16. Provide a final version of all capital expenditure/costs for the proposal using OHCA Table 3.

Response:

Not applicable. There are no specific capital expenditures associated with this proposal other than the overall capital commitment detailed in Conversion Application.

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.

Response:

As discussed in the Conversion Application, Prospect will use cash to pay the purchase price in the Transaction. Details such as interest rate, term, and monthly payment amounts do not apply to either the purchase of GWHN or Prospect's acquisition of CAGW's assets and liabilities.

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.

Response:

CAGW's financial results are subsumed within the consolidated financial statements of the Waterbury Hospital and its subsidiaries. The last set of such consolidated financial statements have been provided as Attachment 4. Financial Worksheet C has been provided as Attachment 5.

19. Complete OHCA Table 4 utilizing the information reported in the attached Financial Worksheet.

Response:

OHCA Table 4 has been provided.

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

Response:

General Assumptions

- The proposed asset purchase of GWHN by Prospect (OHCA Docket Number 15-32017-486 and AG Docket Number 15-486-02) will be approved by OHCA and the Attorney General and consummated by the parties.
- All assumptions related to this application will utilize October 1, 2016 as the commencement date of the proposal.
- Revenues, patient volume statistics and full-time equivalents will re nain stable following the proposed asset purchase. Expenses will increase.

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

Response:

Not applicable. There is no incremental impact on revenues, expenses or volumes anticipated as a result of this proposal.

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

Response:

Not applicable. As noted in response to Question 21 above, there is no incremental impact on revenues, expenses or volumes anticipated as a result of GWHN causing the transfer to Prospect.

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.**

Response:

Please see **OHCA Table 5** and **OHCA Table 6** for the historic and projected utilization by service for CAGW.

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.**

Response:

As presented in response to Question 20 above, it is assumed that operations will remain stable and will not be impacted by the Transaction between GWHN and Prospect.

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))*

Response:

The current and projected patient population mix for CAGW has been provided in **OHCA Table 7**. The population mix observed in FY 2015 will remain constant through FY 2019 with or without the proposal.

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.

Response:

Please refer to Question 8e above for utilization volume demonstrating the need for the services currently provided by CAGW. It is anticipated that no services will be added to those currently offered by CAGW physicians and no services currently provided by CAGW will be modified or terminated as a result of transferring CAGW's assets and liabilities to Prospect.

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.**

Response:

Please see **OHCA Table 8**.

> *§ "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.**

Response:

Not applicable. The Applicant is not proposing to provide new or duplicative services, and the existing need for the services of CAGW physicians is demonstrated by the patient encounter data provided herein.

29. **Describe the effect of the proposal on these existing providers.**

Response:

The Applicant does not expect any impact on existing providers as a result of implementing this proposal.

30. **Describe the existing referral patterns in the area served by the proposal.**

Response:

Referral patterns are well established. CAGW physicians receive referrals from Alliance Medical Group, the medical foundation through which The Waterbury Hospital employs its physicians, as well as other physicians in the community. CAGW physicians refer patients to The Waterbury Hospital and Saint Mary's Hospital and other providers in the area.

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

Response:

The Applicant does not expect any impact on the current referral pattems as a result of this proposal insofar as the identity of CAGW physicians will generally remain the same.

> § *"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.**

Response:

Approval of the proposal will not result in unnecessary duplication of services because it is not anticipated that any services will be added.

> § *"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.**

Response:

The proposed transfer of CAGW's assets and liabilities to Prospect will have no impact on the diversity of health care providers and patient choice in the geographic region. It is anticipated that same physicians will provide medical services before and after the closing.

Tables

TABLE 1
APPLICANT'S SERVICES AND SERVICE LOCATIONS

Service	Street Address, Town	Population Served	Days/Hours of Operation	New Service or Proposed Termination
Outpatient Cardiology Services	455 Chase Parkway Waterbury, CT 06708	Greater Waterbury	Monday through Friday, 8 a.m. to 5 p.m.	N/A
Hospitalist Cardiology Services	Waterbury Hospital Saint Mary's Hospital	Greater Waterbury	As needed	N/A

[back to question]

TABLE 2
SERVICE AREA TOWNS

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

Town*	Reason for Inclusion
Beacon Falls	Existing Patient Data
Bethlehem	Existing Patient Data
Cheshire	Existing Patient Data
Middlebury	Existing Patient Data
Morris	Existing Patient Data
Naugatuck	Existing Patient Data
Oakville	Existing Patient Data
Oxford	Existing Patient Data
Plantsville	Existing Patient Data
Plymouth	Existing Patient Data
Prospect	Existing Patient Data
Seymour	Existing Patient Data
Southbury	Existing Patient Data
Southington	Existing Patient Data
Terryville	Existing Patient Data
Thomaston	Existing Patient Data
Torrington	Existing Patient Data
Waterbury	Existing Patient Data
Watertown	Existing Patient Data
Wolcott	Existing Patient Data
Woodbury	Existing Patient Data

* Village or place names are not acceptable.

[back to question]

TABLE 3
TOTAL PROPOSAL CAPITAL EXPENDITURE

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

[back to question]

TABLE 4
PROJECTED INCREMENTAL REVENUES AND EXPENSES

	FY 2016	FY 2017	FY 2018
Revenue from Operations	$7,400,076	$7,539,011	$7,539,011
Total Operating Expenses	$7,400,076	$7,539,011	$7,539,011
Gain/Loss from Operations	$0	$0	$0

* 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* (5 months actual)
	FY 2013***	FY 2014***	FY 2015***	FY 2016***
Cardiology ED	503	487	527	232
Cardiology Inpatient	11,258	10,668	9,980	4,384
Cardiology Office	43,874	44,637	45,714	16,826
Total	55,635	55,792	56,221	21,442

* 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 2016	FY 2017	FY 2018
Cardiology ED	500	500	500
Cardiology Inpatient	10,000	10,000	10,000
Cardiology Office	45,500	45,500	45,500
Total	56,000	56,000	56,000

* 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 FY 2016**		Projected					
			FY 2017**		FY 2018**		FY 2019**	
	Discharges	%	Discharges	%	Discharges	%	Discharges	%
Medicare*		49%		49%		48%		47%
Medicaid*		13%		15%		16%		18%
CHAMPUS & TriCare		<1%		1%		1%		1%
Total Government		**62%**		**65%**		**65%**		**66%**
Commercial Insurers		35%		29%		27%		24%
Uninsured		3%		5%		7%		9%
Workers Compensation		<1%		1%		1%		1%
Total Non-Government		**38%**		**35%**		**35%**		**35%**
Total Payer Mix		**100%**		**100%**		**100%**		**100%**

* 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 2015
All Towns Identified in Table 2	56,221 patient encounters

* 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
N/A	N/A	N/A	N/A	N/A	N/A

* 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]

ATTACHMENT 1

{N5250103}

[Corporate resolution to be provided]

{N5250103}

ATTACHMENT 2

{N5250103}

ASSET PURCHASE AGREEMENT

by and between

GREATER WATERBURY HEALTH NETWORK, INC.

SELLER

and

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

BUYER

Dated as of [●], 2015

TABLE OF CONTENTS

Page

1. DEFINITIONS AND REFERENCES 1
   1.01. Definitions. 1
   1.02. Certain References. 13

2. SALE OF ASSETS AND RELATED MATTERS 14
   2.01. Sale of Assets. 14
   2.02. Excluded Assets. 16
   2.03. Assumed Liabilities. 18
   2.04. Excluded Liabilities. 19
   2.05. Purchase Price; Purchase Price Adjustment 21
   2.06. Prorations. 24
   2.07. Disclaimer of Warranties. 24

3. REPRESENTATIONS OF SELLER 25
   3.01. Organization and Qualification. 25
   3.02. Corporate Powers; Absence of Conflicts, Etc. 25
   3.03. Binding Agreement 25
   3.04. Wholly Owned Subsidiaries and Third Party Rights 26
   3.05. Legal and Regulatory Compliance. 26
   3.06. Financial Statements. 27
   3.07. Recent Activities 27
   3.08. Accounts Receivable; Inventory 28
   3.09. Equipment. 29
   3.10. Title. 29
   3.11. Real Property. 29
   3.12. Environmental Laws. 31
   3.13. Intellectual Property; Information Systems. 32
   3.14. Insurance. 32
   3.15. Permits. 33
   3.16. Government Payment Programs; Accreditation; Payor Cost Reports. 33
   3.17. Agreements and Commitments. 34
   3.18. The Assumed Contracts. 35
   3.19. Transactions with Affiliates. 35
   3.20. Employees and Employee Relations. 36
   3.21. Employee Benefit Plans. 38
   3.22. Proceedings and Legal Claims. 42
   3.23. Taxes. 42
   3.24. Medical Staff; Physician Relations 43
   3.25. Restricted Assets 43
   3.26. Brokers and Finders. 43
   3.27. Payments. 44
   3.28. Joint Ventures. 44
   3.29. Quality and Condition of Assets 45

3.30. Experimental Procedures. 46
3.31. Full Disclosures. 46

4. REPRESENTATIONS OF BUYER 46
4.01. Organization. 46
4.02. Power and Authority; Due Authorization. 46
4.03. Consents; Absence of Conflicts, Etc. 47
4.04. Due Execution; Binding Agreement. 48
4.05. Proceedings. 48
4.06. Availability of Funds. 48

5. PRE-CLOSING COVENANTS OF THE PARTIES 48
5.01. Operations. 48
5.02. Negative Covenants. 49
5.03. Employee Matters. 50
5.04. Access to and Provision of Additional Information. 51
5.05. Governmental Approvals. 52
5.06. Connecticut Transfer Act. 54
5.07. No-Shop Clause. 54
5.08. Casualty. 55
5.09. Consents to Assignment. 55
5.10. Insurance Ratings. 56
5.11. Efforts to Close. 56
5.12. Release of Encumbrances. 56
5.13. [Intentionally Omitted.] 56
5.14. Medical Staff Disclosure. 56
5.15. Satisfaction of Bond Obligations. 56
5.16. New and Existing Collective Bargaining Agreement. 57
5.17. Title Commitment. 58
5.18. Surveys. 58
5.19. Conversion of Non-Profit JVs. 59

6. ADDITIONAL COVENANTS 59
6.01. Post-Closing Maintenance of and Access to Information. 59
6.02. Use of Controlled Substance Permits. 60
6.03. Noncompetition. 60
6.04. Allocation of Purchase Price; Cooperation on Tax Matters. 61
6.05. Further Assurances. 62
6.06. Seller's Cost Reports. 62
6.07. Continuation of Hospitals and Post-Care Continuum. 63
6.08. Sale of Hospital within Three Years. 63
6.09. Charity Care and Community Obligations. 63
6.10. Capital Commitment. 63
6.11. Confidentiality; Public Announcements. 64
6.12. Local Board. 64
6.13. Misdirected Payments, etc.. 65
6.14. Medical Staff Matters. 65

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER 65
7.01. Representations; Warranties. 65
7.02. Governmental Matters. 66
7.03. Actions; Proceedings. 66
7.04. Insolvency. 66
7.05. Closing Documents. 66

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER 66
8.01. Representations; Warranties. 66
8.02. Pre-Closing Confirmations. 66
8.03. Actions; Proceedings. 67
8.04. Adverse Change. 67
8.05. Insolvency. 67
8.06. Consents to Assignments. 67
8.07. Vesting; Recordation. 67
8.08. Due Diligence Investigation. 68
8.09. Title Insurance Policies and Surveys. 68
8.10. Loan Agreement. 68
8.11. Waterbury Hospital Cash Balance Retirement Plan. 68
8.12. Closing Documents. 68
8.13. Negative Amount. 68

9. CLOSING; TERMINATION OF AGREEMENT 68
9.01. Closing. 68
9.02. Action of Seller at Closing. 69
9.03. Action of Buyer at Closing. 70
9.04. Termination Prior to Closing. 71

10. INDEMNIFICATION 72
10.01. Indemnification by Seller. 72
10.02. Seller's Limitations. 73
10.03. Indemnification by Buyer. 73
10.04. Buyer's Limitations. 73
10.05. Notice and Procedure. 74
10.06. Survival of Representations and Warranties; Indemnity Periods. 77
10.07. Mitigation. 77
10.08. Calculation of Losses. 78
10.09. Seller's Failure to Pay for Certain Losses. 78

11. GENERAL 78
11.01. Exhibits; Schedules. 78
11.02. Equitable Remedies. 78
11.03. Other Owners of Assets. 78
11.04. Dispute Resolution. 79
11.05. Tax and Government Payment Program Effect. 79
11.06. Reproduction of Documents. 79
11.07. Consented Assignment. 80

11.08. Time of Essence. 80
11.09. Consents, Approvals and Discretion. 80
11.10. Choice of Law. 80
11.11. Benefit and Assignment. 80
11.12. Third Party Beneficiary. 81
11.13. Waiver of Breach, Right or Remedy. 81
11.14. Notices. 81
11.15. Severability. 82
11.16. CON Disclaimer. 82
11.17. Entire Agreement; Amendment. 82
11.18. Counterparts; Transmission by Electronic Means. 83
11.19. Interest. 83
11.20. Drafting. 83
11.21. Fees and Expenses. 83
11.22. Guarantee of Buyer's Obligations. 84
11.23. Liquidated Damages. 84

ASSET PURCHASE AGREEMENT

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

RECITALS:

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

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

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

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

AGREEMENT:

1. DEFINITIONS AND REFERENCES

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

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

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

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

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

(5) **Accumulated Benefit Obligation** means the accumulated benefit obligation of Seller's **[or its Wholly Owned Subsidiary's]**[1] defined benefit pension plan, the New England Health Care Employee Pension Fund and the Connecticut Health Care Associates Pension Plan, determined for purposes of Seller's audited financial statements as of September 30, 2015 using GAAP (i) reflecting the assumptions used for purposes of **[Note •]** of such financial statements (as updated for the RP-2014 mortality tables prepared by the Society of Actuaries) and (ii) assuming continuation of the Seller's **[or its Wholly Owned Subsidiary's]** post-retiree health benefit plan and no change in its provisions after September 30, 2015 (other than the freeze of such plan to new participation);

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

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

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

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

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

(11) **Assets** means all assets, real property, personal and mixed property of every kind, character or description, known or unknown, tangible or intangible, owned or

[1] Subject to due diligence

leased by Seller wherever located and whether or not reflected in the Financial Statements or referenced or scheduled herein, (i) including those assets owned by a Wholly Owned Subsidiary of Seller and the JV Interests, but (ii) excluding the Excluded Assets;

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

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

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

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

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

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

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

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

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

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

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

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

(24) **Cash Balance Plan** is defined in Section 8.11;

(25) **CERCLA** is defined in Section 3.12;

(26) **Claim Notice** means written notification of a Third Party Claim by an Indemnitee to an Indemnifying Party under Article 10, including a Third Party Claim set forth in a "Revenue Agent's Report," "Statutory Notice of Deficiency," "Notice of Proposed Assessment," or any other official written notice from a Taxing authority that Taxes are due or that a Tax audit will be conducted;

(27) **Closing** is defined in Section 9.01(a);

(28) **Closing Balance Sheets** means the unaudited individual and/or combined balance sheets of Seller and its Wholly Owned Subsidiaries as of the close of business on the Closing Date, which, for the avoidance of doubt, shall include Unfunded Pension Liabilities as a line item thereon, as finally determined in accordance with Section 2.05 following the resolution of all disputes with respect thereto;

(29) **Closing Date** means the date upon which the Closing occurs;

(30) **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;

(31) **CMS** means The Centers for Medicare and Medicaid Services;

(32) **COBRA** means the federal Consolidated Omnibus Budget Reconciliation Act of 1985, as amended;

(33) **Code** means the Internal Revenue Code of 1986, as amended;

(34) **Contracts** means all commitments, contracts, leases, licenses, agreements and understandings, written or oral, relating to the Assets or the operation of the Hospital Businesses to which Seller or any Wholly Owned Subsidiary of Seller is a party or by which it or any of the Assets are bound, including agreements with payers, physicians and other providers, agreements with health maintenance organizations, independent practice associations, preferred provider organizations and other managed care plans and alternative delivery systems, joint venture and partnership agreements, management, employment, retirement, retention and severance agreements, vendor agreements, real and personal property leases and schedules, maintenance agreements and schedules, agreements with municipalities and labor organizations, and bonds, mortgages and other loan agreements;

(35) **Converted Venture** is defined in Section 5.19;

(36) **Cost Reports** is defined in Section 6.06;

(37) **CTDEEP** is defined in Section 5.06;

(38) **DOL** means the United States Department of Labor;

(39) **DSH** means a Disproportionate Share Hospital that serves a significantly disproportionate number of low-income patients and receives payments from CMS to cover the costs of providing care to uninsured patients;

(40) **EBITDA** means earnings before interest, income Taxes, depreciation and amortization, the components of which shall be determined in accordance with GAAP consistently applied;

(41) **ECAF** is defined in Section 5.06;

(42) **EFT Account** is defined in Section 2.01(o);

(43) **Employee Benefit Plan** is defined in Section 3.21;

(44) **Employee Lists** is defined in Section 5.03(b);

(45) **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;

(46) **Environmental Laws** is defined in Section 3.12;

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

(48) **ERISA Affiliate** is defined in Section 3.21;

(49) **Essential Service** is defined in Exhibit C;

(50) **Establishment Real Properties** is defined in Section 5.06;

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

(52) **Excluded Contracts** is defined in Section 2.02(p);

(53) **Excluded Liabilities** is defined in Section 2.04;

(54) **Final Closing Statement** is defined in Section 2.05(e);

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

Buyer's failure to deliver the information set forth in Section 2.05(e) within the ninety (90) day period described therein.

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

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

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

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

(60) **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;

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

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

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

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

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

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

(67) **Immaterial Contract** means any Contract to which Seller or any of its Wholly Owned Subsidiaries is a party that requires either the payment by Seller or its Wholly Owned Subsidiaries of $25,000 or less or the provision of goods or the performance of services by Seller or any of its Wholly Owned Subsidiaries having a value of $25,000 or less, in either case during the period from the date of this Agreement until (i) if the Contract is terminable at any time by Seller or the respective Wholly

Owned Subsidiary without cause upon notice of 90 days or less, the date on which the Contract would terminate if Seller or the respective Wholly Owned Subsidiary was to give notice of termination on the date of this Agreement, or (ii) if the Contract is not terminable at any time by Seller or the respective Wholly Owned Subsidiary without cause upon notice of 90 days or less, the expiration of the term of the Contract, *provided* that an Immaterial Contract does not include any Contract described in Section 3.17;

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

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

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

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

(72) **Intellectual Properties** means (i) all inventions (whether or not patentable or reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof, (ii) all trademarks, service marks, trade dress, logos, trade names, corporate names, domain names, and all websites (together with the content therein), including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith, (iii) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith, and (iv) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals) that are owned, licensed or leased by Seller or its Wholly Owned Subsidiaries and used in the ownership or operation of the Hospital Businesses, together with all rights to sue or make any claims for any past, present, or future infringement, misappropriation or unauthorized use of any of the foregoing rights, and the right to all income, royalties, damages and other payments that are now or may hereafter become due or payable with respect to any of the foregoing rights, including damages for past, present or future infringement, misappropriation or unauthorized use thereof;

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

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

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

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

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

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

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

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

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

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

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

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

(85) **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);

(86) **Material Adverse Effect** means any event, change, or occurrence that, individually or together with any other event, change, or occurrence, would reasonably be expected to have a material adverse effect on the Assets (whether or not covered by insurance) or on the business, operations, results of operations, prospects, or condition (financial or otherwise) of the Hospital Businesses; *provided, however*, that the definition of "Material Adverse Effect" shall be used solely for interpreting Section 8.04 and not for interpreting the phrase "material adverse effect" or "material adverse change" as such phrases may be used in any other context elsewhere in this Agreement; and further provided, that the following will be presumed ***not to constitute a Material Adverse Effect***: (a) general economic or industry conditions generally applicable to hospitals or healthcare facilities within the United States of the State of Connecticut so long as such conditions do not disproportionately affect Seller and the Hospital Businesses; (b)

changes or proposed changes to any state or federal law, reimbursement rates or policies of Governmental Authorities that are generally applicable to hospitals or to health care facilities within the United States so long as such changes do not disproportionately affect Seller and the Hospital Businesses; (c) requirements, reimbursement rates, policies, or procedures of third party payors or accreditation commissions or organization that are generally applicable to hospitals or health care facilities within the United States; (d) changes in GAAP; (e) actions specifically required of the parties pursuant to this Agreement; and (f) the "Trailing EBITDA" shall be not less than 80% of the normalized Trailing EBITDA of the same period for the prior year; *provided*, *however*, that if the "Trailing EBITDA" is less than 80% of the normalized Trailing EBITDA of the same period for the prior year, then such occurrence shall constitute a Material Adverse Effect;

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

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

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

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

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

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

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

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

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

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

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

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

(99) **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;

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

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

(102) **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;

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

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

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

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

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

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

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

(110) **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;

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

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

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

(114) **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;

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

(116) **Special Employee Liabilities** means (i) all paid time off accruals (including vacation, holiday, and sick time benefits) of the Seller's or any Wholly Owned Subsidiary's employees, and (ii) all payments accrued as of the Closing under the Seller's or any Wholly Owned Subsidiary's long term retention payment program, culminating in **[2017]**[2], but in each case only to the extent there is a recorded financial obligation for Seller or its Wholly Owned Subsidiary associated with such liabilities and such recorded financial obligation is not included in the calculation of Net Working Capital;

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

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

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

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

(121) **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;

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

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

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

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[2] To be determined.

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

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

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

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

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

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

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

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

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

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

(135) **Wholly Owned Subsidiary** means, with respect to any Person, (i) any corporation 100% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not at the time stock of any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person and/or one or more Wholly Owned

Subsidiaries of such Person, (ii) any partnership, limited liability company, association, joint venture or other entity in which such Person and/or one or more Wholly Owned Subsidiaries of such Person has a 100% equity interest at the time and the management of which is controlled, directly or indirectly, by such Person or through one or more Wholly Owned Subsidiaries of such Person and (iii) any entity that is organized as a not-for-profit business organization and (a) whose accounts are required in accordance with GAAP to be consolidated with the accounts of such Person or (b) whose sole member is such Person.

1.02. Certain References. As used in this Agreement:

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

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

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

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

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

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

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

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

(i) references to "*Seller's Knowledge,*" "*Knowledge of Seller*," or words of similar intent or effect mean and refer to (x) all matters with respect to which Seller or any of its Wholly Owned Subsidiaries has received written notice, and (y) the knowledge of each of the Persons whose names or titles are set forth on Schedule 1.02(i), after due inquiry by Seller (or Wholly Owned Subsidiary, as applicable) of such Persons;

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

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

2. SALE OF ASSETS AND RELATED MATTERS

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

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

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

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

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

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

(f) all rights and interest, to the extent assignable or transferable, with respect to the Contracts listed or described on Schedule 2.01(f), the leases relating to the Leased Real Property listed or described on Schedule 2.01(b), and the leases relating to the leased personal property listed or described on Schedule 2.01(c), and all Immaterial Contracts not listed or described on Schedule 2.02(p) (all such Contracts, collectively, the "**Assumed Contracts**");

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

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

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

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

(k) all claims of Seller and its Wholly Owned Subsidiaries against third parties relating to the Assets or the Assumed Liabilities, choate or inchoate, known or unknown, contingent or otherwise, except for those claims described on Schedule 2.02(n)[3] and any claims relating to Excluded Assets or the Excluded Liabilities;

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

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

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

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

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

(q) all of Seller's stock, partnership, membership, or other ownership interests, to the extent assignable or transferable and not inconsistent with Legal Requirements, in each of the Joint Ventures and Converted Ventures (the "**JV Interests**"), but only to the extent that the governing instruments thereof and Legal Requirements permit such transfer, together with all minutes and other records relating to such entities that are in the possession of Seller as of the Closing Date;

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

(s) all insurance proceeds with respect to the Assets or the Assumed Liabilities (including insurance proceeds received by Seller or its Wholly Owned

[3] To be determined.

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

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

(u) the Investment interests in Cardiology Associates of Greater Waterbury, LLC; and

(v) all proceeds of the foregoing.

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

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

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

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

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

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

(e) [any asset that would revert to the employer upon the termination of any of the Employee Benefit Plans, including assets representing a surplus or overfunding of any such plans][4];

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

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

(h) all claims, rights, interests, and proceeds (whether received in cash or by credit to amounts otherwise due to a third party) with respect to amounts overpaid with respect to the Hospital Businesses to any third party with respect to periods prior to the Closing Date;

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

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

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

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

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

(n) all rights, claims, and choses in action of Seller against third parties in respect of the operation of the Hospital Businesses with respect to periods prior to the Closing Date described on Schedule 2.2(n), and any payments, awards, or other proceeds resulting therefrom;

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

(p) the name "Waterbury Hospital Foundation";

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[4] Subject to due diligence

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

(r) [all physician loans and receivables][5];

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

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

(u) any other assets identified in Schedule 2.2(t).

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

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

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

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

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

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

(f) the Asbestos Abatement Liability;

[5] Subject to due diligence

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

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

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

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

(a) any debt, obligation, expense, or liability that is not an Assumed Liability;

(b) claims or potential claims for medical malpractice or general liability relating to events that occurred or arose prior to the Closing Date, but which are made or asserted against any of the Hospital Businesses, Joint Ventures, or Converted Ventures for the first time prior to the Closing Date, and any such claim made or asserted before or after the Closing Date, where such claim (or the circumstances surrounding such claim) could have properly been reported by such Hospital Businesses, Joint Ventures, or Converted Ventures to their respective insurance carrier(s) on or prior to the Closing Date;

(c) those claims and obligations (if any) specified in Schedule 2.04 hereto;

(d) any liabilities or obligations associated with or arising out of any of the Excluded Assets;

(e) liabilities or obligations associated with indebtedness for borrowed money (other than Capital Lease Obligations);

(f) liabilities and obligations of Seller or its Wholly Owned Subsidiaries in respect of the Hospital Businesses with respect to periods prior to the Closing Date arising under the terms of Government Payment Programs or other third party payor programs, and any liability arising pursuant to Government Payment Programs or other third party payor programs as a result of the consummation of any of the transactions contemplated under this Agreement, including, for the avoidance of doubt, all Medicare and Medicaid Cost Reports, DSH payments or other settlements for all periods prior to the Closing Date;

(g) Taxes incurred by the Hospital Businesses with respect to periods prior to the Closing Date (*provided, however*, that this clause (g) shall not apply to any and all Taxes payable with respect to any employee benefits constituting Assumed Liabilities under Section 2.03(c) hereof and any Taxes constituting Assumed Liabilities under Section 2.03(e) hereof);

(h) liability for any and all claims by or on behalf of employees of Seller or its Wholly Owned Subsidiaries relating to periods prior to the Closing Date, including, without limitation, liability for any pension, profit sharing, deferred compensation, or any other employee health and welfare benefit plans, liability for any Equal Employment Opportunity Commission claim, Americans with Disability Act claim, Family and Medical Leave Act claim, wage and hour claim, unemployment compensation claim, or workers' compensation claim, and any liabilities or obligations to former employees of Seller or its Wholly Owned Subsidiaries under COBRA (*provided, however*, that this clause (i) shall not apply to any and all employee benefits constituting Assumed Liabilities under Section 2.03(g) hereof);

(i) any obligation or liability accruing, arising out of, or relating to any federal, state, or local investigations of, or claims or actions against, Seller or its Wholly Owned Subsidiaries, the Hospital Businesses, or any of their employees, medical staff, agents, vendors, or representatives with respect to acts or omissions prior to the Closing Date;

(j) any civil or criminal obligation or liability accruing, arising out of, or relating to any acts or omissions of Seller, its Wholly Owned Subsidiaries, or their directors, officers, employees, representatives, and agents claimed to violate any Legal Requirements of any Governmental Authority arising out of acts occurring before the Closing Date;

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

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

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

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

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

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

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

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

2.05. Purchase Price; Purchase Price Adjustment.

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

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

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

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

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

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

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

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

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

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

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

(ii) The estimate of Net Working Capital at Closing will be calculated by Seller from the physical count of Seller's inventory that will be conducted five (5) business days prior to the Closing (it being agreed that Buyer shall have the right to observe the physical count), the relevant entries in the Interim Closing Balance Sheets and the parties' mutual good faith estimate as of the Closing Date of the amount of the prorations to be made pursuant to Section 2.06. The portion of Net Working Capital constituting the value of prepaid expenses and deposits will be determined based on mutual agreement of Seller and Buyer.

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

(d) At Closing, Buyer shall pay such Purchase Price (based on the estimate provided by Seller pursuant to Section 2.05(c)) by wire transfer of immediately available funds to an account designated by the Seller to Buyer prior to the Closing Date, and Seller shall immediately use whatever portion of the Purchase Price is necessary to pay off all indebtedness of Seller (other than Capitalized Lease Obligations assumed by Buyer), including the indebtedness under the Loan Agreement. Notwithstanding anything to the contrary set forth in this Agreement, in the event that the Purchase Price calculated in accordance with Section 2.05(c) or Section 2.05(e), as applicable, equals a negative number, the Purchase Price shall be deemed to equal zero, and Seller shall not be required to pay Buyer in cash with respect to such Negative Amount; *provided, however*, that the Capital Amount shall be reduced, in accordance with Section 1.01(22)(x), by an amount equal to the absolute value of such negative number (the "**Negative Amount**").

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

(f) Following receipt of the information set forth in Section 2.05(e), Seller will be afforded a period of twenty (20) business days (the "**20-Day Period**") to review the Final Closing Statement and the Closing Balance Sheets. At or before the end of the 20-Day Period, Seller will either (i) accept the amount of the actual Net Working Capital and Unfunded Pension Liabilities calculated by Buyer in their entirety or (ii) deliver to Buyer a written notice (the "**Objection Notice**") containing a reasonably detailed written explanation of those items on the Final Closing Statement or the Closing Balance Sheets that Seller disputes, in which case the items specifically identified by Seller shall be deemed to be in dispute. The failure by Seller to deliver the Objection Notice within the 20-Day Period shall constitute Seller's acceptance of the amount of the actual Net Working Capital and Unfunded Pension Liabilities calculated by Buyer. If Seller delivers the Objection Notice in a timely manner, then, within a further period of twenty (20) business days from the end of the 20-Day Period (the "**Second 20-Day Period**"), the parties will attempt to resolve in good faith any disputed items and reach a written agreement (the "**Settlement Agreement**") with respect thereto. Failing such resolution, as promptly as practicable (and no event later than ten (10) business days from the end of the Second 20-Day Period), the unresolved disputed items will be referred for final binding resolution to Deloitte (the "**Arbitrating Accountants**"). In resolving any disputed item, the Arbitrating Accountants may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The fees and expenses of the Arbitrating Accountants shall be allocated between Buyer and Seller in proportion to the amounts by which their proposals of the actual Net Working Capital and Unfunded Pension Liabilities differed from the Arbitrating Accountants' final determination. Such determination (the "**Accountants' Determination**") shall be (i) in writing, (ii) furnished to the Buyer and Seller as soon as practicable (and in no event later than thirty (30) business days) after the items in dispute have been referred to the Arbitrating Accountants, (iii) made in accordance with GAAP, consistently applied, and (iv) non-

appealable and incontestable by Buyer or Seller and each of their respective Affiliates and successors and assigns and not subject to collateral attack for any reason other than manifest error or fraud.

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

(h) Within five (5) business days following the Final Determination Date, Seller shall pay Buyer (if the Purchase Price is adjusted downward by the Purchase Price Adjustment and to the extent Seller has sufficient cash to make such payment), or Buyer shall pay the Seller (if the Purchase Price is adjusted upward by the Purchase Price Adjustment), as the case may be, the amount by which the Purchase Price is adjusted, by wire transfer of immediately available funds to one or more accounts designated by the recipient. If Seller is required to pay Buyer pursuant to this Section 2.05(h), but is unable to pay Buyer in full within five (5) business days following the Final Determination Date (solely because Seller does not have sufficient cash), the Capital Amount shall be reduced, in accordance with Section 1.01(22), by an amount equal to such shortfall (the "**Purchase Price Adjustment Shortfall**"), subject to the proviso in Section 2.05(d).

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

2.07. Disclaimer of Warranties. Subject to the representations and warranties set forth in this Agreement, including, but not limited to, those set forth in Article 3, and except as expressly set forth in the Closing Documents, the Assets transferred to the Company and any Buyer will be transferred in their physical condition at the Effective Time, "AS IS, WHERE IS, AND WITH ALL FAULTS AND NONCOMPLIANCE WITH LAWS," and with respect to the Real Property, land, buildings, and improvements, WITH NO WARRANTY OF HABITABILITY OR FITNESS FOR HABITATION, and with respect to the physical condition of the personal property and the inventory and supplies, WITH NO WARRANTIES,

INCLUDING, WITHOUT LIMITATION, THE WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE.

3. REPRESENTATIONS OF SELLER

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

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

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

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

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

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

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

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

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

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

3.05. Legal and Regulatory Compliance.

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

(b) Seller has provided to Buyer a copy of the Hospital's current compliance program materials, including, without limitation, all program descriptions, compliance officer and committee descriptions, ethics and risk area policy materials, training and education materials, auditing and monitoring protocols, reporting mechanisms, and disciplinary policies. Except as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.05(b) or to the extent set forth on Schedule 3.05(b), Seller (or any Wholly Owned Subsidiary thereof) (a) is not a party to a Corporate Integrity Agreement with the Office of Inspector General of the United States Department of Health and Human Services, (b) has no reporting or other continuing obligations pursuant to any settlement or other agreement entered into with any Government Authority (other than participation agreements with Government Payment Programs), (c) to the Knowledge of Seller, has not been the subject of any Government Payment Program investigation conducted by any federal or state enforcement agency within the past three (3) years, (d) has not been a defendant in any unsealed *qui tam*/False Claims Act litigation within the past three (3) years, (e) has not been served with or received, within the past three (3) years, any search warrant, subpoena, civil investigative demand, or contact letter by or from any Government Authority (except in connection with medical services provided to third parties who may be defendants or the subject of

investigation into conduct unrelated to the operations of the health care businesses conducted by the Hospital Businesses), and (f) has not received any complaints within the past three (3) years from employees, independent contractors, vendors, physicians, or any other person that would indicate that Seller (or any Wholly Owned Subsidiary thereof) has violated any Legal Requirements. Schedule 3.05(b) includes a description of each audit and investigation conducted by Seller at the Hospital pursuant to its compliance program during the past three (3) years. For purposes of this Agreement, the term "compliance program" refers to provider programs of the type described in the compliance guidance published by the Office of Inspector General of the Department of Health and Human Services.

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

(a) Unaudited balance sheet dated as of June 30, 2016 (the "**Balance Sheet Date**");

(b) Unaudited income statement for the 9-month period ended on the Balance Sheet Date; and

(c) Audited Financial Statements.

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

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

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

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

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

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

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

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

(g) dividend, distribution, or extraordinary payment;

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

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

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

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

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

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

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

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

(p) transaction outside the ordinary course of business.

3.08. Accounts Receivable; Inventory.

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

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

3.09. Equipment. Seller has delivered to Buyer a fixed asset listing and depreciation schedule as of the Balance Sheet Date (Schedule 3.09) that takes into consideration all the equipment associated with, or constituting any part of, the Hospital Businesses and the Assets. All major items of equipment are useable for their intended purpose in the ordinary course of business and are in working condition, subject to reasonable wear and tear.

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

3.11. Real Property.

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

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

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

(ii) The Owned Real Property, and, to Seller's Knowledge, Leased Real Property, and its operation are in compliance in all material respects with all applicable zoning ordinances, and the consummation of the transactions

contemplated herein will not result in a violation of any applicable zoning ordinance or the termination of any applicable zoning variance now existing, and the buildings and improvements constituting the Real Property comply in all material respects with all building codes;

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

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

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

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

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

(viii) Seller or any Wholly Owned Subsidiary has not received written notice of condemnation or of any special assessment relating to any part of the Real Property, of any existing or proposed plans to modify or realign any street or highway, or any existing or proposed eminent domain proceeding by any

Government Authority that would result in the taking of all or any part of the Real Property or that would adversely affect the current use of any part of the Real Property;

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

(x) To the Knowledge of Seller, water, sanitary sewer, storm sewer, drainage, electric, telephone, gas, and other public utility systems are available to the Real Property, as currently developed, and are directly connected to the lines and/or other facilities of the respective public authorities or utility companies providing such services or accepting such discharge, either adjacent to the Real Property or through easements or rights of way appurtenant to and forming a party of the Real Property; and, with respect to the Owned Real Property, to the Knowledge of Seller, such easements or rights-of-way have been fully granted, all charges therefor have been fully paid by Seller or its Wholly Owned Subsidiaries, and all charges for the aforesaid utility systems and the connection of the Owned Real Property to such systems, including without limitation connections fees, "tie-in" charges, and other charges now or hereafter to become due and payable, have been fully paid by Seller or its Wholly Owned Subsidiaries; and the water and sanitary sewer service described above is supplied by public authority.

3.12. Environmental Laws. Except as set forth on Schedule 3.12 hereto, (i) the Owned Real Property is not subject to any material environmental hazards, risks, or liabilities, (ii) neither Seller or its Affiliates, nor its Wholly Owned Subsidiaries, is in material violation of any and all Legal Requirements pertaining to the protection of human health and safety or the environment (collectively, "**Environmental Laws**"), including, without limitation, the Comprehensive Environmental Response Compensation and Liability Act, as amended ("**CERCLA**"), the Resource Conservation and Recovery Act, as amended ("**RCRA**"), and the Atomic Energy Act of 1954, as amended ("**AEA**"), and (iii) neither Seller nor any Affiliate thereof has received notice alleging or asserting either a violation of any Environmental Law or an obligation to investigate, assess, remove, or remediate any property, including but not limited to the Owned Real Property, under or pursuant to any Environmental Law. Except as set forth on Schedule 3.12, to the Knowledge of Seller, no Hazardous Substances have been, and through the Closing Date will be, disposed of on or released or discharged from or onto, or threatened to be released from or onto, the Owned Real Property (including groundwater) by Seller, or to Seller's Knowledge, any third party, in violation of any applicable Environmental Law. Except as set forth on Schedule 3.12, neither Seller or its Wholly Owned Subsidiaries nor, to Seller's Knowledge, any prior owners, operators, or occupants of the Owned Real Property, have allowed any Hazardous Substances to be discharged, processed, or otherwise released on the Owned Real Property in a manner that is in violation of any Environmental Law, and Seller and its Wholly

Owned Subsidiaries has complied in all material respects with all Environmental Laws applicable to any part of the Real Property. The Hospital Businesses contain asbestos-containing material. Schedule 3.12 lists numerous reports, correspondence, operation and maintenance manuals, and other documents related to the asbestos-containing materials. These documents do not individually or collectively constitute a comprehensive asbestos survey of the Hospital Businesses or the Owned Real Property. Without in any way limiting the generality of the foregoing, to the Knowledge of Seller: (i) all current or former underground storage tanks located on the Owned Real Property and information in Seller's possession relating to the capacity, uses, dates of installation, and contents of such tanks located on the Owned Real Property are identified in the environmental reports listed on Schedule 3.12; (ii) there are not now, nor have there ever been, any collection dumps, pits, and disposal facilities or surface impoundments located on the Owned Real Property for the containment of Hazardous Substances except as identified in Schedule 3.12; and (iii) all existing underground storage tanks have been maintained in material compliance with all Environmental Laws. Except as set forth on Schedule 3.12, Seller or its Wholly Owned Subsidiaries holds all material environmental permits required in connection with the use by Seller of the Real Property or the operation of the Hospital Businesses and, to the extent permitted by law, Seller shall cause such environmental permits to be transferred to the Buyer (with the Buyer's necessary cooperation and assistance), all of which, to Seller's Knowledge, are in good standing and are not subject to meritorious challenge. The representations and warranties made in this Section 3.12 are the exclusive representations and warranties of Seller relating to environmental matters and shall supersede any and all other Sections in this Agreement including, but not limited to, Sections 3.05, 3.11(a) and 3.15.

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

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

required notice or present any claim that is still outstanding under any of such policies with respect to the Hospital Businesses or any of the Assets.

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

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

(a) The Hospital is qualified for participation in the Government Payment Programs, has a current and valid provider contract with such programs, is in compliance with the conditions of participation in such programs, and has received all approvals or qualifications necessary for reimbursement for the Hospital. The Hospital is duly accredited, with no contingencies, by The Joint Commission (the "**Joint Commission**") for the three (3) year period set forth on Schedule 3.16(a). A copy of the most recent accreditation letter from the Joint Commission pertaining to the Hospital has been made available to Buyer. Seller has delivered to Buyer copies of all available accreditation survey reports, deficiency lists, statements of deficiency, and plans of correction since July 31, 2016. Seller has taken or is taking all reasonable steps to correct all material deficiencies noted therein. The billing practices employed by the Hospital Businesses with respect to all third party payors, including Government Payment Programs and private insurance companies, have been in compliance in all material respects with all applicable laws, regulations, and policies of the Government Payment Programs and applicable Contracts of such private insurance companies. Neither Seller nor its Wholly Owned Subsidiaries has billed or received any payment or reimbursement from any such payors in excess of amounts allowed by law or contract. Neither Seller nor any of its Affiliates, officers, directors, managers, employees, or controlling shareholders is excluded from participation in the Government Payment Programs, nor has Seller or any of its Wholly Owned Subsidiaries received any notice that any such exclusion is threatened. Except as set forth in a writing delivered by Seller to Buyer that specifically makes reference to this Section 3.16 or as set forth on Schedule 3.16(a), neither Seller nor its Wholly Owned Subsidiaries has received any notice from any of the Government Payment Programs or any other third party payor programs of any pending or threatened investigations or surveys, and, to the Knowledge of Seller, no such investigations or surveys are

pending, threatened, or imminent. Seller has registered with the QNet Exchange ("**QNet**") as required by CMS under its Hospital Quality Initiative Program (the "**HQI Program**"). Seller has submitted all quality data required under the HQI Program to CMS or its agent, and all quality data required under the ORYX Core Measure Performance Measurement System ("**ORYX**") to the Joint Commission, for all calendar quarters concluded prior to the date of this Agreement, except for any quarter for which the respective reporting deadlines have not yet expired. All such submissions of quality data have been made in accordance with applicable reporting deadlines and in the form and manner required by CMS and the Joint Commission, respectively. Seller has not received notice of any reduction in reimbursement under the Medicare program resulting from its failure to report quality data to CMS or its agent as required under the HQI Program. Seller has provided Buyer with the HQI Program "validation results" for all calendar quarters concluded prior to the date of this Agreement, except for any quarter for which the respective reporting deadlines have not yet expired.

(b) Seller, or its Wholly Owned Subsidiary, has duly filed all required Cost Reports in respect of the Hospital Businesses for all the fiscal years through and including the fiscal year ended September 30, 2014. All amounts shown as due from Seller (or any Wholly Owned Subsidiaries thereof) in such Cost Reports were remitted with such reports and all amounts shown in the notices of program reimbursement as due have been paid. All of such Cost Reports accurately reflect the information required to be included thereon and such Cost Reports do not claim and neither the Hospital Businesses nor Seller (or any Wholly Owned Subsidiaries thereof) has received reimbursement in any amount in excess of the amounts provided by law or any applicable agreement. Schedule 3.16(b) indicates which of such Cost Reports have not been audited and finally settled and a brief description of any and all notices of program reimbursement, proposed or pending audit adjustments, disallowances, appeals of disallowances, and any and all other unresolved claims or disputes in respect of such Cost Reports. Seller or its Wholly Owned Subsidiary has established adequate reserves in respect of the Hospital Businesses to cover any potential reimbursement obligations that may exist in respect of any such third party Cost Reports, and such reserves are set forth in the Financial Statements.

3.17. Agreements and Commitments. Schedule 2.01(f) sets forth the Assumed Contracts that will be assumed by the Buyer. Seller has also delivered to Buyer an accurate list (Schedule 3.17) of all material Contracts that materially affect the Hospital Businesses or the Assets, to which Seller or its Wholly Owned Subsidiary is a party or by which Seller, its Wholly Owned Subsidiaries, the Assets, or any portion thereof, is bound, including, without limitation, (a) physician agreements, professional service agreements or co-management agreements, (b) agreements with health maintenance organizations, preferred provider organizations, independent practice associations, accountable care organizations, or other alternative delivery systems, (c) joint venture or partnership agreements, (d) employment, severance or retention Contracts or any other Contracts to or with individual employees or agents, including with directors, trustees, officers, employees, or other agents of Seller or its Wholly Owned Subsidiaries, (e) Contracts materially affecting ownership of, title to, use of, or any interest in Owned Real Property or Leased Real Property, (f) equipment leases and other leases that are

capital leases, (g) equipment maintenance agreements, (h) agreements with Governmental Authorities, (i) collective bargaining agreements or other Contracts to or with any labor unions, labor organizations, or other employee representatives or groups of employees, (j) loan agreements, bonds, mortgages, liens, or other security agreements, (k) Contracts relating to Intellectual Properties and Information Systems, or other like Contracts affecting the Hospital Businesses or the Assets, (l) Contracts providing for payments based in any manner on the revenues or profits of Seller or any Wholly Owned Subsidiary thereof, the Hospital Businesses or the Assets, (m) Contracts relating to data processing programs, software, or source codes utilized in connection with the Hospital Businesses or the Assets, (n) Contracts relating to the administration, operation or funding of any Employee Benefit Plan, and (o) Contracts, whether in the ordinary course of business or not, that involve future payments, performance of services, or delivery of goods or material, to or by Seller (or any of its Wholly Owned Subsidiaries), of any amount or value in excess of Fifty Thousand Dollars ($50,000) on an annual basis.

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

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

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

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

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

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

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

3.19. Transactions with Affiliates. Since September 30, 2014, Seller (or any Wholly Owned Subsidiary thereof) has not purchased, acquired or leased any property or services from,

or sold, transferred or leased any property or services to, or lent or advanced any money to, or borrowed any money from, or acquired any capital stock, obligations or securities of, or made any management consulting or similar fee agreement with, any officer, director or trustee of Seller or of any Affiliate of Seller, except as set forth on Schedule 3.19 or upon terms that would have been paid or received by Seller in similar transactions with independent parties negotiated at arm's length.

3.20. Employees and Employee Relations.

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

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

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

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

(e) To the Knowledge of Seller, no officer, director, agent, employee, consultant, or independent contractor of Seller or any of its Wholly Owned Subsidiaries is bound by any contract that purports to limit the ability of such officer, director, agent, employee, consultant, or independent contractor (i) to engage in or continue or perform any conduct, activity, duties, or practice relating to the Hospital Businesses; or (ii) to assign to Seller or to any other Person any rights to any invention, improvement, or discovery. To the Knowledge of Seller, no former or current employee of Seller or any of its Wholly Owned Subsidiaries at the Hospital Businesses is a party to, or is otherwise bound by, any contract that in any way adversely affected, affects, or will affect the ability of Buyer following Closing to conduct the Hospital Businesses as heretofore carried on by Seller prior to Closing.

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

his or her name in the Social Security Administration database, and neither Seller, nor any of its Wholly Owned Subsidiaries, has received any letter or other correspondence from the Department of Homeland Security or other Government Authority regarding the employment authorization of any employees of Seller or its Wholly Owned Subsidiaries. If Seller or any of its Wholly Owned Subsidiaries operates in a state or has Contracts with a Governmental Authority that requires or provides a safe harbor if an employer participates in the Department of Homeland Security's e-Verify electronic employment verification system, Seller or any of its Wholly Owned Subsidiaries, as applicable, has been participating in e-Verify for the entire period such participation has been required or available as a safe harbor or as long as Seller or any such Wholly Owned Subsidiary has been operating in such state or contracting with such Governmental Authority.

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

3.21. Employee Benefit Plans.

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

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

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

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

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

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

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

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

and any such plan or other arrangement that (i) is maintained or contributed to by Seller or any other corporation or trade or business controlled by, controlling, or under common control with Seller (within the meaning of Code Section 414 or ERISA Sections 4001(a)(14) or 4001(b)) ("**ERISA Affiliate**"), or with respect to which Seller or any ERISA Affiliate has or may have any liability; or (ii) provides benefits, or describes a plan, procedure, program, payroll practice, policy, agreement, commitment, contract, or understanding applicable to any current or former director, officer, employee, or individual service provider of Seller or any ERISA Affiliate, or the dependents of any thereof, regardless of how (or whether) liabilities for the provision of benefits are accrued or assets are acquired or dedicated with respect to the funding thereof. All such plans or arrangements that are set forth on Schedule 3.21(a) are referred to hereinafter collectively as the "**Employee Benefit Plans**."

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

under HIPAA relating to each Employee Benefit Plan, as to which such requirements apply.

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

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

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

(iii) Each Employee Benefit Plan that is an "employee pension benefit plan" as defined in ERISA Section 3(2) other than a Multiemployer Plan and each related trust agreement, annuity contract, or other funding instrument is and has been since its inception intended to be qualified and tax-exempt under the provisions of Code Sections 401(a) and 501(a), or, if applicable, Code Section 403(b), and, for each such Employee Benefit Plan that is not stated on a master and prototype and/or volume submitter plan on which reliance is and can be based on a favorable opinion or advisory letter without the adopting employer having requested an individual determination letter, has been determined by the IRS pursuant to an individual favorable determination letter to be so qualified and tax-exempt or an application for such determination has been made and is currently pending; has not participated in any voluntary compliance or self-correction programs established by the IRS (or the DOL with respect to any fiduciary issues), or entered into a closing agreement with the IRS with respect to the form or operation of any Employee Benefit Plan within the six (6) years preceding the Closing Date; does not have and during the six (6) years preceding the Closing Date has not had any "unfunded accrued liability," as such term is defined under ERISA Section 3(30); has not experienced any "reportable events," as such term

is defined under ERISA Section 4043, for which a waiver has not been granted; has not had any "accumulated funding deficiencies," as such term is defined under ERISA Section 302(a)(2) (prior to amendment by P.L. 109-280) or Code Sections 412(a) or 4971 (whether or not waived), nor for years after amendment by P.L. 109-280 any "funding shortfalls" as defined in Code Section 430(c); does not have any liabilities required to be disclosed on any annual report (Form 5500 series) that have not been disclosed; and has not been terminated.

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

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

(vi) All required contributions to all Employee Benefit Plans and all premiums, fees, or other payments required to be made by Seller or any ERISA Affiliate in connection with any Employee Benefit Plan have either been timely made or are reflected in the financial statements on an accrual basis. All returns, reports, and disclosure statements required to be made under the Code, ERISA, to the extent applicable, or other applicable law with respect to the Employee Benefit Plans other than a Multiemployer Plan have been timely filed or delivered.

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

(viii) Seller and its Wholly Owned Subsidiaries do not have any contracts, agreements, plans, or arrangements under which the contemplated transaction will result in any (i) payments (whether of separation pay or otherwise) becoming due from Seller or any ERISA Affiliate to any current or

former employee, director, or consultant, or (ii) vesting, acceleration of payment, or increase in the amount of any benefit payable to or in respect of any such current or former employee, director, or consultant of Seller or any ERISA Affiliate that will, in turn, result in any liability to Buyer.

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

3.23. Taxes.

(a) Seller and its Wholly Owned Subsidiaries have filed on a timely basis, or validly extended the time for filing, all federal, state, and local Tax Returns. All Tax Returns are true and correct in all material respects and accurately reflect in all material respects the Tax liabilities of Seller and its Wholly Owned Subsidiaries. All amounts shown due on the Tax Returns have been or will be paid on a timely basis (including any interest or penalties and amounts due state unemployment authorities) to the appropriate tax authorities.

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

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

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

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

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

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

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

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

3.26. Brokers and Finders. Except for Cain Brothers, which is representing Seller, neither Seller nor any Affiliate, officer, trustee, director, employee or agent acting on behalf

thereof has engaged any finder or broker in connection with the transactions contemplated hereunder.

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

3.28. Joint Ventures.

(a) Schedule 3.28 sets forth for each Joint Venture, and as of the Closing Date, also for each Converted Venture: (i) its name and jurisdiction of incorporation or organization; (ii) the number of authorized shares of each class of its capital stock or other equity or non-equity interests; (iii) the number of issued and outstanding shares of each class of its capital stock or other equity or non-equity interests, the names of the holders thereof, and the number of shares or other equity or non-equity interests held by each such holder; (iv) the number of shares of its capital stock or other equity interests held in treasury; and (v) its directors and officers, general partners, or managers, as the case may be. Seller does not hold any equity interest in any entity other than its Wholly Owned Subsidiaries and the Joint Ventures, and as of the Closing Date, the Converted Ventures.

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

Joint Venture, and as of the Closing Date, each Converted Venture, has not materially violated any Legal Requirement or material Contract or agreement.

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

(d) Except as set forth in Schedule 3.28, to the Knowledge of Seller, (i) there is no outstanding subscription, option, convertible or exchangeable security, preemptive right, warrant, call, or agreement (other than this Agreement) relating to the stock or other equity or non-equity interests of the Joint Ventures, and as of the Closing Date, the Converted Ventures, or other obligation or commitment of any Joint Venture, and as of the Closing Date, of any Converted Ventures, to issue any shares of capital stock or other equity interests; and (ii) there are no voting trusts or other agreements, arrangements, or understandings applicable to the exercise of voting or any other rights with respect to any shares of Joint Venture stock or other equity or non-equity interests, and as of the Closing Date, to any shares of Converted Venture stock or other equity or non-equity interests. Seller (or any Wholly Owned Subsidiary thereof) has good, marketable, and indefeasible title to all shares of the stock or other equity or non-equity interests of the Joint Ventures, and as of the Closing Date, of the Converted Ventures, set forth in Schedule 3.28 and, except as set forth on Schedule 3.28, has the absolute right to sell, assign, transfer, and deliver the same to the Buyer, free and clear of all claims, security interests, liens, pledges, charges, escrows, options, proxies, rights of first refusal, preemptive rights, mortgages, hypothecations, prior assignments, title retention agreements, indentures, security agreements, or any other limitation, encumbrance, or restriction of any kind.

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

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

the regular and ordinary course of business, and conform in all material respects to all applicable Legal Requirements relating to their use and operation by Seller or its Wholly Owned Subsidiaries.

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

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

4. REPRESENTATIONS OF BUYER

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

4.01. Organization.

(a) Buyer is a corporation duly organized and validly existing and in good standing under the laws of Connecticut. Buyer is, or by Closing will be, qualified to do business in the State of Connecticut. Buyer has full power and authority to own, lease and operate its properties and to conduct its business as presently conducted and as proposed to be conducted immediately following the Closing. Buyer has neither conducted any business prior to the date of this Agreement nor will conduct any business, other than in contemplation of the consummation of the transactions contemplated by this Agreement, prior to the Closing. Buyer has made available to Seller a true and complete copy of its organizational documents.

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

4.02. Power and Authority; Due Authorization.

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

Agreement have been duly authorized on behalf of Buyer by all necessary corporate action.

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

4.03. Consents; Absence of Conflicts, Etc.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

5. PRE-CLOSING COVENANTS OF THE PARTIES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(i) sell or factor any Accounts Receivable;

(j) cancel, forgive, release, discharge or waive any Person's obligation to pay or to perform obligations in respect of any Assets, or agree to do any of the foregoing,

except in the ordinary course of the business of the Hospital Businesses consistent with past practices;

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

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

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

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

5.03. Employee Matters.

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

excluded from participation in federal health care programs, or (y) whose name is not set forth on the Employee Lists.

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

5.04. Access to and Provision of Additional Information.

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

(b) Within two (2) business days after they are created (but in any event no later than fifteen (15) days following the end of each calendar month prior to Closing), Seller shall deliver or cause to be delivered to Buyer true and complete copies of the management prepared unaudited balance sheets and the related unaudited statements of income of, or relating to, Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses for each month then ended, which presentation shall be true, correct, and complete in all material respects, shall have been prepared from and in accordance with the books and records of Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses, and shall fairly present the financial position and results of operations of Seller and its Wholly Owned Subsidiaries in respect of the Hospital Businesses as of the date and for the period indicated, all in accordance with GAAP consistently applied, except that such financial statements need not include

required footnote disclosures. To the extent permitted by law, Seller shall notify Buyer in writing and shall keep Buyer informed of any unexpected emergency or other materially adverse unanticipated change in the business of any of the Hospital Businesses and of any governmental complaints, investigations, or adjudicatory proceedings (or governmental communications indicating that the same may be contemplated) or of any other such matter.

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

(d) With respect to any individually identifiable health information disclosed by Seller to Buyer pursuant to this Section, Buyer and Seller shall comply with HIPAA and with any other Legal Requirements that govern or pertain to the confidentiality, privacy, security of, and electronic transactions involving, health care information.

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

5.05. Governmental Approvals.

(a) Seller's Obligations.

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

projects or activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein).

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

(b) Buyer's Obligations.

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

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

information concerning Buyer as Seller needs to perform its obligations under Section 5.05(a)(ii) of this Agreement. Buyer shall pay the costs of any fees due in respect of filings required by the HSR Act.

5.06. Connecticut Transfer Act. Certain components of the Real Property (including the Hospital) may constitute, in whole or in part, "Establishments" as the term is defined in the Transfer Act (collectively, the "**Establishment Real Properties**"). Accordingly, Seller and Buyer shall prepare an appropriate Transfer Act Form and accompanying Environmental Condition Assessment ("**ECAF**") for each Establishment Real Property to satisfy the requirements of the Transfer Act in connection with the transaction contemplated herein. Seller shall execute as transferor and Buyer shall execute as transferee and Certifying Party (as all such terms are defined in the Transfer Act). Within ten (10) days after the Closing Date, Buyer shall (i) file the fully executed Transfer Act Form and ECAF with the Connecticut Department of Energy and Environmental Protection ("**CTDEEP**"); (ii) pay the initial filing fee and any and all subsequent Transfer Act fees (which shall be reimbursed by Seller); and (iii) provide written confirmation to Seller that the Transfer Act filing has been completed (with a copy of such filing). In order to evaluate the potential scope and cost of Transfer Act obligations that may be required, prior to the Closing, Buyer shall have the right to perform limited Phase II assessments with respect to the Real Property. Buyer or its designee shall conduct and complete, at Buyer's sole expense, any actions required (as determined by Buyer in its reasonable discretion) as a result of the filing of the Transfer Act Form and the ECAF, to comply with the Transfer Act, and, if appropriate, to obtain written approval from CTDEEP or a "verification" from a "Licensed Environmental Professional" that the Hospital Businesses have been remediated in full compliance with the Connecticut Remediation Standard Regulations (collectively "**Transfer Act Activities**"). Buyer shall complete all Transfer Act Activities as soon as practicable, but in any event within any deadline defined by or pursuant to the Transfer Act (as the same may be extended). Notwithstanding the foregoing **[need to have an approval process to review costs]**[6], 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 5.06 shall have the meanings set forth in the Transfer Act.

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

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[6] Subject to review

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

5.09. Consents to Assignment.

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

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

Agreement against Seller, and the rights and obligations of the parties to each other under this Agreement will be determined as if such replacement contract did not exist or such assumption of Excluded Liabilities was not required.

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

5.11. Efforts to Close.

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

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

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

5.13. [Intentionally Omitted.]

5.14. Medical Staff Disclosure. Seller shall deliver to Buyer a confidential written disclosure containing a brief description of all adverse actions taken against medical staff members or applicants in the past three (3) years that, to the Knowledge of Seller, could result in claims or actions against Seller, its Wholly Owned Subsidiaries or the Hospital Businesses and that are not disclosed in the minutes of the meetings of the Medical Executive Committee of the medical staff of the Hospital Businesses, **[which have been provided to Buyer.]**[7]

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

[7] Subject to due diligence

5.16. New and Existing Collective Bargaining Agreement. **[Pending discussion with Labor counsel]**

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

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

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

(iii) The "Service & Maintenance CBA" is between the Seller and New England Health Care Employees Union, District 1199 with effective dates from March 6, 2013 through February 29, 2016. Negotiations for a successor collective bargaining agreement to the Service & Maintenance CBA may commence prior to the Closing. The Seller shall keep Buyer apprised of, and consult with Buyer regarding, the status of negotiations for a successor collective bargaining agreement to the Service & Maintenance CBA. Seller shall not, without the Buyer's written consent, enter into any new or successor collective bargaining agreement to the Service & Maintenance CBA or extension thereof that contains additional costs and/or terms that differ from the terms of the current Service & Maintenance CBA in a manner that the Buyer reasonably believes will impact Buyer's ability to operate the Hospital after the Closing. Buyer shall not interfere with Seller's bargaining obligations under the National Labor Relations Act. If the purchase becomes effective during the life of the existing Service & Maintenance CBA (including any extensions required thereof by its terms), the Buyer shall accept the terms of that agreement by written notice, to be provided at least thirty (30) days prior to the Closing.

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

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

5.18. Surveys. Seller shall deliver copies of all existing surveys of the Real Property, in its possession, to Buyer. Buyer may obtain, at its sole cost and expense, current as-built surveys of the Real Property (the "**Surveys**"). The Surveys shall meet the requirements of an ALTA/ASCM survey and otherwise be in form and detail satisfactory to Buyer. Unless otherwise agreed by Buyer, the Surveys shall (i) be currently dated; (ii) show the location on the Real Property of all improvements, fences, evidences of abandoned fences, lakes, ponds, creeks, streams, rivers, easements, roads, and rights-of-way; (iii) identify all easements and rights-of-way by reference to the recording information applicable to the documents creating such easements or rights-of-way; (iv) show any encroachments onto the Real Property from any adjacent property, any encroachments from the Real Property onto adjacent property, and any encroachments into any easement or restricted area within the Real Property; (v) locate all existing improvements (such as buildings, power lines, fences, and the like); (vi) locate all dedicated public streets or other roadways providing access to the Real Property, including all curb cuts and all alleys; (vii) locate all set-back lines and similar restrictions covering the Real Property or any part thereof and any violations of such restrictions; and (viii) show thereon a legal description of the boundaries of the Real Property by metes and bounds or other appropriate legal description. Each Survey shall contain the surveyor's certification to Buyer, Seller, and the Title Company that (i) the Survey was made on the ground; (ii) there are no visible or recorded easements, discrepancies, conflicts, encroachments, or overlapping of improvements except as shown on the Survey; (iii) the Survey correctly shows all visible or recorded easements or rights of way across the Real Property or any other easements or rights of way of which the surveyor has been advised, including, without limitation, those matters affecting title reflected in the Title Commitment; (iv) the Survey correctly shows the location of all buildings, structures, and other improvements situated on the Real Property; (v) the Survey

conforms to all applicable minimum guidelines for surveys of comparable property as set forth in applicable laws, regulations, or professional standards; (vi) all streets abutting the Real Property and all means of ingress to and egress from the Real Property have been completed, dedicated, and accepted for public maintenance by the relevant municipal body; (vii) except as shown thereon, the Real Property is not located within the 100 year flood plain or other flood hazard area; (viii) the Survey is a true, correct, and accurate representation of the Real Property; and (ix) such other matters as may be required by the Title Company to allow it to issue the Title Policy.

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

6. ADDITIONAL COVENANTS

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

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

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

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

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

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

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

6.03. Noncompetition. Seller hereby covenants that at all times from the Closing Date until the fifth (5th) anniversary of the Closing Date, Seller and its Affiliates shall not, directly or indirectly, except as a member, consultant, or contractor to or of Buyer (or any Affiliate of Buyer), own, lease, manage, operate, control, or participate in any manner with the ownership, leasing, management, operation, or control of any business that offers services in competition with the Hospital Businesses, including but not limited to any acute care hospital, specialty hospital, rehabilitation facility, diagnostic imaging center, inpatient or outpatient psychiatric or substance abuse facility, ambulatory or other type of surgery center, nursing home, skilled nursing facility, home health or hospice agency, or physician clinic or physician medical practice, within a thirty (30) mile radius of the Hospital (the "**Restricted Area**"), without Buyer's prior written consent (which Buyer may withhold in its sole and absolute discretion); *provided, however*, that (i) Seller and its Affiliates will not be precluded from participating in the following activities that promote health care services for residents of the communities historically served by Seller and its Affiliates through the Hospital: development, ownership, and operation of indigent or charity care clinics and services; preventative care programs and services and educational programs; health screening services; child care services; and other similar services or programs intended to better serve the health care needs of the community's

indigent population in the Restricted Area that are not directly competitive with services provided by Buyer, and (ii) Seller and its Affiliates will not be precluded from participating in activities that are otherwise described in Schedule 6.03 of this Agreement. In the event of a breach of this Section 6.03, Seller recognizes that monetary damages shall be inadequate to compensate Buyer, and Buyer shall be entitled, without the posting of a bond or similar security, to an injunction restraining such breach, with the costs (including attorneys' fees) of securing such injunction to be borne by Seller. Nothing contained herein shall be construed as prohibiting Buyer from pursuing any other remedy available to it for such breach or threatened breach. All parties hereto hereby acknowledge the necessity of protection against the competition of Seller and its Affiliates and that the nature and scope of such protection has been carefully considered by the parties. Seller further acknowledges and agrees that the covenants and provisions of this Section 6.03 form part of the consideration under this Agreement and are among the inducements for Buyer entering into and consummating the transactions contemplated herein. The period provided and the area covered are expressly represented and agreed to be fair, reasonable, and necessary. The consideration provided for herein is deemed to be sufficient and adequate to compensate for agreeing to the restrictions contained in this Section 6.03. If, however, any court determines that the foregoing restrictions are not reasonable, such restrictions shall be modified, rewritten, or interpreted to include as much of their nature and scope as will render them enforceable.

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

(a) Within a reasonable time after Closing, Buyer shall provide Seller a proposed allocation of the Purchase Price among the Hospital Businesses and the Assets. Such allocation will be in accordance with Section 1060 of the Code. Buyer's proposed allocation will become final and binding on the parties 45 days after Buyer provides the proposed allocation to Seller unless Seller objects to the proposed allocation, in which case Seller shall propose an alternative allocation. The parties shall use good faith efforts to resolve their differences within 60 days after Seller gave its objection to Buyer. If a final resolution is not reached within 60 days after Seller has submitted its objection in writing, each of Buyer and Seller shall make their own independent allocation of the total consideration among the Hospital Businesses and the Assets. If Seller and Buyer reach agreement upon the allocation (or Seller does not object to Buyer's proposed allocation), Seller and Buyer will be bound by the agreed allocation and (for federal and state Tax purposes) account for and report the transactions contemplated by this Agreement in accordance with such allocation, and will not voluntarily take any position (whether in Tax Returns, Tax audits or other Proceedings) inconsistent with such allocation. Seller and Buyer shall exchange Internal Revenue Service Forms 8594 (including supplemental forms, if required) to report the transactions contemplated by this Agreement to the IRS in accordance with such allocation.

(b) Following the Closing, the parties shall cooperate fully with each other and shall make available to the other, as reasonably requested and at the expense of the requesting party, and to any taxing authority (to the extent required by Legal Requirements), all information, records, or documents in their possession relating to the Assets, the Hospital Businesses, and the Assumed Liabilities as is reasonably

necessary for the preparation and filing of any Tax Return, claim for refund of Taxes, or other filings relating to Taxes, or in connection with any audit or other proceeding instituted by any taxing authority. In the case of any audit, examination, or other proceeding with respect to Taxes for which Seller is or may be liable pursuant to this Agreement, Buyer shall promptly inform Seller, and Buyer shall execute or cause to be executed powers of attorney or other documents necessary to enable Seller to take all actions reasonably deemed necessary by Seller with respect to such audit, examination, or proceeding to the extent such audit, examination, or proceeding may affect the amount of Taxes for which Seller is liable pursuant to this Agreement. Seller shall have the right to control any such audit, examination, or proceeding, and, if there is a reasonable basis therefor, to initiate any claim for refund, file any amended return, or take any other action that it deems appropriate with respect to such Taxes.

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

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

correspondence, work papers and other documents in order that they are available to Buyer following the Closing Date.

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

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

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

6.10. Capital Commitment. After the Closing, Buyer agrees to spend or commit in a binding contract to spend (or cause or permit its Affiliates or third parties to spend or commit in a binding contract to spend) not less than the Capital Amount in the seven (7) years following the

Closing Date on capital projects, including routine and non-routine capital expenditures, at, or for the benefit of, the Hospital Businesses and/or the acquisition, development and improvement of hospital, ambulatory or other health care services in the greater Waterbury, Connecticut community, and which shall include, for the avoidance of doubt, expenditures relating to the implementation of PMH's coordinated regional care model (CRCM) and Physician Recruitment Expenditures. Notwithstanding the above capital commitment, in the event that any Legal Requirement is enacted or imposed after Closing that (i) discriminates against, or adversely or disproportionately affects for-stock or for-profit hospitals or other for-profit health care entities or (ii) causes Buyer to suffer a material decline in EBIDTA on a consolidated basis, then, in either event, Buyer shall be relieved of its obligation to provide the above capital commitment and shall be required to consult with the Local Board to determine an alternate mutually agreeable capital commitment of Buyer that is reasonable and appropriate in light of the changed circumstances caused by the new Legal Requirement.

6.11. Confidentiality; Public Announcements.

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

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

6.12. Local Board. After Closing, Buyer shall form a local community advisory board comprised of between nine (9) and twelve (12) members (the "**Local Board**"). The Local Board shall include as members thereof the following individuals who shall serve in an *ex officio* capacity: (a) Chief of Medical Staff and (b) Head of Clinical Quality. In addition, a member of the board of directors of Buyer shall serve as a member of the Local Board and shall be selected to serve in such capacity by the board of directors of Buyer. The Local Board shall, among other things, (i) make recommendations and suggestions to Buyer regarding the mission, vision and value statements with respect to the Hospital and the Hospital Businesses; (ii) make recommendations and suggestions with respect to medical staff credentialing, disciplinary action

of staff physicians, and compliance with accreditation requirements; (iii) provide input on policies and clinical programs; (iv) provide input in the development and review of strategic plans; (v) provide input on operating and capital budgets; (vi) provide input and support physician recruitment efforts; (vii) provide input on succession plans for executive leadership at the Hospital; (viii) promote community health initiatives, fostering community relationships and identifying service and education opportunities; and (ix) monitor the commitment to maintain and improve quality indicators.

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

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

7. CONDITIONS PRECEDENT TO OBLIGATIONS OF SELLER

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

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

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

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

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

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

8. CONDITIONS PRECEDENT TO OBLIGATIONS OF BUYER

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

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

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

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

activities in the community that Buyer, in its reasonable discretion, deems necessary as a predicate for the transactions contemplated herein);

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

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

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

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

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

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

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

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

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

8.07. Vesting; Recordation. Seller shall have furnished to Buyer, in form and substance satisfactory to Buyer, assignments or other instruments of transfer and consents and waivers by

others, necessary or appropriate to transfer to and effectively vest in Buyer all right, title, and interest in and to the Assets, in proper statutory form for recording if such recording is necessary or appropriate.

8.08. Due Diligence Investigation. Buyer shall have completed the due diligence investigation of the Hospital Businesses and the Assets, and the results of such investigation shall have been found satisfactory to Buyer in its sole and absolute discretion. **[Note: Assuming that the Agreement is executed at or near the time of closing, when the due diligence investigation will have been completed, Section 8.08 can be deleted.]**

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

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

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

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

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

9. CLOSING; TERMINATION OF AGREEMENT

9.01. Closing.

(a) Consummation of the sale and purchase of the Assets and the other transactions contemplated by this Agreement (the "**Closing**") will take place at [_____] at 10:00 a.m. on the third (3rd) business day following satisfaction or waiver of the conditions to Closing set forth in Article 7, 8 and 9, or at such time or place as the parties may mutually agree. The Closing shall be effective for all purposes as of 12:01 a.m. on the day of the Closing Date.

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

be duly executed by, and acknowledged on behalf of, Buyer and, where applicable, PMH.

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

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

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

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

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

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

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

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

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

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

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

(j) All Certificates of Title and other documents evidencing an ownership interest conveyed as part of the Assets, including all JV Interests;

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

9.04. Termination Prior to Closing.

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

(b) If this Agreement is validly terminated pursuant to Section 9.04(a), this Agreement will be null and void, and there will be no liability on the part of any party pursuant to this Agreement, except that (i) upon termination of this Agreement pursuant to Section 9.04(a), Seller will remain liable to Buyer and Buyer will remain liable to Seller for any breach of their respective obligations existing at the time of such termination, and each party may seek such remedies or damages against the other with respect to any such breach as are provided in this Agreement or as are otherwise

available at law or in equity, (ii) the termination fee provisions of Section 9.04(d), the expense allocation provisions of Section 11.21 and the confidentiality provisions of Section 6.11 shall remain in full force and effect and survive any termination of this Agreement.

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

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

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

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

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

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

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

10. INDEMNIFICATION

10.01. Indemnification by Seller. Subject to the conditions and limitations, and solely to the extent provided in this Article 10, Seller shall indemnify, defend and hold harmless Buyer's

Indemnified Persons, and each of them, from and against any Losses incurred or suffered by Buyer's Indemnified Persons, directly or indirectly, as a result of or arising from:

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

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

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

(d) the Excluded Liabilities; and

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

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

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

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

(b) the nonfulfillment or breach of any covenant of Buyer in this Agreement or in any Closing Document to which Buyer is a party;

(c) the Assumed Liabilities; and

(d) the ownership by Buyer of the Assets or the operation by Buyer of the Hospital Businesses after the Closing Date.

10.04. Buyer's Limitations. Buyer will have no liability under Section 10.03(a) and no claim will accrue against Buyer under Section 10.03(a) unless and until the total amount of

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

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

(a) Third Party Claims.

(i) If the basis for any claim for indemnification against an Indemnifying Party pursuant to this Article 10 is a claim or demand made against an Indemnitee by a Person other than Buyer's Indemnified Person or Seller's Indemnified Person (a "**Third Party Claim**"), the Indemnitee shall deliver a Claim Notice with reasonable promptness to the Indemnifying Party (with copies of all relevant written documentation, including papers served, if any, and a reasonable summary of any relevant oral discussions with such third party) specifying the nature of and alleged basis for the Third Party Claim and, to the extent then feasible and known, the alleged amount or the estimated amount of the Third Party Claim. If the Indemnitee fails to deliver the Claim Notice (and related materials) to the Indemnifying Party within 60 days after the Indemnitee receives notice of such Third Party Claim, the Indemnifying Party will not be obligated to indemnify the Indemnitee with respect to such Third Party Claim if and only to the extent that the Indemnifying Party's ability to defend the Third Party Claim or otherwise minimize the Losses for which the Indemnifying Party must indemnify the Indemnitee has been prejudiced by such failure. The Indemnifying Party will notify the Indemnitee within 15 days after receipt of the Claim Notice by the Indemnifying Party (the "**Notice Period**") whether the Indemnifying Party elects, at the sole cost and expense of the Indemnifying Party, to assume the defense of the Indemnitee against the Third Party Claim.

(ii) If the Indemnifying Party notifies the Indemnitee within the Notice Period that the Indemnifying Party elects to assume the defense of the Indemnitee against the Third Party Claim, then the Indemnifying Party will defend, at its sole cost and expense, the Third Party Claim by all appropriate proceedings, which proceedings will be diligently prosecuted by the Indemnifying Party to a final conclusion or settled, at the discretion of the Indemnifying Party (with the consent of the Indemnitee, which consent shall not be unreasonably withheld with respect to any settlement that does not include any non-monetary relief). The Indemnifying Party will have full control of such defense and proceedings, including any compromise or settlement thereof; *provided* that, prior to the Indemnitee's receipt of the Indemnifying Party's notice that it elects to assume such defense, the Indemnitee may file, at the sole cost and expense of the Indemnitee, any motion, answer or other pleading that the Indemnitee reasonably

deems necessary to protect its interests and that is not prejudicial to the Indemnifying Party (it being understood that, except as provided in this Section 10.05(a)(ii), if an Indemnitee takes any such action that is prejudicial to the Indemnifying Party, the Indemnifying Party will be relieved of its obligations hereunder with respect to that portion of the Third Party Claim (or the Losses attributable thereto) prejudiced by the Indemnitee's action); and *provided, further*, that, if requested by the Indemnifying Party, the Indemnitee shall reasonably cooperate, at the sole cost and expense of the Indemnifying Party, with the Indemnifying Party and its counsel in contesting any Third Party Claim that the Indemnifying Party elects to contest or, if related to the Third Party Claim, in making any counterclaim or cross-claim against any Person (other than the Indemnitee or its Affiliates). The Indemnitee may participate in, but not control, any defense or settlement of any Third Party Claim assumed by the Indemnifying Party pursuant to this Section 10.05(a)(ii) and, except in respect of cooperation requested by the Indemnifying Party as provided in the preceding sentence, the Indemnitee will bear its own costs and expenses with respect to such participation. Notwithstanding the foregoing, the Indemnifying Party may not assume the defense of the Third Party Claim on behalf of the Indemnitee if (1) the Persons against whom the Third Party Claim is made, or any impleaded Persons, include both one or more of Buyer's Indemnified Persons and one or more of Seller's Indemnified Persons, and (2) representation of all of such Persons by the same counsel creates an actual or potential conflict of interest that, after giving effect to any waivers made by such Persons, would breach or violate the ethical rules applicable to such counsel, in which case the Indemnitee shall have the right to defend the Third Party Claim on its own behalf and to employ counsel at the expense of the Indemnifying Party.

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

making any counterclaim or cross-claim against any Person (other than the Indemnifying Party or its Affiliates).

(b) First Party Claims.

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

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

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

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

(e) Certain Disclaimers. Any estimated amount of a claim submitted in a Claim Notice or an Indemnity Notice shall not be conclusive of the final amount of such claim, and the giving of a Claim Notice when an Indemnity Notice is properly due, or the giving of an Indemnity Notice when a Claim Notice is properly due, shall

not impair such Indemnitee's rights hereunder. Notice of any claim comprised in part of Third Party Claims and claims that are not Third Party Claims shall be appropriately bifurcated and given pursuant to each of Section 10.05(a)(i) and Section 10.05(b)(i), as applicable.

10.06. Survival of Representations and Warranties; Indemnity Periods. All of the representations, warranties, covenants, and agreements made by the parties in this Agreement or pursuant hereto in any certificate, instrument, or document shall survive the consummation of the transactions in the manner described herein, and may be fully and completely relied upon by Seller, Buyer, and PMH, as the case may be, notwithstanding any investigation heretofore or hereafter made by any of them or on behalf of any of them, and shall not be deemed merged into any instruments or agreements delivered at the Closing or thereafter. Each party acknowledges that no representations or warranties are made except as specifically set forth herein. Notwithstanding anything in this Section 10.06 that may be to the contrary, any claim, demand, or cause of action with respect to a breach of any representation or warranty made in this Agreement (other than representations or warranties contained in Sections 3.01 (Organization and Qualification), 3.02 (Corporate Powers; Absence of Conflicts, Etc), 3.03 (Binding Agreement), 3.04 (Investments and Third Party Rights), 3.10 (Title), 3.28 (Joint Ventures), 4.01 (Organization), 4.02 (Power and Authority; Due Authorization), 4.03 (Consents; Absence of Conflicts, Etc.), 4.04 (Due Execution; Binding Agreement), which shall survive indefinitely, and the representations or warranties contained in Sections 3.05 (Legal and Regulatory Compliance), 3.12 (Environmental Laws), 3.16 Government Payment Programs; Accreditation; Payor Cost Reports), 3.21 (Employee Benefit Plans), 3.25 (Restricted Assets), and 3.23 (Taxes), which shall survive the longer of five (5) years or 90 days after the expiration of the applicable statute of limitations pertaining to the underlying claim, including extensions and waivers), must be made or brought, if at all, within eighteen (18) months after the Closing Date. For the avoidance of doubt, this Section 10.06 shall not affect any rights to bring claims after eighteen (18) months based on (a) any covenant or agreement of the parties that contemplates performance after the Closing, (b) the obligations of Seller under Sections 10.01(c), (d) and (e) (Indemnification by Seller), (c) the obligations of Buyer under Sections 10.03(b), (c) and (d) (Indemnification by Buyer), or (e) the obligations of the parties under Section 10.07 (Mitigation).

10.07. Mitigation. Each Indemnitee shall take all commercially reasonable steps to mitigate its Losses upon and after becoming aware of any event or condition that has given rise to any Losses for which it may be indemnified pursuant to this Agreement. The amount of Losses for which an Indemnitee may make an indemnification claim pursuant to this Agreement shall be reduced by any amounts actually recovered by the Indemnitee under insurance policies or other collateral sources (such as contractual indemnities of any Person that are contained outside of this Agreement or the Closing Documents) with respect to such Losses. Each Indemnitee must use commercially reasonable efforts to obtain recovery under such insurance policies or other collateral sources. To the extent that any payment received by an Indemnitee under any insurance policy or other collateral source was not previously taken into account to reduce the amount of indemnifiable Losses paid to such Indemnitee, such Indemnitee shall promptly pay over to the Indemnifying Party the amount so recovered or realized (after deducting therefrom the full amount of the expenses incurred by the Indemnitee in procuring such recovery or realization), but such amount paid over to the Indemnifying Party shall not exceed the sum of (a) the amount previously paid by the Indemnifying Party to the Indemnitee in

respect of such matter plus (b) the amount expended by the Indemnifying Party in pursuing or defending any Third Party Claim arising out of such matter. Notwithstanding the foregoing, no Indemnitee shall be required to seek recovery under any insurance policy issued by, or other collateral source that is, an Affiliate of the Indemnitee.

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

10.09. Seller's Failure to Pay for Certain Losses. If any Buyer's Indemnified Persons are entitled to indemnification for Losses pursuant to Section 10.01, and notice for indemnification of such Losses is provided by Buyer, in accordance with Section 10.05, prior to the third (3rd) anniversary after the Closing Date (including before the Closing Date), then to the extent that such Losses are not satisfied in full ("**Unpaid Losses**"), the Capital Amount shall be reduced by the aggregate amount of Unpaid Losses in accordance with Section 1.01(22).

11. GENERAL

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

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

11.03. Other Owners of Assets. Buyer, Seller and its undersigned Wholly Owned Subsidiaries acknowledge that certain Assets may be owned by Wholly Owned Subsidiaries of Seller and not Seller. Notwithstanding the foregoing, and for purposes of all representations, warranties, covenants, and agreements contained herein, Seller agrees, and, as evidenced by their acknowledgement to this Agreement, its undersigned Wholly Owned Subsidiaries agree and acknowledge, that (i) its obligations with respect to any Assets shall be joint and several with any Wholly Owned Subsidiary of Seller that owns or controls such Assets, (ii) the representations and warranties herein, to the extent applicable, shall be deemed to have been made by, on behalf

of and with respect to such Wholly Owned Subsidiaries of Seller in their ownership capacity, and (iii) it has the legal capacity to cause, and it shall cause, any of its Wholly Owned Subsidiaries that owns or controls any Assets to meet all of Seller's obligations under this Agreement with respect to such Assets. Seller hereby waives any defense to a claim made by Buyer or its Affiliates under this Agreement based on the failure of any Person who owns or controls the Assets to be a party to this Agreement.

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

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

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

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

11.06. Reproduction of Documents. This Agreement and all documents relating hereto, including consents, waivers and modifications that may hereafter be executed, the Closing Documents, financial statements, certificates and other information previously or hereafter furnished to any party, may be reproduced by any party by any photographic, microfilm, electronic or similar process. The parties stipulate that any such reproduction, when rendered in physical form and constituting an identical representation of the original, shall be admissible in evidence as the original itself in any judicial, arbitral or administrative proceeding (whether or

not the original is in existence and whether or not such reproduction was made in the ordinary course of business).

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

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

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

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

11.11. Benefit and Assignment. Subject to the provisions herein to the contrary, this Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective legal representatives, successors and assigns; *provided* however that no party may assign this Agreement without the prior written consent of the other party. Notwithstanding the foregoing, (i) Buyer may designate one or more Affiliates to purchase any or all of the Assets, including the Hospital Businesses, provided that PMH shall unconditionally guarantee any and all obligations of such Affiliates pursuant to Section 11.22, and (ii) Buyer and PMH shall be

permitted to grant a security interest in and collaterally assign and transfer all their rights, interests and benefits, but not their obligations, under this Agreement to any entity providing financing to Buyer and/or Buyer's Affiliates at any time and from time to time without obtaining the written consent of Seller.

11.12. Third Party Beneficiary. This Agreement (including provisions regarding employee and employee benefit matters) and the Closing Documents are intended solely for the benefit of the parties to this Agreement (and their respective successors and permitted assigns) and (solely in their capacities as Indemnified Persons) Buyer's Indemnified Persons and Seller's Indemnified Persons, and are not intended to confer third-party beneficiary rights upon any other Person (or, in the case of Buyer's Indemnified Persons and Seller's Indemnified Persons, to such Persons in any other capacity). Any reference in this Agreement to one or more Employee Benefit Plans of Buyer includes provisions, if any, in such plans permitting their termination or amendment and any covenant in this Agreement to provide any Employee Benefit Plan shall not be deemed or construed to limit Buyer's right to terminate or amend such plan of Buyer in accordance with its terms (except as otherwise provided in Section 5.03(d)).

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

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

If to Buyer: c/o Prospect Medical Holdings, Inc.
10780 Santa Monica Blvd., Suite 400
Los Angeles, CA 90025
Attn: General Counsel
Fax: 310-943-4501
Email: ellen.shin@prospectmedical.com

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

Epstein Becker & Green, P.C.
1 Gateway Center

Newark, NJ 07102
Attn: Gary W. Herschman
Email: GHerschman@ebglaw.com
Attn: David E. Weiss
Email: DWeiss@ebglaw.com

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

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

Carmody Torrance Sandak & Hennessey, LLP
707 Summer Street, Suite 300
Stamford, CT 06901
Attn: Ann Zucker, Esq.
Fax: 203.252.2686
Email: azucker@carmodylaw.com

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

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

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

11.17. Entire Agreement; Amendment. Except as set forth in Section 11.21(a), this Agreement supersedes all previous contracts, agreements and understandings and constitutes the entire agreement of whatsoever kind or nature existing between or among the parties respecting the within subject matter and no party shall be entitled to benefits with respect to the Assets or the Hospital Businesses other than those specified in this Agreement. As between or among the parties, any oral or written representation, warranty, covenant, agreement or statement not

expressly incorporated in this Agreement, whether given before or on the date of this Agreement, shall be of no force and effect unless and until made in writing and signed by the parties on or after the date of this Agreement. The representations, warranties and covenants set forth in this Agreement shall survive the Closing and remain in full force and effect as provided in Section 10.06, and shall survive the execution and delivery of, and shall not be merged with or into, the Closing Documents and all other agreements, instruments or other documents described, referenced in or contemplated by this Agreement. Each representation, warranty and covenant in this Agreement has independent legal significance and if any party has breached any representation, warranty or covenant in any respect, whether there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative level of specificity) that such party has not breached shall not detract from or mitigate the party's breach of the first representation, warranty or covenant. This Agreement may not be amended or supplemented except in a written instrument executed by each of the parties.

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

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

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

11.21. Fees and Expenses.

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

including counsel, accounting, brokerage and investment advisor fees and disbursements.

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

(c) Buyer shall pay the following: (i) all third party fees and expenses reasonably incurred by Buyer for Buyer's land title surveys and environmental, engineering and other inspections, studies, tests, reviews and analyses undertaken by or on behalf of Buyer for the benefit of Buyer, (ii) all transfer Taxes, sales and use and similar Taxes arising out of the transfer of the Assets (whether or not originally arising with or assessed to Seller or its applicable Wholly Owned Subsidiary) and (iii) the premium for Buyer's title insurance policies described in Section 8.09.

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

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

11.23. Liquidated Damages.

(a) The parties acknowledge that: (i) the agreements contained in Section 9.04(d) are an integral part of the transactions contemplated by this Agreement; (ii)

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

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

[*Signature Page Follows*]

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

GREATER WATERBURY HEALTH NETWORK, INC.

By: _____

Title: _____

PROSPECT CT MEDICAL FOUNDATION, INC.

By: _____

Title: _____

PROSPECT WATERBURY, INC.

By: _____

Title: _____

PROSPECT WATERBURY HOME HEALTH, INC.

By: _____

Title: _____

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

By: _____

Title: _____

[*Acknowledgement Page Follows*]

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

ACKNOWLEDGED BY:

THE WATERBURY HOSPITAL

By: _____

Title: _____

VNA HEALTH AT HOME, INC.

By: _____

Title: _____

GREATER WATERBURY MANAGEMENT RESOURCES, INC.

By: _____

Title: _____

ALLIANCE MEDICAL GROUP, INC.

By: _____

Title: _____

CARDIOLOGY ASSOCIATES OF

GREATER WATERBURY, LLC

By: _____

Title: _____

Exhibit A

Form of Transitional Services Agreement

See attached.

Exhibit B

Form of Limited Power of Attorney

See attached.

Exhibit C

Essential Clinical and Other Services

[Comment: To be determined based on diligence]

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

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

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

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

Annex A

Calculation Methodology for Net Working Capital

Schedule 1.02

Persons with "Seller's Knowledge"

[•]	President and Chief Executive Officer
[•]	Senior Vice President and Chief Operating Officer
[•]	Vice President/Chief Financial Officer
[•]	Vice President Medical Affairs/Chief Medical Officer
[•]	Vice President Patient Care/Chief Nursing Officer
[•]	Vice President Information Services/Chief Information Officer
[•]	Chief Medical Information Officer
[•]	Vice President Human Resources
[•]	Director – Compliance and HIPAA
[•]	Assistant Director Finance – Corporate Accounting
[•]	Corporate Compliance Officer
[•]	Administrative Director Facility Operations

Schedule 3.04

[Insert organizational chart with ownership/membership percentages]

ATTACHMENT 3

{N5250103}

2016 FEDERAL POVERTY GUIDELINES (FPG)
ANNUAL & MONTHLY INCOME LEVELS
FROM 100% to 250%

FAMILY SIZE	FPG (100%)		125% of FPG		150% of FPG		175% of FPG		185% of FPG		200% of FPG		235% of FPG		250% of FPG	
	YEAR	MONTH	YEAR	MONTH	YEAR	MONTH	YEAR	MONTH	YEAR	MONTH	YEAR	MONTH	YEAR	MONTH	YEAR	MONTH
1	$11,880	$990	$14,850	$1,238	$17,820	$1,485	$20,790	$1,733	$21,978	$1,832	$23,760	$1,980	$27,918	$2,327	$29,700	$2,475
2	$16,020	$1,335	$20,025	$1,669	$24,030	$2,003	$28,035	$2,336	$29,637	$2,470	$32,040	$2,670	$37,647	$3,137	$40,050	$3,338
3	$20,160	$1,680	$25,200	$2,100	$30,240	$2,520	$35,280	$2,940	$37,296	$3,108	$40,320	$3,360	$47,376	$3,948	$50,400	$4,200
4	$24,300	$2,025	$30,375	$2,531	$36,450	$3,038	$42,525	$3,544	$44,955	$3,746	$48,600	$4,050	$57,105	$4,759	$60,750	$5,063
5	$28,440	$2,370	$35,550	$2,963	$42,660	$3,555	$49,770	$4,148	$52,614	$4,385	$56,880	$4,740	$66,834	$5,570	$71,100	$5,925
6	$32,580	$2,715	$40,725	$3,394	$48,870	$4,073	$57,015	$4,751	$60,273	$5,023	$65,160	$5,430	$76,563	$6,380	$81,450	$6,788
7	$36,730	$3,061	$45,913	$3,826	$55,095	$4,591	$64,278	$5,357	$67,951	$5,663	$73,460	$6,122	$86,316	$7,193	$91,825	$7,652
8	$40,890	$3,408	$51,113	$4,259	$61,335	$5,111	$71,558	$5,963	$75,647	$6,304	$81,780	$6,815	$96,092	$8,008	$102,225	$8,519
*	$4,160	$347	$5,200	$433	$6,240	$520	$7,280	$607	$7,696	$641	$8,320	$693	$9,776	$815	$10,400	$867

*For family units over 8, add the amount shown for each additional member.

Notes:

Federal Poverty Guidelines: 2016 Federal Poverty Guidelines (FPG) annual income levels are published in the Federal Register of January 25, 2016, Volume 81, Number 15, on pages 4036-4037.

Percentage Calculations: Annual income levels provided above for 125%-250% of FPG are derived by multiplying the FPG annual income for each family size by the appropriate percentage and rounding to the nearest whole dollar. Monthly income levels for FPG and 125%-250% of FPG are derived by dividing each annual income level by 12 and rounding to the nearest whole dollar.

Calculated and prepared by Healthcare Facility Regulation Division/Office of Health Planning, Georgia Department of Community Health, January 26, 2016.

GEORGIA DEPARTMENT OF COMMUNITY HEALTH
OFFICE OF HEALTH PLANNING
INDIGENT INCOME LEVELS FOR 2016

ANNUAL & MONTHLY INCOME LEVELS FOR FAMILIES AND INDIVIDUALS AT 125% OF 2016 FEDERAL POVERTY GUIDELINES

FAMILY SIZE	2016 INCOME LEVEL FOR 125% FPG	
	ANNUAL	MONTHLY
1	$14,850 per year	$1,238 per month
2	$20,025 per year	$1,669 per month
3	$25,200 per year	$2,100 per month
4	$30,375 per year	$2,531 per month
5	$35,550 per year	$2,963 per month
6	$40,725 per year	$3,394 per month
7	$45,913 per year	$3,826 per month
8	$51,113 per year	$4,259 per month
For family units over 8, add $5200 per year or $433 per month for each additional member.		

Notes:

Federal Poverty Guidelines: "2016 Poverty Guidelines for the 48 Contiguous States and the District of Columbia" as published in the Federal Register of January 25, 2016, Volume 81, Number 15, on pages 4036 - 4037.

125% FPG Calculation: The annual income levels at 125% FPG provided above are derived by multiplying the federal poverty guidelines annual income for each family size by 1.25 (125%) and rounding to the nearest whole dollar. These annual figures are then divided by 12 and rounded to the nearest whole dollar to derive the monthly income levels.

DCH Indigent Income Level: The Georgia Department of Community Health's Office of Health Planning defines an indigent patient as being a patient who is income tested and found to be at or below 125% of the FPG.

Calculated and prepared by Healthcare Facility Regulation Division/Office of Health Planning, Georgia Department of Community Health, January 26, 2016.

are working to improve language accessibility within their states; and

- Recommendations for state-specific capacity building for the 20 states intended to enhance statewide language access, which will include the development of language access plans.

An objective review of was conducted that assessed the grantee's application using criteria related to the project's approach, the organization's capacity, and the development of costs for the project's budget.

Statutory Authority: Section 310 of the Family Violence Prevention and Services Act, as amended by Section 201 of the CAPTA Reauthorization Act of 2010, Pub. L. 111–320.

Christopher Beach,

Senior Grants Policy Specialist, Division of Grants Policy, Office of Administration.

[FR Doc. 2016–01329 Filed 1–22–16; 8:45 am]

BILLING CODE 4184–32–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

Office of the Secretary

Annual Update of the HHS Poverty Guidelines

AGENCY: Department of Health and Human Services.

ACTION: Notice.

SUMMARY: This notice provides an update of the Department of Health and Human Services (HHS) poverty guidelines to account for last calendar year's increase in prices as measured by the Consumer Price Index.

DATES: *Effective Date:* January 25, 2016, unless an office administering a program using the guidelines specifies a different effective date for that particular program.

ADDRESSES: Office of the Assistant Secretary for Planning and Evaluation, Room 404E, Humphrey Building, Department of Health and Human Services, Washington, DC 20201.

FOR FURTHER INFORMATION CONTACT: For information about how the guidelines are used or how income is defined in a particular program, contact the Federal, state, or local office that is responsible for that program. For information about poverty figures for immigration forms, the Hill-Burton Uncompensated Services Program, and the number of people in poverty, use the specific telephone numbers and addresses given below.

For general questions about the poverty guidelines themselves, contact Kendall Swenson, Office of the Assistant Secretary for Planning and Evaluation, Room 422F.5, Humphrey Building, Department of Health and Human Services, Washington, DC 20201—telephone: (202) 690–7507—or visit *http://aspe.hhs.gov/poverty/.*

For information about the percentage multiple of the poverty guidelines to be used on immigration forms such as USCIS Form I–864, Affidavit of Support, contact U.S. Citizenship and Immigration Services at 1–800–375–5283.

For information about the Hill-Burton Uncompensated Services Program (free or reduced-fee health care services at certain hospitals and other facilities for persons meeting eligibility criteria involving the poverty guidelines), contact the Health Resources and Services Administration Information Center at 1–800–275–4772. You also may visit *http://www.hrsa.gov/gethealthcare/affordable/hillburton/.*

For information about the number of people in poverty, visit the Poverty section of the Census Bureau's Web site at *http://www.census.gov/hhes/www/poverty/poverty.html* or contact the Census Bureau's Customer Service Center at 1–800–923–8282 (toll-free) and *https://ask.census.gov* for further information.

SUPPLEMENTARY INFORMATION:

Background

Section 673(2) of the Omnibus Budget Reconciliation Act (OBRA) of 1981 (42 U.S.C. 9902(2)) requires the Secretary of the Department of Health and Human Services to update the poverty guidelines at least annually, adjusting them on the basis of the Consumer Price Index for All Urban Consumers (CPI–U). The poverty guidelines are used as an eligibility criterion by the Community Services Block Grant program and a number of other Federal programs. The *poverty guidelines* issued here are a simplified version of the *poverty thresholds* that the Census Bureau uses to prepare its estimates of the number of individuals and families in poverty.

As required by law, this update is accomplished by increasing the latest published Census Bureau poverty thresholds by the relevant percentage change in the Consumer Price Index for All Urban Consumers (CPI–U). The guidelines in this 2016 notice reflect the 0.1 percent price increase between calendar years 2014 and 2015. After this inflation adjustment, the guidelines are rounded and adjusted to standardize the differences between family sizes. In rare circumstances, the rounding and standardizing adjustments in the formula result in small decreases in the poverty guidelines for some household sizes even when the inflation factor is not negative. In order to prevent a reduction in the guidelines in these rare circumstances, a minor adjustment was implemented to the formula beginning this year. In cases where the year-to-year change in inflation is not negative and the rounding and standardizing adjustments in the formula result in reductions to the guidelines from the previous year for some household sizes, the guidelines for the affected household sizes are fixed at the prior year's guidelines. As in prior years, these 2016 guidelines are roughly equal to the poverty thresholds for calendar year 2015 which the Census Bureau expects to publish in final form in September 2016.

The poverty guidelines continue to be derived from the Census Bureau's current official poverty thresholds; they are not derived from the Census Bureau's new Supplemental Poverty Measure (SPM).

The following guideline figures represent annual income.

2016 POVERTY GUIDELINES FOR THE 48 CONTIGUOUS STATES AND THE DISTRICT OF COLUMBIA

Persons in family/household	Poverty guideline
1	$11,880
2	16,020
3	20,160
4	24,300
5	28,440
6	32,580
7	36,730
8	40,890

For families/households with more than 8 persons, add $4,160 for each additional person.

2016 POVERTY GUIDELINES FOR ALASKA

Persons in family/household	Poverty guideline
1	$14,840
2	20,020
3	25,200
4	30,380
5	35,560
6	40,740
7	45,920
8	51,120

For families/households with more than 8 persons, add $5,200 for each additional person.

2016 POVERTY GUIDELINES FOR HAWAII

Persons in family/household	Poverty guideline
1	$13,670
2	18,430
3	23,190
4	27,950
5	32,710
6	37,470
7	42,230
8	47,010

For families/households with more than 8 persons, add $4,780 for each additional person.

Separate poverty guideline figures for Alaska and Hawaii reflect Office of Economic Opportunity administrative practice beginning in the 1966–1970 period. (Note that the Census Bureau poverty thresholds—the version of the poverty measure used for statistical purposes—have never had separate figures for Alaska and Hawaii.) The poverty guidelines are not defined for Puerto Rico or other outlying jurisdictions. In cases in which a Federal program using the poverty guidelines serves any of those jurisdictions, the Federal office that administers the program is generally responsible for deciding whether to use the contiguous-states-and-DC guidelines for those jurisdictions or to follow some other procedure.

Due to confusing legislative language dating back to 1972, the poverty guidelines sometimes have been mistakenly referred to as the "OMB" (Office of Management and Budget) poverty guidelines or poverty line. In fact, OMB has never issued the guidelines; the guidelines are issued each year by the Department of Health and Human Services. The poverty guidelines may be formally referenced as "the poverty guidelines updated periodically in the **Federal Register** by the U.S. Department of Health and Human Services under the authority of 42 U.S.C. 9902(2)."

Some federal programs use a percentage multiple of the guidelines (for example, 125 percent or 185 percent of the guidelines), as noted in relevant authorizing legislation or program regulations. Non-Federal organizations that use the poverty guidelines under their own authority in non-Federally-funded activities also may choose to use a percentage multiple of the guidelines.

The poverty guidelines do not make a distinction between farm and non-farm families, or between aged and non-aged units. (Only the Census Bureau poverty thresholds have separate figures for aged and non-aged one-person and two-person units.)

Note that this notice does not provide definitions of such terms as "income" or "family," because there is considerable variation in defining these terms among the different programs that use the guidelines. These variations are traceable to the different laws and regulations that govern the various programs. This means that questions such as "Is income counted before or after taxes?", "Should a particular type of income be counted?", and "Should a particular person be counted as a member of the family/household?" are actually questions about how a specific program applies the poverty guidelines. All such questions about how a specific program applies the guidelines should be directed to the entity that administers or funds the program, since that entity has the responsibility for defining such terms as "income" or "family," to the extent that these terms are not already defined for the program in legislation or regulations.

Dated: January 21, 2016.

Sylvia M. Burwell,

Secretary of Health and Human Services.

[FR Doc. 2016–01450 Filed 1–22–16; 8:45 am]

BILLING CODE 4150–05–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

National Institute of Allergy and Infectious Diseases; Notice of Closed Meetings

Pursuant to section 10(d) of the Federal Advisory Committee Act, as amended (5 U.S.C. App.), notice is hereby given of the following meetings.

The meetings will be closed to the public in accordance with the provisions set forth in sections 552b(c)(4) and 552b(c)(6), title 5 U.S.C., as amended. The grant applications and the discussions could disclose confidential trade secrets or commercial property such as patentable material, and personal information concerning individuals associated with the grant applications, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy.

Name of Committee: Microbiology, Infectious Diseases and AIDS Initial Review Group; Microbiology and Infectious Diseases Research Committee.

Date: February 18–19, 2016.

Time: 8:00 a.m. to 5:00 p.m.

Agenda: To review and evaluate grant applications.

Place: The Ritz-Carlton Hotel, Plaza II, 1150 22nd Street NW., Washington, DC 20037.

Contact Person: Frank S. De Silva, Ph.D., Scientific Review Officer, Scientific Review Program, Division of Extramural Activities, Room #3E72A, National Institutes of Health/NIAID, 5601 Fishers Lane, MSC 9834, Bethesda, MD 20892934, (240) 669–5023, *fdesilva@niaid.nih.gov.*

Name of Committee: National Institute of Allergy and Infectious Diseases Special Emphasis Panel; "Comprehensive Resources for HIV Microbicides and Biomedical Prevention (N01)".

Date: February 18, 2016.

Time: 10:30 a.m. to 5:00 p.m.

Agenda: To review and evaluate contract proposals.

Place: National Institutes of Health Room 3F100, 5601 Fishers Lane, Rockville, MD 20892 (Telephone Conference Call).

Contact Person: Jay R. Radke, Ph.D., AIDS Review Branch, Scientific Review Program, Division of Extramural Activities, Room #3G11B, National Institutes of Health, NIAID, 5601 Fishers Lane, MSC–9823, Bethesda, MD 20892–9823, (240) 669–5046, *jay.radke@nih.gov.*

(Catalogue of Federal Domestic Assistance Program Nos. 93.855, Allergy, Immunology, and Transplantation Research; 93.856, Microbiology and Infectious Diseases Research, National Institutes of Health, HHS)

Dated: January 19, 2016.

Natasha M. Copeland,

Program Analyst, Office of Federal Advisory Committee Policy.

[FR Doc. 2016–01313 Filed 1–22–16; 8:45 am]

BILLING CODE 4140–01–P

DEPARTMENT OF HEALTH AND HUMAN SERVICES

National Institutes of Health

Submission for OMB Review; 30-Day Comment Request; Media-Smart Youth Leaders Program

SUMMARY: Under the provisions of section 3507(a)(1)(D) of the Paperwork Reduction Act of 1995, the *Eunice Kennedy Shriver* National Institute of Child Health and Human Development, National Institutes of Health (NIH) has submitted to the Office of Management and Budget (OMB) a request for review and approval of the information collection listed below. This proposed information collection was previously published in the **Federal Register** on October 16, 2015, pages 62541–62542, and allowed 60 days for public comment. One public comment was received. The purpose of this notice is to allow an additional 30 days for public comment. The *Eunice Kennedy Shriver* National Institute of Child Health and Human Development, National Institutes of Health, may not conduct or

ATTACHMENT 4

{N5250103}

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

SEPTEMBER 30, 2014 AND 2013

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONTENTS

Independent Auditors' Report 1-2

Financial Statements

Consolidated Balance Sheets 3-4
Consolidated Statements of Operations and Changes in Net Assets 5-6
Consolidated Statements of Cash Flows 7-8

Notes to Consolidated Financial Statements 9-42

Independent Auditors' Report on Other Financial Information 43

Other Financial Information

Consolidating Balance Sheets 44-47
Consolidating Statements of Operations 48-49

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
The Waterbury Hospital

We have audited the accompanying consolidated financial statements of The Waterbury Hospital, which comprise the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting polices used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

MARCUMGROUP
MEMBER

Marcum LLP ▪ City Place II ▪ 185 Asylum Street ▪ 17th Floor ▪ Hartford, CT 06103 ▪ Phone 860.549.8500 / 877.231.5351 ▪ Fax 860.549.8501 ▪ marcumllp.com

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of The Waterbury Hospital as of September 30, 2014 and 2013, and the results of its operations and changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Marcum LLP

Hartford, CT
December 19, 2014

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

SEPTEMBER 30, 2014 AND 2013

	2014	2013
Assets		
Current Assets		
Cash and cash equivalents	$ 31,909,931	$ 23,993,423
Restricted cash	675,000	4,519,908
Short-term investments	507,699	472,637
Patient accounts receivable, less allowance ($9,207,000 in 2014 and $15,022,000 in 2013)	30,793,644	29,441,126
Grants and other receivables	3,843,762	3,702,524
Inventories of supplies	3,913,945	3,581,595
Prepaid insurance and other expenses	1,923,352	1,571,465
Total Current Assets	73,567,333	67,282,678
Other Assets		
Funds held in trust by others	46,117,761	44,960,039
Long-term investments	11,118,017	10,814,695
Board-designated endowment funds	3,315,500	3,193,664
Other receivables	77,952	171,972
Goodwill	1,813,567	1,813,567
CHEFA obligations issue expense, less amortization	243,686	282,676
	62,686,483	61,236,613
Property, plant and equipment:		
Land	287,549	287,549
Buildings and improvements	94,308,166	94,052,332
Equipment	188,064,397	186,912,261
Construction in progress	--	73,654
	282,660,112	281,325,796
Less accumulated depreciation	(246,745,886)	(238,890,019)
	35,914,226	42,435,777
	$ 172,168,042	$ 170,955,068

The accompanying notes are an integral part of these consolidated financial statements.

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (CONTINUED)

SEPTEMBER 30, 2014 AND 2013

	2014	2013
Liabilities and Net Assets		
Current Liabilities		
Accounts payable and accrued expenses	$ 23,322,768	$ 21,578,227
Salaries, wages, payroll taxes and amounts withheld from employees	9,841,900	7,395,011
Due to third-party reimbursement agencies	4,171,981	2,969,391
Current portion of CHEFA obligations	493,776	472,136
Current portion of notes payable and capital lease obligations	461,705	694,549
Due to affiliates	600,116	2,042,951
Total Current Liabilities	38,892,246	35,152,265
Other Noncurrent Liabilities	25,354,977	21,813,507
CHEFA Obligations - less current portion	23,789,744	24,283,520
Notes Payable and Capital Lease Obligations - less current portion	438,984	852,568
Net Assets		
Unrestricted	23,336,473	29,976,833
Temporarily restricted	8,729,527	8,409,794
Permanently restricted	48,909,797	47,752,075
Total Net Assets Excluding Noncontrolling Interests	80,975,797	86,138,702
Noncontrolling Interests	2,716,294	2,714,506
Total Net Assets	83,692,091	88,853,208
	$ 172,168,042	$ 170,955,068

The accompanying notes are an integral part of these consolidated financial statements.

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Unrestricted Revenues		
Net patient service revenues	$ 248,836,314	$ 254,713,112
Provision for bad debts	(4,436,817)	(11,366,671)
Net patient service revenues less provision for bad debts	244,399,497	243,346,441
Other operating revenues	4,196,829	5,209,968
Net assets released from restrictions	5,542,491	5,419,591
	254,138,817	253,976,000
Operating Expenses		
Salaries	118,051,397	116,676,000
Employee benefits	29,379,803	30,913,497
Supplies and other	105,737,994	100,247,756
Depreciation	7,860,960	8,821,562
Interest and amortization	1,384,987	1,049,355
	262,415,141	257,708,170
Loss from Operations	(8,276,324)	(3,732,170)
Nonoperating Gains		
Unrestricted gifts and bequests	1,240,261	217,275
Investment income	1,840,688	1,737,423
	3,080,949	1,954,698
Deficiency of Revenues over Expenses Before Changes in Net Unrealized Gains on Investments	(5,195,375)	(1,777,472)
Changes in Net Unrealized Gains on Investments	92,827	268,235
Deficiency of Revenues over Expenses	(5,102,548)	(1,509,237)
Less Excess of Revenues over Expenses Attributable to Noncontrolling Interests	(926,677)	(874,685)
Deficiency of Revenues Over Expenses Attributable to Controlling Interest	(6,029,225)	(2,383,922)

The accompanying notes are an integral part of these consolidated financial statements.

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Unrestricted Net Assets, Controlling Interest		
Deficiency of revenues over expenses	$ (6,029,225)	$ (2,383,922)
Net assets released from restrictions used for purchase of property and equipment	13,360	19,654
Interest rate swap adjustment	217,110	1,209,256
Pension liability adjustments	(841,605)	903,495
Decrease in Unrestricted Net Assets, Controlling Interest	(6,640,360)	(251,517)
Unrestricted Net Assets, Noncontrolling Interest		
Excess of revenues over expenses	926,677	874,685
Distributions and other	(924,889)	(1,307,721)
Increase (Decrease) in Unrestricted Net Assets Noncontrolling Interest	1,788	(433,036)
Temporarily Restricted Net Assets		
Gifts and bequests	453,516	475,360
Income from investments	447,776	497,540
Net realized and unrealized gains on investments	604,989	810,002
Grants	4,369,303	4,420,717
Net assets released from restrictions	(5,555,851)	(5,439,245)
Increase in Temporarily Restricted Net Assets	319,733	764,374
Permanently Restricted Net Assets		
Increase in fair value of funds held in trust by others	1,157,722	2,741,876
Increase in Permanently Restricted Net Assets	1,157,722	2,741,876
(Decrease) Increase in Net Assets	(5,161,117)	2,821,697
Net Assets - Beginning	88,853,208	86,031,511
Net Assets - End	$ 83,692,091	$ 88,853,208

The accompanying notes are an integral part of these consolidated financial statements.

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Cash Flows from Operating Activities and Nonoperating Revenues		
Change in net assets	$ (5,161,117)	$ 2,821,697
Adjustments to reconcile change in net assets to net cash provided by operating activities and nonoperating revenues:		
Provision for bad debts	4,436,817	11,366,671
Depreciation and amortization	7,899,950	8,860,554
Pension liability adjustments	841,605	(903,495)
Distributions to noncontrolling interests	924,889	1,307,721
Net realized and unrealized gains and change in fair value of funds held in trust by others	(1,855,538)	(3,820,113)
Restricted gifts, bequests and income from investments	(901,292)	(972,900)
Change in market value of interest rate swap	(217,110)	(1,209,256)
	5,968,204	17,450,879
Changes in operating working capital other than cash and cash equivalents:		
Patient accounts receivable, net	(5,789,335)	(9,035,821)
Grants and other receivables	(141,238)	(725,020)
Inventories of supplies	(332,350)	(276,516)
Prepaid insurance and other expenses	(351,887)	(77,953)
Accounts payable and accrued expenses	1,744,541	(6,842,414)
Salaries, wages, payroll taxes and amounts withheld from employees	2,446,889	(930,163)
Due to third-party reimbursement agencies	1,202,590	2,368,120
Increase in other noncurrent liabilities	2,916,975	2,073,189
	1,696,185	(13,446,578)
Net Cash Provided by Operating Activities and Nonoperating Revenues	7,664,389	4,004,301

The accompanying notes are an integral part of these consolidated financial statements.

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

FOR THE YEARS ENDED SEPTEMBER 30, 2014 AND 2013

	2014	2013
Cash Flows from Investing Activities		
Decrease (increase) in restricted cash	$ 3,844,908	$ (1,008,510)
Purchases of investments	(23,946,145)	(23,516,332)
Sales of investments	24,183,741	24,199,444
Cash paid to affiliates	(1,442,835)	(956,989)
Other assets	94,020	118,444
Additions to property, plant and equipment	(1,339,409)	(2,122,895)
Net Cash Provided by (Used in) Investing Activities	1,394,280	(3,286,838)
Cash Flows from Financing Activities		
Restricted gifts, bequests and income from investments	901,292	972,900
Distributions to noncontrolling interests	(924,889)	(1,307,721)
Proceeds from issuance of debt	55,580	157,781
Principal payments on debt obligations	(1,174,144)	(1,154,775)
Net Cash Used in Financing Activities	(1,142,161)	(1,331,815)
Net Increase (Decrease) in Cash and Cash Equivalents	7,916,508	(614,352)
Cash and Cash Equivalents - Beginning	23,993,423	24,607,775
Cash and Cash Equivalents - End	$ 31,909,931	$ 23,993,423

Supplemental Cash Flow Information

Cash paid during the year for interest on borrowings was $1,217,495 and $1,224,496 for the years ended September 30, 2014 and 2013, respectively.

The accompanying notes are an integral part of these consolidated financial statements.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION

ORGANIZATION

The Waterbury Hospital (the Hospital), a voluntary association incorporated under the General Statutes of the State of Connecticut, is a wholly-owned subsidiary of Greater Waterbury Health Network, Inc. (sole member) (the Network or GWHN). The Board of the Hospital, which is appointed by the Network, controls the operations of the Hospital. In addition to the Hospital, the accompanying financial statements include Access Rehab Centers, LLC (Access), Greater Waterbury Imaging Center Limited Partnership (GWIC), Imaging Partners, LLC, Alliance Medical Group, Inc. (AMG) and Cardiology Associates of Greater Waterbury, LLC (CAGW) to the extent of the Hospital's ownership interest in these subsidiaries and affiliated entities.

On October 29, 2012, the Network signed a Letter of Intent to develop a Joint Venture relationship with Vanguard Health Systems, Inc. (Vanguard) of Nashville, TN, a network of for-profit hospitals. Under terms of the proposed Joint Venture, the two organizations would form a Limited Liability Company in which Vanguard would have an 80 percent ownership interest and GWHN would have a 20 percent interest. The Joint Venture would acquire substantially all of the unrestricted assets and assume certain liabilities of the Hospital and GWHN. The Joint Venture would create a taxable, for-profit health system. On October 1, 2013, Tenet Healthcare Corporation (THC) completed its acquisition of Vanguard.

Approval from the State of Connecticut Office of Health Care Access (OHCA), the Office of the Attorney General, and from state and federal antitrust authorities is required.

A public hearing before the Office of the Attorney General and Office of Health Care Access was held on October 15, 2014. The Hospital received on December 1, 2014, proposed decision documents from the Office of the Attorney General and OHCA approving the proposed formation of the Joint Venture with Vanguard subject to certain conditions. Citing the number and restrictive nature of the conditions, Vanguard withdrew the application and on December 11, 2014 has publicly announced its decision not to pursue this transaction.

During November 2010, the Hospital established a limited liability company by the name of Cardiology Associates of Greater Waterbury, LLC to operate a cardiology practice. CAGW acquired the assets of Cardiology Associates of Waterbury (CAW), an unaffiliated entity, that were used by CAW physicians in the performance of their professional services.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

ORGANIZATION (CONTINUED)

The Waterbury Hospital also acquired the assets of CAW that were used by CAW to perform diagnostic ancillary services. The Hospital converted these ancillary services to provider-based services, which are provided at a diagnostic center located near the Hospital. The goodwill recorded on the consolidated balance sheets relates to the purchase of CAW.

During June 2010, the Hospital entered into an arrangement with certain gastroenterology physician-members of the Hospital's medical staff to form Waterbury Gastroenterology Co-Management Company, LLC (GI Co-Management Company), a Connecticut limited liability company. This company was formed as a collaborative effort between the Hospital and the physicians for the purpose of improving the quality and efficiency of the gastroenterology service line at the Hospital. The Hospital's investment of $50,000 in the GI Co-Management Company is included in the Hospital's consolidated financial statements in long-term investments.

The Hospital entered into a members' agreement, making it an equal member with St. Mary's Hospital, located in Waterbury, Connecticut, in a joint venture to form The Harold Leever Regional Cancer Center, Inc. (the Cancer Center). The Cancer Center is a Connecticut non-stock corporation exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The purpose of the joint venture is to develop, construct, own and operate the Cancer Center. Both member hospitals transferred the revenue and related expenses of their respective radiation oncology services to the Cancer Center in October 2002. Both member hospitals made working capital advances to the Cancer Center. The Cancer Center is not included in the Hospital's consolidated financial statements. During the year ended September 30, 2014, the Cancer Center provided a $1 million unrestricted grant to the Hospital that is included in unrestricted gifts and bequests in the consolidated statements of operations and changes in net assets.

The Hospital's major accounting policies are as summarized below and in Note 2.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Hospital, its subsidiaries and affiliated entities. Recognition has been given to noncontrolling interests in the affiliates which is reflected as a component of unrestricted net assets. All significant intercompany accounts and transactions are eliminated in consolidation.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

USE OF ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets, including estimated uncollectible accounts receivable for services to patients, and liabilities, including estimated net settlements with third-party reimbursement agencies and professional and pension liabilities, and disclosure of contingent assets and contingent liabilities at the date of the financial statements. Estimates also affect the amounts of revenues and expenses reported during the reporting period. There is at least a reasonable possibility that certain estimates will change by material amounts in the near term. Actual results could differ from those estimates.

RECLASSIFICATIONS

Certain 2013 amounts were reclassified to conform to the 2014 presentation.

REGULATORY MATTERS

The Hospital is required to file annual operating information with OHCA.

TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets are available to provide grant related services, free care, and educational seminars. Permanently restricted net assets have been restricted by donors to be maintained by the Hospital in perpetuity or in funds held in trust by others.

DONOR RESTRICTED GIFTS

Unconditional promises to give cash are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises to give are received. Amortization of the discounts is included in gifts and bequests on the consolidated statements of operations and changes in net assets.

The gifts are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified as unrestricted net assets.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

CASH AND CASH EQUIVALENTS

The Hospital considers all highly liquid investments with remaining maturities of three months or less at date of purchase to be cash equivalents. Cash and cash equivalents are held at a limited number of financial institutions and at times, the amounts on deposit exceed insured limits.

RESTRICTED CASH

At September 30, 2014, the Hospital had a $4.5 million surety bond with an insurance company to support its self-insured workers' compensation program that was collateralized by an investment held by a bank. As of September 30, 2014, there were no borrowings on the surety bond.

At September 30, 2013, the Hospital had letters of credit totaling $4.5 million with banks to support its self-insured workers' compensation program that were collateralized by certain investments held by the banks. As of September 30, 2013, there were no borrowings on the letters of credit.

ACCOUNTS RECEIVABLE

Patient accounts receivable result from the health care services provided by the Hospital and its subsidiaries. Additions to the allowance for doubtful accounts result from the provision for bad debts. Accounts written off as uncollectible are deducted from the allowance for doubtful accounts.

The amount of the allowance for doubtful accounts is based upon management's assessment of historical and expected net collections, business and economic conditions, trends in Medicare and Medicaid health care coverage and other collection indicators. See Note 2 for additional information relative to net patient service revenues and third-party payor programs.

INVENTORIES

Inventories are stated at the lower of cost or market. The Hospital values its inventories using the first in first out method.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

INVESTMENTS

Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the consolidated balance sheets. Investment income or loss (including realized gains and losses on investments, interest and dividends) and unrealized gains and losses are included in the deficiency of revenues over expenses unless the income or loss is restricted by donor or law.

Unrealized gains and losses on investments related to permanently restricted net assets and certain temporarily restricted net assets are included in temporarily restricted net assets under State law which allows the Board of Trustees to appropriate as much of the net appreciation of investments as is prudent considering the Hospital's long and short-term needs, present and anticipated financial requirements, expected total return on its investments, price level trends, and general economic conditions. Reference is made to Note 5.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recorded at cost. The Hospital and its subsidiaries provide for depreciation of property, plant and equipment and amortization of assets recorded under capital leases using the straight-line method in amounts sufficient to amortize the cost of the assets over their estimated useful lives which range from 3 to 40 years.

Financial Accounting Standards Board (FASB) ASC 410-20, *Accounting for Asset Retirement Obligations* (ASC 410-20), provides guidance on accounting and reporting for obligations associated with the retirement of tangible long-lived assets and the associated asset retirement costs. Asset retirement obligations include, but are not limited to, certain types of environmental issues which are legally required to be remediated upon an asset's retirement as well as contractually required asset retirement obligations. ASC 410-20 provides clarifying guidance on conditional asset retirement obligations. Conditional asset retirement obligations are obligations whose settlement may be uncertain. ASC 410-20's guidance requires such conditional asset retirement obligations to be estimated and recognized.

Conditional asset retirement obligations of $2,801,923 and $2,684,704 as of September 30, 2014 and 2013, respectively, are recorded in other noncurrent liabilities related to future asbestos remediation. During 2014 and 2013, there were no retirement obligations incurred or settled.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

GOODWILL

Goodwill, which has an indefinite life, is not amortized and is evaluated for impairment at least annually or whenever events or business conditions indicate that the carrying values of such assets may not be fully recoverable.

IMPAIRMENT OF LONG-LIVED ASSETS

The Hospital records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses recorded in 2014 and 2013.

NONOPERATING GAINS

Activities, other than in connection with providing health care services, are considered to be nonoperating. Nonoperating gains consist primarily of income on invested funds, gains and losses on sales of securities, changes in unrestricted unrealized gains and losses and unrestricted gifts and bequests.

DEFICIENCY OF REVENUES OVER EXPENSES

The consolidated statements of operations and changes in net assets include the deficiency of revenues over expenses as the performance indicator. Changes in unrestricted net assets which are excluded from the deficiency of revenues over expenses, consistent with industry practice, include contributions of long-lived assets (including assets acquired using contributions which by donor restriction were to be used for the purposes of acquiring such assets), pension liability adjustments, and interest rate swap adjustments.

INCOME TAXES

The Hospital is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Code. The Hospital is also exempt from state income taxes. Access, GWIC, CAGW, and Imaging Partners LLC are partnerships. For tax purposes, these partnerships are pass-through entities. Taxation does not occur at the partnership level. Accordingly, no provision for taxes is included. AMG is tax exempt under Section 501 (c)(3) of the Internal Revenue Code.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

INCOME TAXES (CONTINUED)

Management has analyzed the tax positions taken and has concluded that as of September 30, 2014, there are no uncertain tax positions taken or expected to be taken in that would require recognition of a liability (or asset) or disclosure in the financial statements. The Hospital is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes the Hospital is no longer subject to income tax examinations prior to 2011.

MEDICAL MALPRACTICE AND WORKERS' COMPENSATION INSURANCE

The Hospital has a policy of self-insuring the deductible portion of its workers' compensation claims. The deductible limit is $750,000 and $500,000 per claim for the years ended September 30, 2014 and 2013, respectively. Management records its best estimate of losses as they occur. The accrued workers' compensation self-insurance liabilities of $10,670,607 and $9,996,921 at September 30, 2014 and 2013, respectively, have been discounted at 2.25%.

Effective October 1, 2006, the Hospital obtained "claims-made" medical malpractice insurance coverage, through the Network, from Healthcare Alliance Insurance Company, Ltd. (HAIC) under retrospectively-rated policies whose ultimate premium is based primarily on the Hospital's experience. HAIC is a multi-provider captive insurance company domiciled in the Cayman Islands. The Network is a one half owner of HAIC with one other local hospital that also holds a 50% ownership. The Hospital's insurance coverage is $1,500,000 per occurrence and $5,000,000 in the aggregate. In addition to the coverage from HAIC, the Hospital recorded reserves of approximately $1,747,604 and $2,066,103 at September 30, 2014 and 2013, respectively, related to claims that were incurred subsequent to October 1, 2006, but not yet reported. These reserves were discounted at 2.25% at September 30, 2014 and 2013.

The Hospital also obtains excess insurance coverage for professional and general liability, through the Network, from HAIC. These policies have limits of $25,000,000 per claim and $25,000,000 aggregate, in excess of the underlying limits in the primary layer, for both professional and general liability.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

MEDICAL MALPRACTICE AND WORKERS' COMPENSATION INSURANCE (CONTINUED)

The Hospital also purchased a loss transfer insurance policy which provides $1,000,000 of coverage for each medical incident that was incurred between October 1, 2003 and October 1, 2006 and specifically reported to the insurance company on the effective date of the transfer policy (February 7, 2008) in addition to medical incidents incurred during the aforementioned period which are first reported after the effective date of the policy. This policy also provides $1,000,000 of coverage for general liability incurred but not reported claims that occurred after October 1, 2003 through October 1, 2006 and were first reported after the effective date of the policy. The policy has annual aggregate limits of $4,500,000 for medical incidents and $3,000,000 for general liability cases with a combined $25,000,000 total limit for all policy years. These aggregate limits are eroded by claims previously paid by the Hospital or other insurance.

RETIREMENT BENEFIT PLANS

The Hospital maintains a defined benefit pension plan for eligible individuals and participates in two multi-employer pension plans that cover certain union employees. Reference is made to Note 9.

OTHER NONCURRENT LIABILITIES

Other noncurrent liabilities include the long-term portion of liabilities for medical malpractice, workers' compensation, retirement benefits, the interest rate swap, and conditional asset retirement obligations.

RISKS AND UNCERTAINTIES

The Hospital invests in a variety of investment securities which are exposed to various risks, such as interest rate risk, financial market risk, currency risk and credit risk. Due to the level of risk associated with investment securities, coupled with economic events, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the Hospital's September 30, 2014 financial statements, in addition to the funded status of its defined benefit pension plan.

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES AND ORGANIZATION (CONTINUED)

BAD DEBTS

ASU 2011-07, *Patient Service Revenue, Provision for Bad Debts, and the Allowance for Doubtful Accounts*, requires certain health care entities to present the provision for bad debts associated with patient service revenue as a deduction from patient service revenue (net of contractual allowances and discounts) rather than as an operating expense with enhanced footnote disclosures on the policies for recognizing revenue and assessing bad debts, in addition to qualitative and quantitative information about changes in the allowance for doubtful accounts. Refer to Note 2 for the additional disclosures required by ASU 2011-07.

NOTE 2 - NET PATIENT SERVICE REVENUES AND CHARITY CARE

The following table summarizes net patient service revenues:

	2014	2013
Gross patient service revenues	$ 985,407,726	$ 936,820,801
Deductions (additions)		
Allowances	734,714,169	683,010,134
Regulatory	1,857,243	(902,445)
	736,571,412	682,107,689
Net patient service revenues	248,836,314	254,713,112
Provision for bad debts	4,436,817	11,366,671
Net patient service revenues less provision for bad debts	$ 244,399,497	$ 243,346,441

Patient accounts receivable and revenues are recorded when patient services are performed.

Amounts received from most payors are different from the established billing rates of the Hospital, and these differences are accounted for as allowances. Net revenues have been affected by State of Connecticut Disproportionate Share program in 2014 and 2013 which is reflected in the regulatory amounts in the table above.

NOTE 2 - NET PATIENT SERVICE REVENUES AND CHARITY CARE (CONTINUED)

Net patient service revenues are reported at the estimated net realizable amounts from patients, third-party payors, and others for services rendered, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. For the years ended September 30, 2014 and 2013, the Hospital recorded approximately $2,500,000 and $2,400,000, respectively, as a decrease to net patient service revenues as changes in estimates related to third-party payor settlements and adjustments to accruals recorded in prior years.

During 2014 and 2013, approximately 44% and 37%, respectively, of net patient service revenues were received under the Medicare program, 10% and 16%, respectively, under the state Medicaid program, and 46% and 47%, respectively, from contracts with other third-parties.

Changes in the Medicare and Medicaid programs and the reduction of funding levels could have an adverse impact on the Hospital. The State of Connecticut has implemented reductions in the State's Disproportionate Share Reimbursement Program for the period from July 1, 2012 through June 30, 2015.

The current Connecticut Medicaid inpatient hospital reimbursement model of interim per diem rates and case rate settlements will transition to an All Patient Refined Diagnosis Related Group System (APR-DRG) where hospital payments will be established prospectively. Connecticut Medicaid outpatient hospital reimbursement will move from the current system of reimbursement based on Revenue Center Codes to a prospective payment system based on the complexity of services performed. The specific transition plan has not been finalized by the State of Connecticut, but the new inpatient reimbursement methodology may be implemented as early as January 1, 2015; while the new outpatient reimbursement methodology will not be implemented until at least the second half of fiscal year 2016. The Hospital has not determined the estimated impact of these proposed changes on net patient service revenues in future years.

The significant concentrations of net accounts receivable for services to patients include 44% from Medicare, 15% from Medicaid, 28% from commercial insurance carriers and 13% from others at September 30, 2014 (44%, 13%, 24% and 19%, respectively, in 2013).

NOTE 2 - NET PATIENT SERVICE REVENUES AND CHARITY CARE (CONTINUED)

Laws and regulations governing the Medicare and Medicaid programs are complex and subject to interpretation. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and Medicaid programs. The Hospital believes that it is in compliance with all applicable laws and regulations. Cost reports for the Hospital, which serve as a basis for final settlement with government payors, have been settled by final settlement through 2011 for Medicare and 1995 for Medicaid. Other years remain open for settlement.

The Hospital has agreements with various Health Maintenance Organizations (HMOs) to provide medical services to subscribing participants. Under these agreements, the HMOs make fee-for-service payments to the Hospital for certain covered services based upon discounted fee schedules.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The Hospital's estimation of the allowance for doubtful accounts is based primarily upon the type and age of the patient accounts receivable and the effectiveness of the Hospital's collection efforts. The Hospital's policy is to reserve a portion of all self-pay receivables, including amounts due from the uninsured and amounts related to co-payments and deductibles, as the charges are recorded. On a monthly basis, the Hospital reviews its accounts receivable balances, the effectiveness of the Hospital's reserve policies and various analytics to support the basis for its estimates. These efforts primarily consist of reviewing the following:

- Revenue and volume trends by payor, particularly the self-pay components;
- Changes in the aging and payor mix of accounts receivable, including increased focus on accounts due from the uninsured and accounts that represent co-payments and deductibles due from patients;
- Various allowance coverage statistics.

The Hospital regularly performs hindsight procedures to evaluate historical write-off and collection experience throughout the year to assist in determining the reasonableness of its process for estimating the allowance for doubtful accounts.

NOTE 2 - NET PATIENT SERVICE REVENUES AND CHARITY CARE (CONTINUED)

ALLOWANCE FOR DOUBTFUL ACCOUNTS (CONTINUED)

A summary of the Hospital's allowance for doubtful accounts activity for the years ended September 30, 2014 and 2013 is as follows:

	Balance at Beginning of Period	Additions Recorded in the Provision for Bad Debts	Accounts Written off, Net of Recoveries and Other	Balance at End of Period
Allowance for doubtful accounts:				
Year ended September 30, 2013	$(11,683,000)	$(11,366,671)	$ 8,027,671	$(15,022,000)
Year ended September 30, 2014	(15,022,000)	(4,436,817)	10,251,817	(9,207,000)

MEASURING CHARITY CARE

The Hospital accepts all patients regardless of their ability to pay. A patient is classified as a charity patient by reference to the established policies of the Hospital. Essentially, these policies define charity services as those services for which no payment is possible. In assessing a patient's inability to pay, the Hospital utilizes the generally recognized Federal poverty income levels, but also includes certain cases where incurred charges are significant when compared to incomes and assets. These services are not included in net patient service revenues for financial reporting purposes.

The Hospital implemented effective October 1, 2013 a change to its charity care policy to discount all self-pay receivables by 50 percent upon final billing. These self-pay discounts amounted to approximately $5.2 million for the year ended September 30, 2014 and were previously included in the provision for bad debts and the allowance for doubtful accounts.

Self-pay revenues are derived primarily from patients who do not have any form of health care coverage. The Hospital evaluates these patients, after the patient's medical condition is determined to be stable, for their ability to pay based upon federal and state poverty guidelines, qualifications for Medicaid or other governmental assistance programs, as well as the Hospital's policy for charity care. The Hospital provides care without charge to certain patients that qualify under its charity care policy. For the years ended September 30, 2014 and 2013, the Hospital estimates that its costs of care provided under its charity care programs approximated $1,383,000 and $440,000, respectively.

NOTE 2 - NET PATIENT SERVICE REVENUES AND CHARITY CARE (CONTINUED)

MEASURING CHARITY CARE (CONTINUED)

The Hospital's management estimates its costs of care provided under its charity care programs utilizing a calculated ratio of costs to gross charges multiplied by the Hospital's gross charity care charges provided. The Hospital's gross charity care charges include only services provided to patients who are unable to pay and qualify under the Hospital's charity care policy. To the extent the Hospital receives reimbursement through the various governmental assistance programs in which it participates to subsidize its care of indigent patients, the Hospital does not include these patients' charges in its cost of care provided under its charity care program. Additionally, the Hospital does not report a charity care patient's charges in revenues or in the provision for doubtful accounts as it is the Hospital's policy not to pursue collection of amounts related to these patients.

ELECTRONIC HEALTH RECORD INCENTIVE PAYMENTS

The American Recovery and Reinvestment Act of 2009 (ARRA) included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act (HITECH). The provisions were designed to increase the use of electronic health record (EHR) technology and establish the requirements for a Medicare and Medicaid incentive payment program for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are also available to providers that adopt, implement or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

Income from Medicare incentive payments is recognized as revenue after the Hospital has demonstrated that it complied with the meaningful use criteria over the entire applicable compliance period. The Hospital recognized revenue from Medicaid and Medicare for incentive payments after it adopted certified EHR technology. Medicaid incentive payments were $322,653 and $483,979 for the years ended September 30, 2014 and 2013, respectively. Medicare incentive payments were $1,184,857 and $1,793,771 for the years ended September 30, 2014 and 2013, respectively. Incentive payments are included in other operating revenues in the accompanying consolidated statements of operations and changes in net assets. Income from incentive payments is subject to retrospective adjustment as the incentive payments are calculated using Medicare cost report data that is subject to audit. Additionally, the Hospital's compliance with the meaningful use criteria is subject to audit by the federal government.

NOTE 2 - NET PATIENT SERVICE REVENUES AND CHARITY CARE (CONTINUED)

ICD-10 IMPLEMENTATION

The Hospital is subject to the administrative simplification provisions of HIPAA which require the use of uniform electronic data transmission standards for health care claims and payment transactions submitted or received electronically.

In January 2009, the Centers for Medicare and Medicaid Services (CMS) published its tenth revision of International Statistical Classification of Diseases and Related Health Problems (ICD-10) and related changes to the formats used for certain electronic transactions. ICD-10 contains significantly more diagnostic and procedural codes than the existing ICD-9 coding system, and as a result, the coding for the patient services provided in the Hospital will require much greater specificity when ICD-10 becomes effective on October 1, 2015.

The implementation of ICD-10 will require a significant investment in technology and training. The Hospital may experience delays in reimbursement while the Hospital and the payors from which it seeks reimbursement make the transition to ICD-10. If the Hospital fails to implement the new coding systems by the deadline, the Hospital will not be paid for services. Management is not able to reasonably estimate the overall financial statement impact of the Hospital's transition to ICD-10.

NOTE 3 - INVESTMENTS

The composition of investments, including other assets and funds held in escrow is set forth in the following table. Investments are stated at fair value:

	2014		2013	
	Cost	Fair Value	Cost	Fair Value
Short-term investments:				
Certificates of deposit and mutual funds	$ 424,925	$ 507,699	$ 406,088	$ 472,637
Investments of funds held in trust by others	$ 42,013,991	$ 46,117,761	$ 36,611,831	$ 44,960,039
Long-term investments and Board - designated endowment funds:				
Certificates of deposit and money market funds	$ 873,669	$ 873,669	$ 901,472	$ 901,472
Marketable equity securities	197,835	351,238	197,835	287,008
U.S. Government obligations	108,451	149,445	108,451	154,567
Corporate bonds	3,680,469	3,686,721	3,412,334	3,396,880
Mutual funds	7,799,302	9,013,644	7,708,657	8,908,523
	$ 12,659,726	$ 14,074,717	$ 12,328,749	$ 13,648,450

The Hospital had long-term investments in partnerships and joint ventures that were recorded at cost of $358,800 and $359,909 as of September 30, 2014 and 2013, respectively, as it was not practicable to estimate fair value. These investments are not included in the tables above.

Unrestricted investment income, including income on funds held in trust by others and gains are comprised of the following for the years ended September 30, 2014 and 2013:

	2014	2013
Income		
Interest and dividends	$ 1,832,085	$ 1,737,423
Realized gains on sales of investments	8,603	--
Changes in net unrealized gains on investments	92,827	268,235
	$ 1,933,515	$ 2,005,658

NOTE 4 - FAIR VALUE MEASUREMENTS

The Hospital categorizes assets and liabilities for disclosure purposes based on whether the inputs used to determine their fair values are observable or unobservable. The Hospital utilizes a three-level fair value hierarchy that prioritizes the inputs used to measure assets at fair value. Level inputs are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Hospital has the ability to access on the reporting date.

Level 2 – Inputs other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. If the asset or liability has a specific (contractual) term, a Level 2 input must be observable for substantially the full term of the asset.

Level 3 – Inputs that are unobservable for the asset or liability.

The fair values of Level 1 securities were determined through quoted market prices, while fair values of Level 2 securities were determined primarily through prices obtained from third party pricing sources, where quoted market prices for such securities are not available. The fair values of Level 3 securities were determined primarily through information obtained from the relevant counterparties for such assets or liabilities, as information on which these fair values are based is generally not readily available in the market.

The fair value of the interest rate swap was determined by the counterparty based on an estimate of the net present value of the expected cash flows using relevant mid-market data inputs and based on the assumption of no unusual market conditions or forced liquidation.

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes fair value measurements, by level, at September 30, 2014, for all assets and liabilities which are measured at fair value on a recurring basis in the consolidated financial statements:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 35,728,709	$ --	$ --	$ 35,728,709
Common stock-Insurance	133,496	--	--	133,496
Mutual funds:				
U.S. large cap	21,147,966	--	--	21,147,966
U.S. mid cap	3,399,506	--	--	3,399,506
U.S. small cap	2,786,261	--	--	2,786,261
International developed	4,979,700	--	--	4,979,700
Emerging markets	3,076,127	--	--	3,076,127
Fixed income securities:				
Investment grade taxable	1,978,762	12,122,021	--	14,100,783
International developed bonds	--	695,404	--	695,404
Global high yield taxable	5,296	2,420,636	--	2,425,932
Real estate investment trusts	2,506,598	--	--	2,506,598
Other	1,758,038	546,588	--	2,304,626
Total investments at fair value	$ 77,500,459	$ 15,784,649	$ --	$ 93,285,108
Liabilities:				
Interest rate swap	$ --	$ 1,512,596	$ --	$ 1,512,596

NOTE 4 - FAIR VALUE MEASUREMENTS (CONTINUED)

The following table summarizes fair value measurements, by level, at September 30, 2013, for all assets and liabilities which are measured at fair value on a recurring basis in the consolidated financial statements:

	Level 1	Level 2	Level 3	Total
Assets:				
Cash and cash equivalents	$ 31,081,328	$ --	$ --	$ 31,081,328
Common stock-Insurance	93,309	--	--	93,309
Mutual funds:				
U.S. large cap	23,645,248	--	--	23,645,248
U.S. mid cap	3,460,785	--	--	3,460,785
U.S. small cap	3,034,881	--	--	3,034,881
International developed	4,960,376	--	--	4,960,376
Emerging markets	2,705,380	--	--	2,705,380
Fixed income securities:				
Investment grade taxable	2,042,330	11,202,070	--	13,244,400
International developed bonds	1,237	719,184	--	720,421
Global high yield taxable	261,841	2,027,557	--	2,289,398
Real estate investment trusts	1,972,747	--	--	1,972,747
Other	101,506	284,678	--	386,184
Total investments at fair value	$ 73,360,968	$ 14,233,489	$ --	$ 87,594,457
Liabilities:				
Interest rate swap	$ --	$ 1,729,706	$ --	$ 1,729,706

NOTE 5 - RESTRICTED ENDOWMENTS

The Hospital's endowments consist of donor-restricted endowment funds and Board-designated endowment funds. Net assets associated with endowment funds are classified and reported based on donor-imposed restrictions.

The Hospital's Board of Trustees has interpreted the Connecticut Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, absent explicit donor stipulations to the contrary. As a result of this interpretation, the Hospital classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and, if applicable (c) accumulations to the permanent endowment made in accordance with the related gift's donor instructions. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Hospital in a manner consistent with the standard for expenditure as proscribed by UPMIFA. In accordance with UPMIFA, the Hospital considers the following factors in making determinations to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund
(2) The purposes of the Hospital and the donor-restricted endowment fund
(3) General economic conditions
(4) The possible effect of inflation and deflation
(5) The expected total return from income and the appreciation of investments
(6) Other resources of the Hospital
(7) The investment policies of the Hospital

RETURN OBJECTIVES AND RISK PARAMETERS

For the permanently restricted endowment funds, the bank, acting in its capacity as trustee, determines and directs the investment policy and asset allocation. For the unrestricted and temporarily restricted endowment funds, the Hospital's Board of Trustees has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs supported by its endowments while seeking to maintain the purchasing power of the endowment assets. The Hospital expects these endowment funds, over time, to provide an average rate of return that exceeds the rate of inflation by 3.5% annually. Actual returns in any given year may vary from this amount.

NOTE 5 - RESTRICTED ENDOWMENTS (CONTINUED)

STRATEGIES EMPLOYED FOR ACHIEVING OBJECTIVES

To satisfy its long-term rate-of-return objectives, the Hospital relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Hospital targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

SPENDING POLICY AND HOW THE INVESTMENT OBJECTIVES RELATE TO SPENDING POLICY

The Hospital has a policy of evaluating the spending decisions for each endowment fund based upon the intentions of the donors and specific contractual agreements. In determining the annual amount to be spent, the Hospital considers the long-term expected return on its endowment. The spending policy is designed to limit spending to the expected long-term real rate of return. The annual distribution from the endowment funds is expected to be contained within a range of 4-6% of the trusts' market value. This is consistent with the Hospital's objective to maintain the purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF SEPTEMBER 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ --	$ 7,607,185	$ 48,909,797	$ 56,516,982
Board-designated endowment funds	3,315,500	--	--	3,315,500
Total funds	$ 3,315,500	$ 7,607,185	$ 48,909,797	$ 59,832,482

NOTE 5 - RESTRICTED ENDOWMENTS (CONTINUED)

CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2014

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning balance	$ 3,193,664	$ 7,446,152	$ 47,752,075	$ 58,391,891
Investment return:				
Investment income	56,642	184,580	--	241,222
Net appreciation (realized and unrealized)	203,276	612,338	1,157,722	1,973,336
Total investment return	259,918	796,918	1,157,722	2,214,558
Appropriation of endowment assets for expenditure	(138,082)	(635,885)	--	(773,967)
Endowment net assets, ending balance	$ 3,315,500	$ 7,607,185	$ 48,909,797	$ 59,832,482

ENDOWMENT NET ASSET COMPOSITION BY TYPE OF FUND AS OF SEPTEMBER 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-restricted endowment funds	$ --	$ 7,446,152	$ 47,752,075	$ 55,198,227
Board-designated endowment funds	3,193,664	--	--	3,193,664
Total funds	$ 3,193,664	$ 7,446,152	$ 47,752,075	$ 58,391,891

NOTE 5 - RESTRICTED ENDOWMENTS (CONTINUED)

CHANGES IN ENDOWMENT NET ASSETS FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2013

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment net assets, beginning balance	$ 2,974,503	$ 6,806,683	$ 45,010,199	$ 54,791,385
Investment return:				
Investment income	72,896	238,568	--	311,464
Net appreciation (realized and unrealized)	277,353	829,688	2,741,876	3,848,917
Total investment return	350,249	1,068,256	2,741,876	4,160,381
Appropriation of endowment assets for expenditure	(131,088)	(428,787)	--	(559,875)
Endowment net assets, ending balance	$ 3,193,664	$ 7,446,152	$ 47,752,075	$ 58,391,891

NOTE 6 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets at September 30, 2014 and 2013 are restricted amounts which are to be held in perpetuity, the income from which is expendable to provide free care, scholarships for the children of the Hospital's employees, and for the operations of the Hospital. Also included in permanently restricted net assets are funds held in trust by others. The Hospital is the restricted income beneficiary of funds held in trust by others. The total trust assets, as reported by the trustees, had an aggregate fair value at September 30, 2014 and 2013 of $46,117,761 and $44,960,039, respectively. Distributions of $2,023,580 and $1,896,981 from these assets for the years ended September 30, 2014 and 2013, respectively, is included in investment income.

Temporarily restricted net assets are available to provide psychiatric services, free care and educational seminars.

NOTE 6 - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS (CONTINUED)

During 2014 and 2013, net assets were released from donor restrictions by incurring expenses which satisfied the restricted purposes in providing grant related services, free care, and various miscellaneous services in the amounts of $4,369,303, $688,243 and $484,945, respectively in 2014 and $4,420,717, $657,253 and $341,621, respectively in 2013. In addition, $13,360 and $19,654 were released for the purchase of property and equipment in 2014 and 2013, respectively.

NOTE 7 - DEBT

SERIES D BOND FINANCING

In December 2010, the Hospital refinanced its Series C bond financing and financed an additional $8,000,000 for various capital projects that were completed over a two-year period. The par amount of the Series D debt was $25,918,000 and interest is variable at the interest rate that is equal to the product of (i) sixty-eight percent (68%) and (ii) the sum of the LIBOR Rate and three hundred basis points (2.15% at September 30, 2014). The bonds require monthly principal and interest payments, based upon a 10-year amortization schedule, from 2011 through 2020 with the remaining principal balance due in 2020.

The terms of the bonds provide for, among other things, a pledge of gross receipts of the Hospital, restriction on the incurrence of certain indebtedness of the Hospital and provide for covenants regarding the Hospital's debt service coverage ratios, minimum levels of cash on hand, sale and lease of assets and other covenants similar in financings of this type.

In connection with this refinancing, the Hospital entered into an interest rate swap with a bank, which allowed it to convert its variable interest rate liability to a fixed interest rate liability of 4.475% without changing the structure of the underlying debt.

The Hospital uses the interest rate swap agreement to manage interest rate risk associated with its outstanding debt. At September 30, 2014 and 2013, the notional value of outstanding interest rate swap was $24,283,520 and $24,755,656, respectively.

The Hospital recognizes the fair value of its interest rate swap in the consolidated balance sheet as a liability, recorded in other noncurrent liabilities. At September 30, 2014 and 2013, the fair value of interest rate swap was in a liability position of $1,512,596 and $1,729,706, respectively.

The Hospital designated its interest rate swap as a cash flow hedge for accounting purposes, and accordingly defers gains or losses associated with the swap in net assets.

NOTE 7 - DEBT (CONTINUED)

Future minimum payments by year and in the aggregate under the Series D bond financing are as follows at September 30, 2014:

2015	$ 493,776
2016	516,408
2017	540,080
2018	564,832
2019	590,716
Aggregate thereafter	21,577,708
	$ 24,283,520

OTHER DEBT

Access has a $250,000 line of credit with a bank. There were no borrowings under this line of credit at September 30, 2014 and 2013.

AMG had a capital lease for equipment that called for monthly payments of $593 through January 2014 and was secured by the equipment. The balance of the capital lease liability was zero at September 30, 2014 and $2,858 at September 30, 2013.

AMG entered into an equipment lease during 2010. The lease calls for monthly payments of $353 through March 2015 and is secured by the equipment. The balance of the capital lease liability was $1,993 at September 30, 2014 and $5,877 at September 30, 2013.

AMG entered into an equipment lease during 2010. The lease calls for monthly payments of $447 through May 2015 and is secured by the equipment. The balance of the capital lease liability was $3,883 at September 30, 2014 and $8,687 at September 30, 2013.

AMG entered into a capital lease for equipment during 2014. The balance of the capital lease liability was $48,121 at September 30, 2014.

The Hospital entered into a capital lease for equipment during 2011. The lease calls for equal monthly payments of $20,885 through May 2016 and is secured by the equipment. The balance of the capital lease liability was $379,070 at September 30, 2014 nd $609,435 at September 30, 2013.

NOTE 7 - DEBT (CONTINUED)

AMG entered into a term note during 2010 at an interest rate of 9.8%. The note calls for monthly payments of $13,216 through November 2014 and is secured by the assets of AMG. The balance of the term note liability was $26,101 at September 30, 2014 and $173,794 at September 30, 2013.

AMG assumed a note payable during 2009 for the fit-up of office space. The original amount of the note was $320,000 and was repayable in installments of principal plus interest at 7.50% totaling $4,908 per month through January 2014. In addition, this note called for a final payment of principal and interest of $113,981 in February 2014. The balance of this note was zero at September 30, 2014 and $129,815 at September 30, 2013.

The Hospital entered into a capital lease for equipment during 2012. The lease calls for equal monthly payments of $11,469 through August 2017 and is secured by the equipment. The balance of the capital lease liability was $376,940 at September 30, 2014 and $495,826 at September 30, 2013.

The Hospital entered into a capital lease for equipment during 2013. The lease calls for equal monthly payments of $4,779 through November 2015. The balance of capital lease liability was $64,581 at September 30, 2014 and $120,825 at September 30, 2013.

Future minimum payments by year and in the aggregate for all obligations other than the CHEFA Series D bonds were as follows at September 30, 2014:

2015	$ 461,705
2016	294,554
2017	138,132
2018	6,298
	$ 900,689

The fair value of the debt, using the discounted cash flow analyses, was approximately $26,697,000 at September 30, 2014 and $28,032,000 at September 30, 2013.

NOTE 8 - RENTAL EXPENSE AND LEASE COMMITMENTS

The Hospital has entered into operating leases for office space and office equipment. Rental expense is recorded on a straight-line basis over the terms of the leases. Rental expense for the years ended September 30, 2014 and 2013 was $4,441,474 and $4,740,477, respectively. The minimum rental commitments under all noncancellable operating leases with initial or remaining terms of more than one year are as follows:

2015	$ 4,241,725
2016	3,914,897
2017	2,892,657
2018	1,547,444
2019	114,032
Thereafter	195,408
	$ 12,906,163

NOTE 9 - EMPLOYEE BENEFIT PLANS

The Hospital has a noncontributory defined benefit cash balance plan (the Plan). Under the Plan, each participant who elected to transfer their balances to the Plan from the former defined contribution plan receives a credit of 6% of compensation allocated to their cash balance accounts. All other participants receive a 3% credit. Additionally, each participant receives an interest credit to their cash balance account based on the yield to maturity on three-year treasury bills. The Plan covers substantially all non-union employees age 21 and older with one year of service. It is the Hospital's policy to make contributions to the Plan sufficient to meet the minimum funding requirements of applicable laws and regulations.

NOTE 9 - EMPLOYEE BENEFIT PLANS (CONTINUED)

Following is a summary of the Plan's funded status using the measurement dates of September 30, 2014 and 2013 and amounts recognized in the Hospital's consolidated financial statements.

	2014	2013
Change in benefit obligation		
Benefit obligation beginning of year	$ (35,562,211)	$ (37,888,825)
Service cost	(1,466,890)	(1,702,273)
Interest cost	(1,324,043)	(1,154,537)
Actuarial (loss) gain	(1,095,038)	2,126,771
Benefits paid	3,211,209	3,056,653
Benefit obligation, end of year	$ (36,236,973)	$ (35,562,211)
Change in plan assets		
Fair value of plan assets, beginning of year	$ 27,201,671	$ 28,843,113
Actual return on plan assets	696,625	253,055
Employer contributions	1,301,618	1,162,156
Benefits paid	(3,211,209)	(3,056,653)
Fair value of plan assets, end of year	$ 25,988,705	$ 27,201,671
Funded status	$ (10,248,268)	$ (8,360,540)
Accrued pension liability	$ (10,248,268)	$ (8,360,540)
Components of net periodic pension cost		
Service cost	$ 1,466,890	$ 1,702,273
Interest cost	1,324,043	1,154,537
Expected return on plan assets	(1,294,305)	(2,483,658)
Amortization of actuarial loss	816,016	971,872
Amortization of prior service cost	35,097	35,455
Net periodic pension cost	$ 2,347,741	$ 1,380,479
Accumulated benefit obligation	$ 35,271,477	$ 34,675,898

NOTE 9 - EMPLOYEE BENEFIT PLANS (CONTINUED)

Included in unrestricted net assets are the following amounts that have not yet been recognized in net periodic cost:

	2014	2013
Unrecognized prior service cost	$ (121,434)	$ (156,531)
Unrecognized actuarial losses	(15,649,501)	(14,772,799)
Benefit obligation, end of year	$ (15,770,935)	$ (14,929,330)

Changes in benefit obligations recognized in unrestricted net assets include:

	2014	2013
Current year actuarial losses	$ (1,692,718)	$ (103,832)
Amortization of prior service cost	35,097	35,455
Amortization of net loss	816,016	971,872
	$ (841,605)	$ 903,495

The prior service cost and actuarial losses included in unrestricted net assets and expected to be recognized in net periodic cost during the year ending September 30, 2015 are $35,097 and $1,108,503, respectively.

ASSUMPTIONS

The weighted-average assumptions used to determine benefit obligations at September 30 are as follows:

	2014	2013
Discount rate	3.55%	3.99%
Expected return on plan assets	4.50%	8.00%
Rate of compensation increase	2.00% for 2 year select period, 3.00% ultimate	2.00% for 3 year select period, 3.00% ultimate

NOTE 9 - EMPLOYEE BENEFIT PLANS (CONTINUED)

The weighted-average assumptions used to determine net periodic benefit cost for years ended September 30 are as follows:

	2014	2013
Discount rate	3.99%	3.17%
Expected return on plan assets	4.50%	8.00%
Rate of compensation increase	2.00% for 3 year select period, 3.00% ultimate	2.00% for 4 year select period, 3.00% ultimate

EXPECTED LONG-TERM RETURN ON PLAN ASSETS

To develop the expected long-term rate of return on assets assumptions, the Hospital considered the historical returns and the future expectations of returns for each asset class, as well as target asset allocations of the pension portfolio. This resulted in the selection of the 4.5% and 8.0% long-term rate of return at September 30, 2014 and 2013, respectively.

INVESTMENT POLICY

The Plan's weighted-average asset allocations at September 30, 2014, by asset category are as follows:

		Asset Allocation Policy	
Asset Category	Plan Assets	Target	Range
U.S. Equity	5%	5%	3% - 7%
Non-U.S. Equity	5%	5%	3% - 7%
Core fixed income	90%	90%	86% - 94%

The Plan's weighted-average asset allocations at September 30, 2013, by asset category are as follows:

		Asset Allocation Policy	
Asset Category	Plan Assets	Target	Range
Global defensive equity unhedged	10%	10%	5% - 15%
Custom fixed income	90%	90%	85% - 95%

NOTE 9 - EMPLOYEE BENEFIT PLANS (CONTINUED)

The Pension Committee of the Board of Trustees (the Committee) is responsible for employee benefit program policies with respect to plan assets and the retention of qualified managers, consultants and trustee/custodians. The purpose of the Committee is to ensure the Plan assets accumulate monies required to meet the anticipated benefit payments of the Plan and contributions are made by the Hospital on a basis determined by the Plan's actuary to be adequate to fund the benefits. The investment objective of the Committee is to maximize total return after inflation within the limits of prudent risk taking by diversifying across asset classes and multiple managers. The Committee has established an asset allocation policy that sets a target and range for each asset class, as shown in the table above.

CONTRIBUTIONS

The Hospital expects to make $1,204,000 in contributions to the Plan in 2015.

ESTIMATED FUTURE BENEFIT PAYMENTS

The following benefit payments, which reflect expected future service, are expected to be paid as follows:

2015	$ 3,388,000
2016	3,431,000
2017	3,305,000
2018	3,619,000
2019	3,287,000
2020-2024	15,109,000
	$ 32,139,000

As required by ASC 820, assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

NOTE 9 - EMPLOYEE BENEFIT PLANS (CONTINUED)

The following table sets forth by level within the fair value hierarchy the investment assets and investment liabilities at fair value, as of September 30, 2014.

	Level 1	Level 2	Level 3	Total
Commingled funds and private equity	$ --	$ --	$25,988,705	$25,988,705

The following table sets forth by level within the fair value hierarchy the investment assets and investment liabilities at fair value, as of September 30, 2013.

	Level 1	Level 2	Level 3	Total
Commingled funds and private equity	$ --	$ --	$27,201,671	$27,201,671

The following is a reconciliation of Level 3 assets for which significant unobservable inputs were used to determine fair value:

	2014	2013
Balance as of beginning of fiscal year	$ 27,201,671	$ 19,307,214
Change in unrealized appreciation (depreciation)	570,424	(487,433)
Purchases	5,571,007	52,316,941
Sales	(7,354,397)	(43,935,051)
Balance as of September 30,	$ 25,988,705	$ 27,201,671

NOTE 9 - EMPLOYEE BENEFIT PLANS (CONTINUED)

OTHER BENEFIT PLANS

The Hospital participates in multi-employer pension plans that cover substantially all union employees. Contributions to the plans are based upon a percentage of each participant's total salary. The risks of participating in these multi-employer plans are different from single-employer plans in the following aspects:

- Assets contributed to the multi-employer plan by one employer may be used to provide benefits to employees of another participating employer.
- If a participating employer stops contributing to the plan, the unfunded obligation of the plan may be borne by the remaining participating employers.
- If the Hospital chose to stop participating in the multi-employer plans, it would be required to pay those plans an amount based on the underfunded status of the plans, referred to as a withdrawal liability.

The following table presents the Hospital's participation in these plans as of and for the years ended September 30, 2014 and 2013.

Pension Trust Fund	Pension Plan Employer Identification Number	Pension Protection Act ("PPA") Certified Zone Status[1]		FIP / RP Status Pending / Implemented[2]	Contributions		Surcharge Imposed	Expiration Date of Collection Bargaining Agreement[3]
		2014	2013		2014	2013		
Connecticut Health Care Associates Pension Fund	06-1313462	Green	Green	N/A	$ 2,074,142	$ 2,077,612	No	September 30, 2017
New England Health Care Employees Pension Fund	22-3071963	Green	Green	N/A	688,949	783,235	No	February 29, 2016
				Total Contributions:	$ 2,763,091	$ 2,860,847		

[1] The most recent PPA zone status available in 2014 and 2013 is for the plan's year-ending during 2013 and 2012, respectively. The zone status is based on information received from the plan and is certified by the plan's actuary. Among other factors, plans in the red zone are generally less than 65 percent funded, plans in the orange zone are less than 80 percent funded and have an accumulated funding deficiency in the current year or projected in the next six years, plans in the yellow zone are less than 80 percent funded, and plans in the green zone are at least 80 percent funded.

[2] The "FIP/RP Status Pending/Implemented" column indicates plans for which a financial improvement plan ("FIP") or a rehabilitation plan ("RP") is either pending or has been implemented.

[3] Lists the expiration dates of the collective-bargaining agreements to which the plans are subject.

During the years ended September 30, 2014 and 2013, the Hospital's contributions to the Connecticut Health Care Associates Pension Plan represented 98.6% and 96.0% of the total contributions made to the plan by all participating employers, respectively.

During the years ended September 30, 2014 and 2013, the Hospital's contributions to the New England Health Care Employees Pension Plan represented 2.8% and 3.0% of the total contributions made to the plan by all participating employers, respectively.

NOTE 9 - EMPLOYEE BENEFIT PLANS (CONTINUED)

Governmental regulations impose certain requirements relative to union-sponsored pension plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Hospital has explored the costs to withdraw from the Connecticut Health Care Associates (CHCA) Pension Plan in the event that the Hospital enters into a transaction. If the Hospital was to withdraw, it is expected that CHCA will likewise withdraw from the pension plan making a total withdrawal liability for the Hospital of approximately $27,700,000.

In addition, the Hospital has a supplemental employee retirement plan for certain executives. The plan provides for a total benefit and is partially funded. As of September 30, 2014 and 2013, liabilities of $330,148 and $240,869, respectively, have been reflected in the consolidated balance sheets.

As noted above, the Hospital also has a noncontributory defined benefit cash balance plan covering substantially all non-union employees age 21 and older with one year of service. Total pension expense, relating to this plan, charged to operations during the years ended September 30, 2014 and 2013 was $2,347,741 and $1,380,479, respectively.

NOTE 10 - SELF-INSURANCE CLAIMS

There have been medical malpractice and workers' compensation claims that fall within the Hospital's partially self-insured program which have been asserted against the Hospital. In addition, there are known incidents that have occurred through September 30, 2014 that may result in the assertion of claims. Hospital management has accrued its best estimate of these contingent losses. Other claims may be asserted arising from services provided to patients or workers' compensation incidents in the past. Hospital management has provided reserves for these contingent liabilities.

NOTE 11 - CONTINGENCIES

The Hospital is a party to various lawsuits incidental to its business.

NOTE 12 - DUE TO AFFILIATES

The amounts due to affiliates of $600,116 and $2,042,951 at September 30, 2014 and 2013, respectively, represent (payables) to and receivables from affiliates that do not eliminate in consolidation. These balances are comprised of the following:

	2014	2013
Greater Waterbury Health Network, Inc.	$ (430,440)	$ (1,885,946)
Alliance Medical Group of Greater Waterbury, P.C.	(9,983)	(9,983)
Greater Waterbury Management Resources, Inc.	(162,693)	(162,693)
GI Co-Management Company	3,000	1,500
Children's Center of Greater Waterbury Health Network, Inc.	--	14,171
	$ (600,116)	$ (2,042,951)

NOTE 13 - FUNCTIONAL EXPENSES

The Hospital provides general health care services to residents within its geographic location. Expenses related to providing these services are as follows:

	2014	2013
Health care services	$ 194,695,917	$ 193,831,378
General and administrative	67,341,789	63,524,487
Fundraising	377,435	352,305
	$ 262,415,141	$ 257,708,170

NOTE 14 - SUBSEQUENT EVENTS

The Hospital evaluates the impact of subsequent events, events that occur after the balance sheet date but before the financial statements are issued, for potential recognition in the financial statements as of the balance sheet date or for disclosure in the notes to the financial statements. The Hospital evaluated events occurring subsequent to September 30, 2014 through December 19, 2014, the date on which the accompanying consolidated financial statements were available to be issued. During this period, there were no subsequent events that required recognition in the consolidated financial statements. Reference is made to Note 1 regarding the disclosure of subsequent events related to the proposed Joint Venture with Vanguard.

MARCUM
ACCOUNTANTS ▲ ADVISORS

INDEPENDENT AUDITORS' REPORT
ON OTHER FINANCIAL INFORMATION

Board of Trustees
The Waterbury Hospital

We have audited the consolidated financial statements of The Waterbury Hospital as of and for the years ended September 30, 2014 and 2013, and our report thereon dated December 19, 2014, which contained an unmodified opinion on those consolidated financial statements, appears on pages 1-2. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Marcum LLP

Hartford, CT
December 19, 2014

MARCUM GROUP
MEMBER

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THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

SEPTEMBER 30, 2014

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Alliance Medical Group, Inc.	Cardiology Associates of Greater Waterbury, LLC	Eliminations	Consolidated
Assets								
Current Assets								
Cash and cash equivalents	$ 26,817,453	$ 1,246,774	$ 2,192,258	$ 421,661	$ 1,048,604	$ 183,181	$ –	$ 31,909,931
Restricted cash	675,000	–	–	–	–	–	–	675,000
Short-term investments	–	–	507,699	–	–	–	–	507,699
Patient accounts receivable, net	26,853,209	874,082	1,610,880	–	1,428,376	479,375	(452,278)	30,793,644
Grants and other receivables	3,603,082	–	–	338	92,192	172,024	(23,874)	3,843,762
Inventories of supplies	3,694,606	–	30,346	–	185,876	3,117	–	3,913,945
Prepaid insurance and other expenses	1,493,653	–	54,850	4,814	235,813	134,222	–	1,923,352
Total Current Assets	63,137,003	2,120,856	4,396,033	426,813	2,990,861	971,919	(476,152)	73,567,333
Other Assets								
Funds held in trust by others	46,117,761	–	–	–	–	–	–	46,117,761
Long-term investments	11,017,660	38,776	61,581	–	–	–	–	11,118,017
Board-designated endowment funds	3,315,500	–	–	–	–	–	–	3,315,500
Other receivables	77,952	–	–	–	–	–	–	77,952
Goodwill	200,500	–	–	–	–	1,613,067	–	1,813,567
CHEFA obligations issue expense, less amortization	243,686	–	–	–	–	–	–	243,686
	60,973,059	38,776	61,581	–	–	1,613,067	–	62,686,483
Property, plant and equipment:								
Land	287,549	–	–	–	–	–	–	287,549
Buildings and improvements	89,842,088	1,150,645	557,686	1,670	2,634,456	121,621	–	94,308,166
Equipment	177,709,110	5,970,379	840,854	1,058,109	2,147,088	338,857	–	188,064,397
Less accumulated depreciation	(236,509,671)	(5,489,858)	(928,604)	(1,051,748)	(2,529,839)	(236,166)	–	(246,745,886)
	31,329,076	1,631,166	469,936	8,031	2,251,705	224,312	–	35,914,226
	$ 155,439,138	$ 3,790,798	$ 4,927,550	$ 434,844	$ 5,242,566	$ 2,809,298	$ (476,152)	$ 172,168,042

See independent auditors' report on other financial information.

CAGW182

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET (CONTINUED)

SEPTEMBER 30, 2014

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Alliance Medical Group, Inc.	Cardiology Associates of Greater Waterbury, LLC	Eliminations	Consolidated
Liabilities and Net Assets								
Current Liabilities								
Accounts payable and accrued expenses	$ 21,414,080	$ 523,448	$ 519,922	$ 12,854	$ 1,240,758	$ 87,858	$ (476,152)	$ 23,322,768
Salaries, wages, payroll taxes and amounts withheld from employees	7,138,794	–	215,139	–	1,051,000	1,436,967	–	9,841,900
Due to third-party reimbursement agencies	4,171,981	–	–	–	–	–	–	4,171,981
Current portion of CHEFA obligations	493,776	–	–	–	–	–	–	493,776
Current portion of notes payable and capital lease obligations	416,447	–	–	–	45,258	–	–	461,705
Due to (from) affiliates	2,916,986	–	–	(62,523)	(1,723,479)	(530,868)	–	600,116
Total Current Liabilities	36,552,064	523,448	735,061	(49,669)	613,537	993,957	(476,152)	38,892,246
Other Noncurrent Liabilities	25,163,807	–	–	–	191,170	–	–	25,354,977
CHEFA Obligations - less current portion	23,789,744	–	–	–	–	–	–	23,789,744
Notes Payable and Capital Lease Obligations - less current portion	404,144	–	–	–	34,840	–	–	438,984
Net Assets								
Unrestricted	11,890,055	2,091,104	2,725,118	411,836	4,403,019	1,815,341	–	23,336,473
Temporarily restricted	8,729,527	–	–	–	–	–	–	8,729,527
Permanently restricted	48,909,797	–	–	–	–	–	–	48,909,797
Total Net Assets Excluding Noncontrolling Interests	69,529,379	2,091,104	2,725,118	411,836	4,403,019	1,815,341	–	80,975,797
Noncontrolling Interests	–	1,176,246	1,467,371	72,677	–	–	–	2,716,294
Total Net Assets	69,529,379	3,267,350	4,192,489	484,513	4,403,019	1,815,341	–	83,692,091
	$ 155,439,138	$ 3,790,798	$ 4,927,550	$ 434,844	$ 5,242,566	$ 2,809,298	$ (476,152)	$ 172,168,042

See independent auditors' report on other financial information.

CAGW183

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET

SEPTEMBER 30, 2013

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Alliance Medical Group, Inc.	Cardiology Associates of Greater Waterbury, LLC	Eliminations	Consolidated
Assets								
Current Assets								
Cash and cash equivalents	$ 19,142,392	$ 1,262,636	$ 1,706,736	$ 359,845	$ 1,317,437	$ 204,377	$ --	$ 23,993,423
Restricted cash	4,519,908	–	–	–	–	–	--	4,519,908
Short-term investments	–	–	472,637	–	–	–	–	472,637
Patient accounts receivable, net	25,010,738	751,229	1,842,494	352	1,952,597	430,068	(546,352)	29,441,126
Grants and other receivables	3,065,683	–	–	–	503,555	185,477	(52,191)	3,702,524
Inventories of supplies	3,416,317	–	–	–	162,966	2,312	–	3,581,595
Prepaid insurance and other expenses	1,291,734	–	71,843	4,686	80,404	122,798	–	1,571,465
Total Current Assets	56,446,772	2,013,865	4,093,710	364,883	4,016,959	945,032	(598,543)	67,282,678
Other Assets								
Funds held in trust by others	44,960,039	–	–	–	–	–	–	44,960,039
Long-term investments	10,713,229	42,426	59,040	–	–	–	–	10,814,695
Board-designated endowment funds	3,193,664	–	–	–	–	–	–	3,193,664
Other receivables	171,972	–	–	–	–	–	--	171,972
Goodwill	200,500	–	–	–	–	1,613,067	--	1,813,567
CHEFA obligations issue expense, less amortization	282,676	–	–	–	–	–	--	282,676
	59,522,080	42,426	59,040	–	–	1,613,067	--	61,236,613
Property, plant and equipment:								
Land	287,549	–	–	–	–	–	–	287,549
Buildings and improvements	89,664,119	1,150,646	488,740	–	2,634,456	114,371	–	94,052,332
Equipment	176,657,750	5,970,380	766,531	1,134,076	2,040,925	342,599	–	186,912,261
Construction in progress	73,654	–	–	–	–	–	–	73,654
Less accumulated depreciation	(229,493,366)	(5,279,792)	(822,193)	(1,113,060)	(1,999,154)	(182,454)	–	(238,890,019)
	37,189,706	1,841,234	433,078	21,016	2,676,227	274,516	--	42,435,777
	$ 153,158,558	$ 3,897,525	$ 4,585,828	$ 385,899	$ 6,693,186	$ 2,832,615	$ (598,543)	$ 170,955,068

See independent auditors' report on other financial information.

CAGW184

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATING BALANCE SHEET (CONTINUED)

SEPTEMBER 30, 2013

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Alliance Medical Group, Inc.	Cardiology Associates of Greater Waterbury, LLC	Eliminations	Consolidated
Liabilities and Net Assets								
Current Liabilities								
Accounts payable and accrued expenses	$ 20,802,742	$ 348,614	$ 479,401	$ 19,215	$ 502,553	$ 24,245	$ (598,543)	$ 21,578,227
Salaries, wages, payroll taxes and amounts withheld from employees	5,298,046	–	159,713	–	505,210	1,432,042	–	7,395,011
Due to third-party reimbursement agencies	2,969,391	–	–	–	–	–	–	2,969,391
Current portion of CHEFA obligations	472,136	–	–	–	–	–	–	472,136
Current portion of notes payable and capital lease obligations	405,496	–	–	–	289,053	–	–	694,549
Due to (from) affiliates	1,795,348	–	–	(3,634)	690,250	(439,013)	–	2,042,951
Total Current Liabilities	31,743,159	348,614	639,114	15,581	1,987,066	1,017,274	(598,543)	35,152,265
Other Noncurrent Liabilities	21,482,020	–	–	–	331,487	–	–	21,813,507
CHEFA Obligations - less current portion	24,283,520	–	–	–	–	–	–	24,283,520
Notes Payable and Capital Lease Obligations - less current portion	820,591	–	–	–	31,977	–	–	852,568
Net Assets								
Unrestricted	18,667,399	2,271,303	2,565,364	314,770	4,342,656	1,815,341	–	29,976,833
Temporarily restricted	8,409,794	–	–	–	–	–	–	8,409,794
Permanently restricted	47,752,075	–	–	–	–	–	–	47,752,075
Total Net Assets Excluding Noncontrolling Interests	74,829,268	2,271,303	2,565,364	314,770	4,342,656	1,815,341	–	86,138,702
Noncontrolling Interests	–	1,277,608	1,381,350	55,548	–	–	–	2,714,506
Total Net Assets	74,829,268	3,548,911	3,946,714	370,318	4,342,656	1,815,341	–	88,853,208
	$ 153,158,558	$ 3,897,525	$ 4,585,828	$ 385,899	$ 6,693,186	$ 2,832,615	$ (598,543)	$ 170,955,068

See independent auditors' report on other financial information.

CAGW185

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2014

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Alliance Medical Group, Inc.	Cardiology Associates of Greater Waterbury, LLC	Eliminations	Consolidated
Unrestricted Revenues								
Net patient service revenues	$ 212,319,638	$ 4,424,791	$ 11,147,032	$ –	$ 16,873,540	$ 6,530,662	$ (2,459,349)	$ 248,836,314
Provision for (bad debts) recoveries	(3,692,986)	14,875	(108,185)	1,691	(518,641)	(133,571)	–	(4,436,817)
Net patient service revenues less provision for bad debts	208,626,652	4,439,666	11,038,847	1,691	16,354,899	6,397,091	(2,459,349)	244,399,497
Other operating revenues	2,671,751	–	1,039	163,293	4,595,487	1,762,014	(4,996,755)	4,196,829
Net assets released from restrictions	5,542,491	–	–	–	–	–	–	5,542,491
	216,840,894	4,439,666	11,039,886	164,984	20,950,386	8,159,105	(7,456,104)	254,138,817
Operating Expenses								
Salaries	83,908,937	727,282	6,832,163	–	17,793,489	8,789,526	–	118,051,397
Employee benefits	23,614,397	60,000	1,345,857	–	3,210,651	1,148,898	–	29,379,803
Supplies and other	100,656,298	1,916,231	1,756,019	44,660	7,534,825	1,286,065	(7,456,104)	105,737,994
Depreciation	6,921,086	213,716	110,717	6,034	531,675	77,732	–	7,860,960
Interest and amortization	1,352,572	–	–	–	32,415	–	–	1,384,987
	216,453,290	2,917,229	10,044,756	50,694	29,103,055	11,302,221	(7,456,104)	262,415,141
Income (Loss) from Operations	387,604	1,522,437	995,130	114,290	(8,152,669)	(3,143,116)	–	(8,276,324)
Nonoperating Gains								
Unrestricted gifts and bequests	1,240,261	–	–	–	–	–	–	1,240,261
Investment income	1,819,310	–	21,378	–	–	–	–	1,840,688
	3,059,571	–	21,378	–	–	–	–	3,080,949
Excess (Deficiency) of Revenues Over Expenses Before Changes in Net Unrealized Gains on Investments	3,447,175	1,522,437	1,016,508	114,290	(8,152,669)	(3,143,116)	–	(5,195,375)
Changes in Net Unrealized Gains on Investments	76,602	–	16,225	–	–	–	–	92,827
Excess (Deficiency) of Revenues Over Expenses	3,523,777	1,522,437	1,032,733	114,290	(8,152,669)	(3,143,116)	–	(5,102,548)
Less Excess of Revenue over Expenses Attributable to Noncontrolling Interests	–	–	–	–	–	–	(926,677)	(926,677)
Excess (Deficiency) of Revenues Over Expenses Attributable to Controlling Interest	$ 3,523,777	$ 1,522,437	$ 1,032,733	$ 114,290	$ (8,152,669)	$ (3,143,116)	$ (926,677)	$ (6,029,225)

See independent auditors' report on other financial information.

CAGW186

THE WATERBURY HOSPITAL AND SUBSIDIARIES

CONSOLIDATING STATEMENT OF OPERATIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2013

	The Waterbury Hospital	Greater Waterbury Imaging Center Limited Partnership	Access Rehab Centers, LLC	Imaging Partners, LLC	Alliance Medical Group, Inc.	Cardiology Associates of Greater Waterbury, LLC	Eliminations	Consolidated
Unrestricted Revenues								
Net patient service revenues	$ 218,481,776	$ 4,496,888	$ 10,608,492	$ 172,403	$ 16,720,615	$ 6,426,998	$ (2,194,060)	$ 254,713,112
Provision for bad debts	(10,783,760)	29,929	(21,275)	–	(384,485)	(207,080)	–	(11,366,671)
Net patient service revenues less provision for bad debts	207,698,016	4,526,817	10,587,217	172,403	16,336,130	6,219,918	(2,194,060)	243,346,441
Other operating revenues	3,615,057	–	1,182	6,347	4,425,680	1,644,871	(4,483,169)	5,209,968
Net assets released from restrictions	5,419,591	–	–	–	–	–	–	5,419,591
	216,732,664	4,526,817	10,588,399	178,750	20,761,810	7,864,789	(6,677,229)	253,976,000
Operating Expenses								
Salaries	84,495,149	694,748	6,034,037	–	16,932,997	8,519,069	–	116,676,000
Employee benefits	25,316,268	85,023	1,245,184	–	3,120,845	1,146,177	–	30,913,497
Supplies and other	94,673,089	1,926,379	2,353,046	97,435	6,696,550	1,178,486	(6,677,229)	100,247,756
Depreciation	7,674,744	298,106	103,183	11,235	658,908	75,386	–	8,821,562
Interest and amortization	1,011,579	–	–	–	37,776	–	–	1,049,355
	213,170,829	3,004,256	9,735,450	108,670	27,447,076	10,919,118	(6,677,229)	257,708,170
Income (Loss) from Operations	3,561,835	1,522,561	852,949	70,080	(6,685,266)	(3,054,329)	–	(3,732,170)
Nonoperating Gains								
Unrestricted gifts and bequests	217,275	–	–	–	–	–	–	217,275
Investment income	1,722,250	–	15,173	–	–	–	–	1,737,423
	1,939,525	–	15,173	–	–	–	–	1,954,698
Excess (Deficiency) of Revenues Over Expenses Before Changes in Net Unrealized Gains on Investments	5,501,360	1,522,561	868,122	70,080	(6,685,266)	(3,054,329)	–	(1,777,472)
Changes in Net Unrealized Gains on Investments	233,353	–	34,882	–	–	–	–	268,235
Excess (Deficiency) of Revenues Over Expenses	5,734,713	1,522,561	903,004	70,080	(6,685,266)	(3,054,329)	–	(1,509,237)
Less Excess of Revenue over Expenses Attributable to Noncontrolling Interests	–	–	–	–	–	–	(874,685)	(874,685)
Excess (Deficiency) of Revenues Over Expenses Attributable to Controlling Interest	$ 5,734,713	$ 1,522,561	$ 903,004	$ 70,080	$ (6,685,266)	$ (3,054,329)	$ (874,685)	$ (2,383,922)

See independent auditors' report on other financial information.

CAGW187

ATTACHMENT 5

{N5250103}

Sale of Non-Profit Hospital to For-Profit Entity

Name Entity: Cardiology Associates of GW
Financial Worksheet (C):

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) FY 14 Actual Results	(2) FY 15 Projected W/out CON	(3) FY 15 Projected Incremental	(4) FY 15 Projected With CON	(5) FY 16 Projected W/out CON	(6) FY 16 Projected Incremental	(7) FY 16 Projected With CON	(8) FY 17 Projected W/out CON	(9) FY 17 Projected Incremental	(10) FY 17 Projected With CON	(11) FY 18 Projected W/out CON	(12) FY 18 Projected Incremental	(13) FY 18 Projected With CON
A.	**OPERATING REVENUE**													
1	Total Gross Patient Revenue	$18,524,368	$18,612,257		$18,612,257	$17,417,382		$17,417,382	$17,681,644		$17,681,644	$17,681,644		$17,681,644
2	Less: Allowances	$11,987,051	$12,171,075		$12,171,075	$11,318,109		$11,318,109	$11,562,521		$11,562,521	$11,562,521		$11,562,521
3	Less: Charity Care	$6,655	$2,825		$2,825	$0		$0	$0		$0	$0		$0
4	Less: Other Deductions	$0	$0		$0	$0		$0	$0		$0	$0		$0
	Net Patient Service Revenue	**$6,530,662**	**$6,438,357**	**$0**	**$6,438,357**	**$6,099,273**	**$0**	**$6,099,273**	**$6,119,123**	**$0**	**$6,119,123**	**$6,119,123**	**$0**	**$6,119,123**
5	Medicare	$4,179,624	$4,120,548		$4,120,548	$3,964,527		$3,964,527	$4,038,621		$4,038,621	$4,038,621		$4,038,621
6	Medicaid	$522,453	$579,452		$579,452	$548,935		$548,935	$611,912		$611,912	$611,912		$611,912
7	CHAMPUS & TriCare	$65,307	$64,384		$64,384	$60,993		$60,993	$61,191		$81,191	$61,191		$61,191
8	Other	$0	$0		$0	$0		$0	$0		$0	$0		$0
	Total Government	**$4,767,383**	**$4,764,384**	**$0**	**$4,764,384**	**$4,574,455**	**$0**	**$4,574,455**	**$4,711,725**	**$0**	**$4,711,725**	**$4,711,725**	**$0**	**$4,711,725**
9	Commercial Insurers	$1,110,213	$965,754		$965,754	$731,913		$731,913	$611,912		$611,912	$611,912		$611,912
10	Uninsured	$130,613	$128,767		$128,767	$182,978		$182,978	$183,574		$183,574	$183,574		$183,574
11	Self Pay	$326,533	$450,685		$450,685	$487,942		$487,942	$489,530		$489,530	$489,530		$489,530
12	Workers Compensation	$65,307	$64,384		$64,384	$60,993		$60,993	$61,191		$61,191	$61,191		$61,191
13	Other	$130,613	$64,384		$64,384	$60,993		$60,993	$61,191		$61,191	$61,191		$61,191
	Total Non-Government	**$1,763,279**	**$1,673,973**	**$0**	**$1,673,973**	**$1,524,818**	**$0**	**$1,524,818**	**$1,407,398**	**$0**	**$1,407,398**	**$1,407,398**	**$0**	**$1,407,398**
	Net Patient Service Revenue[a] (Government+Non-Government)	**$6,530,662**	**$6,438,357**	**$0**	**$6,438,357**	**$6,099,273**	**$0**	**$6,099,273**	**$6,119,123**	**$0**	**$6,119,123**	**$6,119,123**	**$0**	**$8,119,123**
14	Less: Provision for Bad Debts	$133,571	$193,152		$193,152	$182,979		$182,979	$193,152		$193,152	$193,152		$193,152
	Net Patient Service Revenue less provision for bad debts	**$6,397,091**	**$6,245,205**	**$0**	**$6,245,205**	**$5,916,294**	**$0**	**$5,916,294**	**$5,925,971**	**$0**	**$5,925,971**	**$5,925,971**	**$0**	**$5,925,971**
15	Other Operating Revenue	$1,762,014	$1,688,040		$1,688,040	$1,483,782		$1,483,782	$1,613,040		$1,613,040	$1,613,040		$1,613,040
17	Net Assets Released from Restrictions	$0	$0		$0	$0		$0	$0		$0	$0		$0
	TOTAL OPERATING REVENUE	**$8,159,105**	**$7,933,245**	**$0**	**$7,933,245**	**$7,400,076**	**$0**	**$7,400,076**	**$7,539,011**	**$0**	**$7,539,011**	**$7,539,011**	**$0**	**$7,539,011**
B.	**OPERATING EXPENSES**													
1	Salaries and Wages	$8,789,526	$8,893,185		$8,893,185	$8,291,096		$8,291,096	$8,593,185		$8,593,185	$8,593,185		$8,593,185
2	Fringe Benefits	$1,148,898	$1,192,338		$1,192,338	$1,230,142		$1,230,142	$1,117,338		$1,117,338	$1,117,338		$1,117,338
3	Physicians Fees	$0	$0		$0	$0		$0	$0		$0	$0		$0
4	Supplies and Drugs	$85,994	$93,565		$93,565	$96,310		$96,310	$93,565		$93,565	$93,565		$93,565
5	Depreciation and Amortization	$77,732	$76,990		$76,990	$63,240		$63,240	$60,000		$60,000	$60,000		$60,000
6	Provision for Bad Debts-Other[b]	$0	$0		$0	$0		$0	$0		$0	$0		$0
7	Interest Expense	$0	$0		$0	$0		$0	$0		$0	$0		$0
8	Malpractice Insurance Cost	$318,692	$331,882		$331,882	$308,154		$308,154	$331,882		$331,882	$331,682		$331,682
9	Lease Expense	$335,018	$336,711		$336,711	$336,725		$336,725	$336,711		$336,711	$336,711		$336,711
10	Other Operating Expenses	($2,596,755)	($2,991,426)		($2,991,426)	($2,925,591)		($2,925,591)	($2,993,670)		($2,993,670)	($2,993,670)		($2,993,670)
	TOTAL OPERATING EXPENSES	**$8,159,105**	**$7,933,245**	**$0**	**$7,933,245**	**$7,400,076**	**$0**	**$7,400,076**	**$7,539,011**	**$0**	**$7,539,011**	**$7,539,011**	**$0**	**$7,539,011**
	Provision for Income Taxes[c]	$0	$0		$0	$0		$0	$0		$0	$0		$0
	Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA)	**$77,732**	**$76,990**	**$0**	**$76,990**	**$63,240**	**$0**	**$63,240**	**$60,000**	**$0**	**$60,000**	**$60,000**	**$0**	**$60,000**
	INCOME / (LOSS) FROM OPERATIONS	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**($0)**	**$0**	**($0)**	**($0)**	**$0**	**($0)**
	NON-OPERATING INCOME / REVENUE	$0	$0		$0	$0		$0	$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)**

CAGW189

Sale of Non-Profit Hospital to For-Profit Entity

Name Entity: Cardiology Associates of GW
Financial Worksheet (C):

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:

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
LINE	Total Entity:	FY 14	FY 15	FY 15	FY 15	FY 16	FY 16	FY 16	FY 17	FY 17	FY 17	FY 18	FY 18	FY 18
		Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	Description	Results	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON
C.	Retained Earnings / Net Assets, beginning of year	$1,815,341	$1,815,341		$1,815,341	$1,815,341		$1,815,341	$1,815,341		$1,815,341	$1,815,341		$1,815,341
	Retained Earnings / Net Assets, end of year	$1,815,341	$1,815,341		$1,815,341	$1,815,341		$1,815,341	$1,815,341		$1,815,341	$1,815,341		$1,815,341
	Principal Payments	$0	$0		$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	54	54		54	54		54	54		54	54		54
F.	VOLUME STATISTICS[d]													
1	Inpatient Discharges	9,392	10,213		10,213	9,196		9,196	9,696		9,696	9,696		9,696
2	Outpatient Visits	23,548	23,099		23,099	21,249		21,249	22,749		22,749	22,749		22,749
	TOTAL VOLUME	32,940	33,312	0	33,312	30,445	0	30,445	32,445	0	32,445	32,445	0	32,445

[a]Total amount should equal the total amount on cell line "Net Patient Revenue" Row 14.

[b]Provide 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.

[c]Provide the amount of income taxes as defined by the Internal Revenue Services for for-profit entities.

[d]Provide 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.

Supplemental CON Application Form

Transfer of Ownership of a Group Practice

Conn. Gen. Stat. § 19a-638(a)(3)

Applicant: Cardiology Associates of Greater Waterbury, LLC and Prospect Medical Holdings, Inc.

Project Name: Authorization for Greater Waterbury Health Network, Inc. to cause the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.

Affidavit

Applicant: Cardiology Associates of Greater Waterbury, LLC

Project Title: Authorization for Greater Waterbury Health Network, Inc. to cause the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.

I, Darlene Stromstad, President/CEO
(Name) (Position – CEO or CFO)

of Greater Waterbury Health Network, Inc. being duly sworn, depose and state that Cardiology Associates of Greater Waterbury, LLC 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.

Darlene Stromstad 7/12/16
Signature Date

Subscribed and sworn to before me on 7/12/16

Jan Balzarini
Notary Public/Commissioner of Superior Court

My commission expires: 7/31/16

Affidavit

Applicant: Prospect Medical Holdings, Inc.

Project Title: Authorization for Greater Waterbury Health Network, Inc. to cause the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.

I, Sam Lee, President/CEO
(Name) (Position – CEO or CFO)

of Prospect Medical Holdings, Inc. being duly sworn, depose and state that Prospect Medical Holdings, Inc. 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: _____

1. **Project Description: Transfer of Ownership of a Group Practice**

   a. Is the proposed transfer the result of a request for proposal or other similar voluntary offer for sale? Please explain in detail and provide dates and documentation.

      Response: No.

   b. Explain how each Applicant determined the public's need for the proposal to occur and discuss the benefits of this proposal for the public (discuss each separately).

      Response: CAGW is an existing provider of outpatient cardiology services through its employed physicians. No change in services or service delivery is expected as a result of the transfer of CAGW's assets and liabilities to a Prospect Entity. The transfer will in no way impact the services provided by CAGW physicians, and it is anticipated that these physicians will continue to serve the same public need they currently serve. As discussed in the accompanying application, the public will benefit from strengthened financial stability achieved by the proposed asset purchase from GWHN by Prospect.

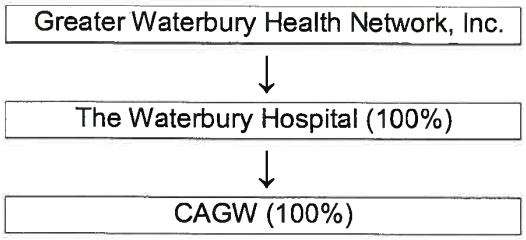
   c. Describe the transition plan and how the Applicants will ensure continuity of services to the patient population. Provide a copy of any transition plan, if available.

      Response: CAGW physicians are existing providers of outpatient cardiology services. No change in services or service delivery is expected as a result of the transfer of CAGW's assets and liabilities, including physician contracts, to a Prospect entity. It is not anticipated that the transfer will impact the services provided by CAGW physicians, and the same patient population will continue to be served by the same physicians at the same location under a subsidiary or affiliate of Prospect.

   d. 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.

         Prior to Approval:



Subsequent to Approval:

Prospect Medical Holdings, Inc. or its affiliate (100% ownership of CAGW assets and liabilities)

ii. List of owners and the % ownership and shares of each.

Prior to Approval: CAGW is 100% owned by The Waterbury Hospital. The Waterbury Hospital is 100% owned by Greater Waterbury Health Network, Inc.

Subsequent to Approval: CAGW will cease to exist. The assets and liabilities of CAGW will be 100% owned by Prospect or its affiliate.

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

Response: Yes. The transaction will be structured in a manner compliant with state law that maintains the current independence of CAGW's physicians.

f. Has the Applicant notified the Attorney General's office in writing of the proposed "material change," as defined Conn. Gen Stat. § 19a-486i(c)?

Response: The Attorney General's office has been notified in connection with the broader GWHN Prospect transaction. GWHN and Prospect will make the requisite filings pursuant to Conn. Gen Stat § 19a-486i(c) after a closing date has been determined and within the required timeframe.

2. Financial Information

a. Describe how this proposal is cost effective and provide an itemization of anticipated cost savings that will result from this proposal.

Response: The transfer of assets and liabilities of CAGW to a Prospect entity is cost neutral. The financial status of GWHN is detailed in the Conversion Application and reflects the financial desirability and importance of the larger GWHN/Prospect proposal for both the state's health care system and the greater

Waterbury community. The transfer of CAGW's assets and liabilities is an integral component of the larger GWHN/Prospect transaction.

3. **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.

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

      Response: No.

PROOF OF NEWSPAPER PUBLICATION

{N5250103}

Legals/ Public Notices

BOROUGH OF LITCHFIELD PUBLIC WORKS DEPARTMENT ADVERTISEMENT FOR BIDS

Sealed bids from qualified firms to replace the sidewalk along Meadow Street, in Litchfield, CT will be received at the Department of Public Works, 101 Russell Street, Litchfield CT 06759.

Bids are to be submitted in sealed envelopes marked "Meadow Street Sidewalk Replacement" and will be received until 2:30 p.m. on Friday, May 13, 2016 and then publicly opened and read aloud at 4:00 p.m. in the Borough Office, 28 Russell Street, Litchfield, CT.

The Information for bidders, specifications and other contract documents may be examined at the Department of Public Works, 101 Russell Street, Litchfield, CT. There is a non-refundable fee of $10.00 for the bid package or you may download the package in pdf by going to [illegible] and asking for the bid package.

A mandatory bid walk will be held Thursday, April 28, 2016 at 4:30 P.M. beginning at the corner of Meadow Street and West Street.

The Borough of Litchfield reserves the right to waive technical defects in the bids, to reject any bid which does not conform to the terms and conditions described in the bid documents, to accept or reject any part of any bid and to reject all bids and again invite bids.

No bidder may withdraw a bid within 60 days after the bid opening. EOE-AA.

BOROUGH OF LITCHFIELD

Lee Losee
Warden, Borough of Litchfield

R-A April 21 & 22, 2016

NOTICE TO CREDITORS ESTATE OF [illegible] 16-00238

The Hon. Thomas P. Brunnock, Judge of the Court of Probate, District of Waterbury Probate Court, by decree dated [illegible] 2016, ordered that all claims must be presented to the fiduciary at the address below. Failure to promptly present any such claim may result in the loss of rights to recover on such claim.

Thomas P. Brunnock, Judge

The fiduciary is:
[illegible]
c/o Atty Richard C. Gilland [illegible]
93 Main Street
P.O. Box 385
Thomaston, CT 06787

R-A April 21, 2016

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Cardiology Associates of Greater Waterbury, LLC / Prospect Medical Holdings Inc.
Address: 455 Chase Parkway, Waterbury, CT 06708
Town: Waterbury
Proposal: Cardiology Associates of Greater Waterbury, LLC and Prospect Medical Holdings, Inc. plan to file an application with the Office of Health Care Access for Certificate of Need authorization for Greater Waterbury Health Network, Inc. to cause its subsidiary The Waterbury Hospital to direct the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.
Capital Expenditure: $0
RA April 21, 22 & 23, 2016

DOCKET NO. UWY-CV-[illegible] TOWN OF WOODBURY V. BASSETT, LILLIAN E. A/

ORDER [illegible] SUPERIOR COURT
JUDICIAL DISTRICT OF WATERBURY
AT WATERBURY 1/20/2016
ORDER OF NOTICE
ORDER REGARDING: 3/16/2016
[illegible] MOTION FOR ORDER OF NOTICE
The foregoing, having been considered by the Court, is hereby:
ORDER: GRANTED

NOTICE TO: LILLIAN BASSETT IF LIVING AND IF DECEASED HER HEIRS, THE NAMES AND ADDRESSES OF WHICH ARE UNKNOWN.

The plaintiff has named you as a defendant in the complaint brought to the above named court seeking foreclosure of tax liens on real property known as 252 [illegible] Hill Road, Woodbury, CT. This complaint was returnable to the above named court on January 19, 2016 and is now pending therein.

The court finds that the defendant(s) listed has (have) not appeared in this action, and, so far as the plaintiff knows, has (have) not received actual notice of the institution or pendence of it; that so far as is known the names and addresses of each are unknown.

Now therefore, it is hereby ordered that further notice of the institution and pendence of this action be given to each such defendant by some proper officer or person

causing a true and attested copy of this order to be published in the Waterbury Republican American once a week for 2 successive weeks, commencing on or before [illegible] 2016 and that return of such service be made to this court.

Return date: 5/24/16

Short Calendar Results Automated Mailing (SCRAM) notice was sent on the underlying motion.

#22391
Judge: MARK H TAYLOR
Processed by: Maura O'Connell

R-A April 14 & 21, 2016

WARNING OF REFERENDUM Regional School District No. 1

A referendum vote of the electors and citizens qualified to vote in the towns of Canaan, Cornwall, Kent, North Canaan, Salisbury, and Sharon, Connecticut, will be held in said towns at the following places:

Town Hall of Canaan
Town Hall of Cornwall
Town Hall of Kent
Town Hall of North Canaan
Town Hall of Salisbury
Town Hall of Sharon

Pursuant to Section 10-56 of the Connecticut General Statutes, Revision of 1958, as amended, this referendum is for the purpose of voting on the Regional School District No. 1 budget for 2016-2017 school year.

The polls will be open from 12:00 noon to 8:00 p.m. on Tuesday, May 3, 2016. The question to be voted on, adopted by the Regional School District No. 1 Board of Education at a meeting held on Monday, May 2, 2016, will be placed on the ballot as the following question:

"Shall the combined net budget for Regional School District No. 1 (Housatonic Valley Regional High School, Pupil Services Center and Regional Schools Services Center) for fiscal year 2016-2017 in the amount of $15,494,235 be approved?" Vote "Yes" or vote "No".

Andrea L. Downs, Chair
Region One Board of Education
RA- April 21, 2016

INVITATION TO BID

SEALED BIDS ON THE FOLLOWING WILL BE RECEIVED BY THE DIRECTOR OF PURCHASES IN HIS OFFICE IN THE CITY HALL BUILDING, 235 GRAND STREET, WATERBURY CT. UNTIL THE DATE AND TIME SPECIFIED WHEN THEY WILL BE PUBLICLY OPENED AND READ. NO BID SHALL BE ACCEPTED FROM, OR CONTRACT AWARDED TO, ANY PERSON WHO IS IN ARREARS TO THE CITY UPON DEBT OR CONTRACT OR WHO IS A DEFAULTER AS SURETY OR OTHERWISE UPON ANY OBLIGATION TO THE CITY.

This contract is subject to state set - aside & contract compliance requirements.

Waterbury Development Corporation

Opening Date: May 6, 2016 at 10:30 A.M.
Temporary Fending - Wtby Green - A mandatory pre-bid will be held on the City Green across from the YMCA at 136 West Main St, Wtby, CT at 10:00 A.M. on April 26, 2016
An Affirmative Action / Equal Opportunity Employer, Minority / Women's Business Enterprises are encouraged to apply.

Specifications may be obtained by potential bidders by going online www.waterburyct.org/purchasing and follow the instructions under the Waterbury ebid link. Please register your business on our new ebid site.

THE CITY OF WATERBURY
ROCCO F. ORSO
DIRECTOR OF PURCHASES
235 GRAND STREET
RA April 21, 2016

Legal Notice Litchfield Planning and Zoning Commission

Notice is hereby given that at the Planning and Zoning Commission meeting of April 18, 2016 the following applications were approved.
Forman School - 12 Norfolk Rd - Special Exception for new visual and performing arts center and fabrication lab
Larson - 426 Bantam Lake Rd - Special Exception Home Occupation for massage therapy studio.
Starucci (Country Clippers) - 16 Goshen Rd. - Special Exception home occupation for pet grooming business.
Friends of the Litchfield Community Greenway - South Lake St. & Winter Wood Rd. - Minor Modification to bollard location on west end with new gate.

A copy of the votes and said applications are on file in the Planning and Zoning Office 80 Doyle Road, Bantam, CT and can be viewed during regular business hours

Thomas Wawrzynek, Chairman
R-A April 21, 2016

LEGAL NOTICE

THE UNIVERSITY OF CONNECTICUT REQUEST FOR STATEMENTS OF QUALIFICATION FOR NEW STEM RESEARCH CENTER STORRS CAMPUS

PROJECT NUMBER 901802

THE UNIVERSITY OF CONNECTICUT IS AUTHORIZED TO SOLICIT EXPERIENCED FIRMS TO PROVIDE PROFESSIONAL ARCHITECTURAL SERVICES FOR THE DESIGN OF THE NEW STEM RESEARCH CENTER ON THE STORRS CAMPUS.

TO FIND OUT MORE ABOUT THIS RFQ AND THE REQUIREMENTS FOR SUBMISSION, PLEASE VISIT OUR WEBSITE: http://cpca.uconn.edu/current-opportunities/ : OR HTTP://WWW.BIZNET.CT.GOV/SCP_SEARCH/
RA April 21, 2016

LEGAL NOTICE WARNING DISTRICT MEETING Regional School District No. 1

The District meeting of the Regional School District No. 1 of Litchfield County, will be held in Room 133 of the Housatonic Valley Regional High School in Falls Village, Connecticut on Monday, May 2, 2016 at 6:30 p.m.

The purpose of the meeting is to adjourn to a vote on the approval or rejection of the proposed combined net budget for Regional School District No. 1 (Housatonic Valley Regional High School, Pupil Services Center, Regional Schools Services Center) for fiscal year 2016-2017 in the amount of $15,494,235 at a referendum to be held in each town in Regional School District No. 1 on Tuesday, May 3, 2016 from 12:00 noon to 8:00 p.m.

All electors and citizens qualified to vote in the towns of Canaan, Cornwall, Kent, North Canaan, Salisbury, and Sharon are invited to attend. Copies of said budget will be available at the office of the Superintendent of Schools, office of the Principal and at the offices of the Town Clerk of the towns comprising said district, five (5) days in advance of this meeting.

Andrea Downs, Chair
Board of Education
RA April 21, 2016

READY FOR A NEW POSITION? Check us out in print and online. You'll soon find them - opportunity in the Classifieds! Republican-American

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Alliance Medical Group, Inc. / Prospect Medical Holdings, Inc.
Addresses: 1579 Straits Turnpike, Middlebury, CT 06762; 48 Main Street North, Woodbury, CT 06798; 305 Church Street, Naugatuck, CT 06770; 128 South Main Street, Thomaston, CT 06787; 168 Grandview Avenue, Waterbury, CT 06708; 160 Robbins Street, Waterbury, CT 06708; 51 Depot Street, Watertown, CT 06795
Towns: Middlebury, Naugatuck, Thomaston, Waterbury, Watertown, Woodbury
Proposal: Alliance Medical Group, Inc. and Prospect Medical Holdings, Inc. plan to file an application with the Office of Health Care Access for Certificate of Need authorization for Greater Waterbury Health Network Inc. to cause its subsidiary The Waterbury Hospital to direct the transfer of the assets and liabilities of Alliance Medical Group, Inc. to a subsidiary or affiliate of Prospect Medical Holdings, Inc.
Capital Expenditure: $0
RA April 21, 22 & 23, 2016

THE UNIVERSITY OF CONNECTICUT INVITATION TO CONTRACTORS TO OFFER BID PROPOSALS FOR DRAMA & MUSIC A MUSIC & BAND STORRS CAMPUS PROJECT NUMBER 902026

RELEASED: April 21, 2016
BIDS DUE: May 5, 2016 2:00 PM

THE UNIVERSITY OF CONNECTICUT IS ACCEPTING BID PROPOSALS LIMITED TO THE AFOREMENTIONED PROJECT. THIS PROJECT IS AN OPEN INVITATION TO CONTRACTORS

TO FIND OUT MORE ABOUT THIS BID AND THE REQUIREMENTS FOR SUBMISSION, PLEASE VISIT OUR WEBSITE: www.cpca.uconn.edu OR www.das.ct.gov/cr1.aspx?page=12

R-A April 21, 2016

Notice of Public Hearing Town of Warren Inland Wetlands and Conservation Commission

The Inland Wetlands & Conservation Commission of the town of Warren, CT will hold a Public Hearing on Thursday, April 28, 2016 at 7:00 pm in the lower level meeting room of Town Hall, 50 Cemetery Road, Warren, CT to hear the APPLICATION of C. Weig & Associates, LLC for [illegible] A David Williams, 149-151 North Shore Road - demolition of existing single family dwelling, relocation & extension of existing driveway, and stormwater management improvements in the regulated area associated with construction of new single family dwelling.
At Public Hearings, interested persons may appear and be heard and written communications received. Copies of applications are available for inspection in the Land Use Office in Warren Town Hall, 50 Cemetery Road, Warren, CT.

Dated this 3rd day of December, 2015
[illegible] Jewell, Chair, IW & CC
RA April 14, & 21, 2016

TOWN OF LITCHFIELD INLAND WETLANDS COMMISSION LEGAL NOTICE

At the 4/13/2016 meeting of the Inland Wetlands Commission, the following applications were approved.

Pearman - 405 South St - Single family house construction with utilities.

Fasano - 96 Prospect St. - Construct pool with fence, planting beds and terraces in upland review area and deer fence openings in wetlands

Forman School - 12 Norfolk Rd. - Construct driveway, portion of water quality basin and portion of sanitary lateral in upland review area for new Visual & Performing Arts Center and Fabrication Lab

Copeland - 57 Spencer St. - Clearing of invasive vines and dead trees, replanting trees, replace broken culvert pipe

Robert Blazek, Chairman

R-A April 21, 2016

WATERBURY ZONING COMMISSION NOTICE OF PUBLIC HEARING

Date: Wednesday, April 27, 2016
Time: 5:00 PM
Place: City Hall, 2nd Floor, Aldermanic Chambers, 235 Grand Street, Waterbury, Connecticut
Notice is hereby given that the following Public Hearings will be held before the Members of the Zoning Commission at the above date, time and place:
1. PL 2016-0066 Accessory Alcohol Sales (Grocery Beer) Location: 1449 South Main Street; Applicant: [illegible]
2. PL 2016-0065 Accessory Alcohol Sales (Grocery Beer) Location: 252 Watnut Street; Applicant: [illegible]
3. PL 2016-0018 Special Permit for a Business and Trade School; Location: 160 Ansel Lane; Applicant: Waterbury Family Limited Partnership
4. PL 2016-0021 Special Permit for a Package Store Location: 3650 East Main Street; Applicant: Berdon, Young & Margolis, P.C. f/b/o Costco
Applications are on file and available for public inspection in the Office of the City Plan Department, One Jefferson Square, 5th Floor, (185 South Main Street), Waterbury, Connecticut 06706. Telephone: 203-574-6817

ATTEST:
James A. Sequin, AICP
City Planner
R-A April 14 & 21, 2016

MOTHER'S DAY CONTEST
OFFICIAL CONTEST RULES
[illegible]

HOW TO KEEP YOUR KIDS FREE OF DRUGS.
Rule #10. Don't Preach.
One of the greatest deterrents to drug use is simply talking with your kids. But don't preach or you'll lose them. In a conversation lasts more than five minutes, you're preaching. Better to have [illegible] minute conversations. Kids have short attention spans and shorter memories. To learn more about how to talk with your kids about drugs, call for a free parent's handbook.
drugfree.org
The Partnership for a Drug-Free America

PLEASE POST LEGAL NOTICE Warning of Public Hearing

The electors and citizens qualified to vote in the town meetings of the towns of Canaan, Cornwall, Kent, North Canaan, Salisbury and Sharon are hereby warned that a public hearing of Regional School District Number One will be held at the Housatonic Valley Regional High School, Room 133, 246 Warren Turnpike Road, Falls Village, Connecticut, on Monday, May 2, 2016, at 6:30 p.m. for the purpose of conducting a public hearing on the following recommendations of the Regional District Number One Board of Education as adopted at meeting held April 14, 2016.
(a) That $5,760,000 be appropriated for costs related to the 2016 Housatonic Valley Regional High School Renovation Projects, contemplated to include partial roof replacement and related work, replacement of two underground storage tanks, replacement of boilers and related heating controls, renovation of the existing science classrooms and locker rooms and fitness center, and related work and improvements, and for costs related to the financing thereof. The appropriation may be spent for design, construction, demolition and installation costs, equipment, furnishings, materials, site improvements, architects' fees, engineering fees, legal fees, net interest on borrowings and other financing costs, and other expenses related to the projects or their financing. The HVRHS Standing Building Committee, or such other building committee delegated such authority from time-to-time by the Board of Education, shall determine the particulars of such projects, and the Board of Education may reduce or modify the scope of such projects as desirable, and the entire appropriation may be spent on such projects as so reduced or modified. The District anticipates receiving State of Connecticut school building project grants in the estimated amount of approximately $1,456,000 to defray in part the appropriation.
(b) That $5,760,000 bonds and temporary notes of the District be authorized to finance the appropriation. The amount of the bonds or notes authorized shall be reduced by the amount of grants received by the District for the projects and applied to defray project costs.
(c) That the Board of Education, or such officer or body delegated by the Board, be authorized to require the District and its member towns to comply with applicable federal income tax requirements for tax-exempt bonds.
(d) That the Board of Education, or such officer or body delegated by the Board, be authorized to make representations and enter into written agreements for the benefit of holders of the bonds or notes to provide secondary market disclosure information.
(e) That the Board of Education is authorized to approve the entering into of contracts for the projects, and the Board of Education, or such officer or body to whom the Board delegates said authority, is authorized to approve the expenditure of said appropriation and such other matters as it deems desirable or necessary to complete the projects.
(f) That the bond and temporary note authorization be submitted to referendum vote by the electors and citizens qualified to vote in the towns of the District.
A copy of said proposed resolution is on file and open to public inspection at the office of the Regional School District Number One.
All electors and citizens qualified to vote in the towns of Canaan, Cornwall, Kent, North Canaan, Salisbury, and Sharon are invited to attend.
Dated at Falls Village Connecticut this 11th day of April, 2016.
Andrea L. Downs
Chair, Board of Education
Regional School District Number One
RA April 21, 2016

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BRASS PAVING LLC - CT Lic#575141 Paving driveways, sealing & repairs. Free est. 203 614-8593
MARINI PAVING 203-274-0878 * Driveways * Repairs * Seal Coating * Drainage #563042. 203-410-9226
SPINO'S PAVING Commercial and resid'l driveways, parking areas, plow damage repair and curbing replaced. Free estimates. CT Lic #579761. 203-574-2547 cell 203-537-0381
THEPURPLEPAVERS.COM One call for all your pavement needs! Visit us online to learn the 7 secrets for choosing a paving contractor. CT# 612743 Call 860-945-0873 Visit Daniel Paving on Facebook to view our current project.

Carpentry
DN Carpentry Window, doors, decks, baths, drywall, trim, paint, finbsmt. #634783. ins. 203 230 0795

Electrical
Accurate Electrical Fully insured, Lic. E1 180192 203-509-7027

Electrical
DW ELECTRICAL Any size jobs, srvc. grounding, upgrades, rem. Free est. #182996. 203-592-9552

General services
EMT PROGRAMS Starting in May. For info call/email 203-632-9247 or [illegible]

Gutters
BAY KLEEN Gutter cleaning & repair, powerwashing homes & decks 203-525-3890. #0643703
PEET SEAMLESS GUTTERS & SERVICES 860-283-2297

Hauling services
A-L ABOUT SERVICE S&P CARTING trash & cleanup in 40 yard roll off containers. Same day svc. Ins V/MC [illegible]
JAY & EDDIE Junk removal & Lawncare Call 203-558-0458
JUNK REMOVAL furn., appliances, shed, attic, basement, piano removal, Spring cleanup. 20% off 203-535-9817, 860-575-6214

Home improvement
BUDGET PAINTING & Remodeling roofs, siding & painting, fully insured #0638113. Call 203-982-6953
DREAM DECKS by advance Construction of CT 100% Financing, no money down 30 yrs exp. #0644836. 203-788-3791
PREMIER SERVICES kit baths decks ceramic tile siding roofing fully ins. free est. lic. 641592. 203-228-3750

Landscaping & lawns
ALL LAWNCARE Spring has sprung. Spring cleanup, weekly lawn maint. All aspects of landscaping, irrigation PL [illegible] Fertilization program. [illegible] 203-755-4556
ABILITY SPRING CLEANUP mowing, hemlocks, shrubs, small brush. call 203 753 2830.
B&D LANDSCAPING landscaping, mowing, cleanups, trimming, comm & res. #540871 Call 203-575-9282, 203-437-1641
BUD'S LAWN CARE cleanups, mowing, pruning, etc. 78 [illegible] Lic. #0645023 203-558-9323
CREST LAWN SERVICES mowing, and more. Fees, rates. Veteran 203 509 6395
DB LANDSCAPE Lawn mowing Comm'l & Residential, mulching, trimming stone work, free estimate, #003340 [illegible] 203-704-3640
SCREENED LOAM DARK, RICH FARM LOAM. PICKED UP OR DELIVERED. [illegible]

Landscaping & lawns
Spring Cleanups/Property Maint. Weekly cut. Fast Mtn., Prospect, Naugatuck areas. 203-231-6342

Lawn/garden equipment repair
WOLCOTT POWER SALE & SERVICE. All makes & models. 203-879-6912

Masonry
A-1 JIMMY'S MASONRY #604560. Walls brick/ blue stone steps, sidewalks, repairs & more. free est. 203-982-0145/860-628-0455
ALFRED MASONRY 30 yr exp. Pools, deck, stamp conc. patios, retain. walls, stucco. Lic #565904. Free est. Call 860-274-7971
BELULI MASONRY Stone walls, fireplaces, Any size job. 203-695-8[illegible] #HIC0565121
EXCEPTIONAL MASONRY Pavers, stonework, chimneys, waterproofing, repairs, free estimates 0628978. 860-922-4922
R&R Masonry Walls, Patios, steps, walks, chimney repairs etc. Free Est. #0637254 ins. [illegible]
[illegible] MASONRY Stamped Concrete Patios Walkways Stone walls. #0644018. 860-378-5877
JIMMY MASONRY Masonry stone, brick, steps, sidewalks, stone walls etc. #0635289. 203-868-0838
KONSTANTINO MASONRY Stone pavers, steps, Patios, Chimney, repairs & more. Call 203-528-8294

Masonry
PAUL'S MASONRY Stone, brick, block, walks, chimneys, patios, ff's, etc. free est. #634768. 203-706-9[illegible]

Moving
DON'S * MOVING [illegible] * [illegible]

Painting
ARMEDO'S PAINTING LLC Int/Ext carpentry, low prices! Free est. CT#0638[illegible]. 203-597-[illegible]
ASHLEY'S PAINTING LLC Interior & exterior. Call for estimate. 860-331-1306 Hic# 0642742
PAUL DENINO PAINTING CO. LLC 1-2-3 fam. houses, factories, shop plaza, hotels, condos, schools, offices, church. low price free est. lic 627846. 203-509-4483
ROCCO'S PAINTING Res. Free est. & cleanup. CT# 561112 30+ yrs exp [illegible]

Plumbing
CAPINERA PLUMBING & HEATING Gas pipe, boilers, HW heaters, & repairs #202562 203-875-1551
CHRIS SHEPPARD PLUMBING repairs, wtr heater, lawn hose bibs, gas. #283570 203-305-0072

Power washing
AFFORDABLE POWER WASH Our trucks carry water. Free est. Ins & CT Lic#536576. 203-591-2075
ARCOM SERVICES LLC Veteran Owned/Operated. Free est. ins. CT Lic.#0645036. 203-519-0268
BAY KLEEN POWERWASHING homes, decks, boats, mobile homes 203-525-3890. #0643703

Roofing
AFFORDABLE ROOFING SIDING, & GUTTERS. Licensed & ins. #0642025. Tom 860-434-1644.
BUSYBEE ROOFING LLC Free detailed estimates Local/Working owner Insurance Claims Specialist HIC #0628830 Ins. [illegible]
DIDONATO ROOFING Remodeling & Siding. Reasonable rates. Sr. discount. #563093. [illegible]
DIDONATO ROOFING Remodeling & Siding. Reasonable rates. Sr. discount. #563093. [illegible]
GAF ROOFING remodeling & siding. Lowest price. Ins. free est. Lic. 0644116. 203-759-5685
Lema Construction Roofing, Siding, Gutters clean, & Chimney repair. Lic#630516 [illegible]
Michelangelo's Roofing, LLC HONEST prices. No add'l fees ever. Work guaranteed. New Roofs, repairs. Chimney flashing. Respectful local owner & crew Lic. #601460. Call 203-704-0223
PREMIER SERVICES LLC roofing, decks, Siding, windows. Fully ins. Free est. #0641592. 203-228-3750

Roofing
S&S Roofing Quality work, at a sensible price. A+ Rated BBB. Lic#578533. Steve Bill Saunders, Veteran Owned 860-283-6590.

Tree care
A A A HOME TREE REMOVAL Lowest Price, 20 yrs exp. Sr disc., free est. Fully ins'd 860 245-3094
ALL SEASONS TREE REMOVAL Bucket & chip serv. 24hr storm dam. Est. ins'd. 860-945-0001
ED THE TREE MAN LLC Large Takedown Specialist. 75' Bucket truck. Stump grinding. Tree Fertilization & Pesticide Management. Chipper & 24 hr Emergency Serv. Firewood CT Lic. Arborist #S-5765 Bus. Reg. B-2358 Free Est./Ins. (203) 759-0351
G&42 TREE SERVICES 60' bucket truck & climbing. 24 hr. service. #0630183. 203-942-6351
LOG DOGS COMPLETE TREE SERVICE Lic. Fully ins. Free est. 203-2[illegible]-3355. 1% of every job donated to local dog rescue. www.logdogstreeremoval.com
PFA, LLC Bucket truck service & climbing, tree remove, chipper, stump grinding, 24 hr serv., Sr. Disc. #638379. Free Est. [illegible]

Wood refinishing chair repair
KITCHEN CABINETS RESTORED Furn. wobbly chairs, loose & broken posts #563142 203-754-1092

INCREASE BUSINESS! SAVE DOLLARS! Run Your Ad for 28 Days and $AVE When You Prepay!
DEADLINES: 4:30pm Mon-Thurs for next day insertion; 4:30pm Fri for Sat, Sun, Mon insertions
Call for Details 203-574-3616 or Place Your Ad Online @ www.rep-am.com

CAGW198

No bidder may withdraw a bid within 60 days after the bid opening. EOE-AA.

BOROUGH OF LITCHFIELD

Lee Losee
Warden, Borough of Litchfield

R-A April 21 & 22, 2016

NOTICE TO CREDITORS
ESTATE OF Mary E. Lamar
(16-00038)

The Hon. Thomas P. Brunnock, Judge of the Court of Probate, District of Waterbury Probate Court, by decree dated April 18, 2016, ordered that all claims must be presented to the fiduciary at the address below. Failure to promptly present any such claim may result in the loss of rights to recover on such claim.

Thomas P. Brunnock, Judge

The fiduciary is:
Lamell Weaver
c/o Atty Richard D. Gilland, Jr.
97 Main Street
P.O. Box 386
Thomaston, CT 06787

R-A April 21, 2016

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Cardiology Associates of Greater Waterbury, LLC / Prospect Medical Holdings, Inc.
Address: 455 Chase Parkway, Waterbury, CT 06708
Town: Waterbury
Proposal: Cardiology Associates of Greater Waterbury, LLC and Prospect Medical Holdings, Inc. plan to file an application with the Office of Health Care Access for Certificate of Need authorization for Greater Waterbury Health Network, Inc. to cause its subsidiary The Waterbury Hospital to direct the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.
Capital Expenditure: $0
RA April 21, 22, & 23, 2016

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copy of this order to be published in the Waterbury Republican American once a week for 2 successive weeks, commencing on or before 5/5/22016 and that return of such service be made to this court.

Return date: 5/24/16

Short Calendar Results Automated Mailing (SCRAM) Notice was sent on the underlying motion.

422392
Judge: MARK H TAYLOR
Processed by: Maura OConnell

R-A April 14 & 21, 2016

WARNING OF REFERENDUM
Regional School District No. 1

A referendum vote of the electors and citizens qualified to vote in the towns of Canaan, Cornwall, Kent, North Canaan, Salisbury, and Sharon, Connecticut, will be held in said towns at the following places:

Town Hall of Canaan
Town Hall of Cornwall
Town Hall of Kent
Town Hall of North Canaan
Town Hall of Salisbury
Town Hall of Sharon

Pursuant to Section 10-56 of the Connecticut General Statutes, Revision of 1958, as amended, this referendum is for the purpose of voting on the Regional School District No. 1 budget for 2016-2017 school year.

The polls will be open from 12:00 noon to 8:00 p.m. on Tuesday, May 3, 2016. The question to be voted on, adopted by the Regional School District No. 1 Board of Education at a meeting held on Monday, May 2, 2016, will be placed on the ballot as the following question:

"Shall the combined net budget for Regional School District No. 1 (Housatonic Valley Regional High School, Pupil Services Center and Regional Schools Services Center) for fiscal year 2016-2017 in the amount of $15,494,235 be approved? Vote "Yes" or vote "No".

Andrea L. Downs, Chair
Region One Board of Education
RA- April 21, 2016

ROCCO F. ORSO
DIRECTOR OF PURCHASES
235 GRAND STREET
RA April 21, 2016

Legal Notice
Litchfield
Planning and Zoning Commission

Notice is hereby given that at the Planning and Zoning Commission meeting of April 18, 2016 the following applications were approved.
Forman School - 12 Norfolk Rd - Special Exception for new visual and performing arts center and fabrication lab.
Larsson - 426 Bantam Lake Rd - Special Exception Home Occupation for massage therapy studio.
Skarupa (Country Clippers) - 16 Goslee Rd. - Special Exception Home Occupation for pet grooming business.
Friends of the Litchfield Community Greenway - South Lake St. & Whites Woods Rd. - Minor Modification to bollard location on west end with new gate.

A copy of the vote and said applications are on file in the Planning and Zoning Office (80 Doyle Road, Bantam, CT) and can be viewed during regular business hours

Thomas Waterhouse,
Chairman
R-A April 21, 2016

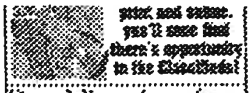
LEGAL NOTICE

THE UNIVERSITY OF CONNECTICUT REQUEST FOR STATEMENTS OF QUALIFICATION FOR NEW STEM RESEARCH CENTER STORRS CAMPUS

PROJECT NUMBER 901802

THE UNIVERSITY OF CONNECTICUT IS AUTHORIZED TO SOLICIT EXPERIENCED FIRMS TO PROVIDE PROFESSIONAL ARCHITECTURAL SERVICES FOR THE DESIGN OF THE NEW STEM RESEARCH CENTER ON THE STORRS CAMPUS.

TO FIND OUT MORE ABOUT THIS RFQ AND THE REQUIREMENTS FOR SUBMISSION, PLEASE VISIT OUR WEBSITE; http://cpca.uconn.edu/current-opportunities/ : OR HTTP://WWW.BIZNET.CT.GOV/SCP_SEARCH/
RA April 21, 2016



PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Alliance Medical Group, Inc. / Prospect Medical Holdings, Inc.
Addresses: 1625 Straits Turnpike, Middlebury, CT 06762; 40 Main Street North, Woodbury, CT 06798; 285 Church Street, Naugatuck, CT 06770; 120 South Main Street, Thomaston, CT 06787; 140 Grandview Avenue, Waterbury, CT 06708; 160 Robbins Street, Waterbury, CT 06708; 51 Depot Street, Watertown, CT 06795
Towns: Middlebury, Naugatuck, Thomaston, Waterbury, Watertown, Woodbury
Proposal: Alliance Medical Group, Inc. and Prospect Medical Holdings, Inc. plan to file an application with the Office of Health Care Access for Certificate of Need authorization for Greater Waterbury Health Network, Inc. to cause its subsidiary The Waterbury Hospital to direct the transfer of the assets and liabilities of Alliance Medical Group, Inc. to a subsidiary or affiliate of Prospect Medical Holdings, Inc.
Capital Expenditure: $0
RA April 21, 22, & 23, 2016

THE UNIVERSITY OF CONNECTICUT
INVITATION TO CONTRACTORS TO OFFER BID PROPOSALS FOR
DRAMA MUSIC & MUSIC w/BAND
STORRS CAMPUS
PROJECT NUMBER #902076

RELEASED: April 21, 2016
BIDS DUE: May 5, 2016 2:00 PM

THE UNIVERSITY OF CONNECTICUT IS ACCEPTING BID PROPOSALS LIMITED TO THE AFOREMENTIONED PROJECT. THIS PROJECT IS AN OPEN INVITATION TO CONTRACTORS

TO FIND OUT MORE ABOUT THIS RFP AND THE REQUIREMENTS FOR SUBMISSION, PLEASE VISIT OUR WEBSITE; www.cpca.uconn.edu; OR www.das.ct.gov/cri.aspx?page12

R-A April 21, 2016

Fasulo - 96 Prospect St. - Construct pool with fence, planting beds and terrace in upland review area and deer fence posts in wetlands.

Forman School - 12 Norfolk Rd. - Construct driveway, portion of water quality basin and portion of sanitary lateral in upland review area for new Visual & Performing Arts Center and Fabrication Lab.

Copeland - 57 Spencer St. - Clearing of invasive vines and dead trees, replanting trees, replace broken culvert pipe.

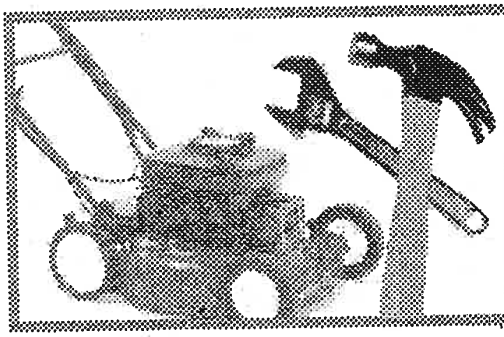
Robert Blazek
Chairman

R-A April 21, 2016

WATERBURY ZONING COMMISSION
NOTICE OF PUBLIC HEARING

Date: Wednesday,
April 27, 2016
Time: 7:00 PM
Place: City Hall, 2nd Floor,
Aldermanic Chambers
235 Grand Street,
Waterbury, Connecticut
Notice is hereby given that the following Public Hearings will be held before the Members of the Zoning Commission at the above date, time and place:
1. PL 2016-0066 Accessory Alcohol Sales (Grocery Beer); Location: 1449 South Main Street; Applicant: Joe Eliguiraca.
2. PL 2016-0069 Accessory Alcohol Sales (Grocery Beer); Location: 352 Walnut Street; Applicant: Anderson Jimenez.
3. PL 2016-0078 Special Permit for a Business and Trade School; Location: 160 Kukas Lane; Applicant: Waterbury Family Limited Partnership.
4. PL 2016-0085 Special Permit for a Package Store; Location: 3600 East Main Street; Applicant: Berdon, Young & Margolis, P.C. c/o Costco.
Applications are on file and available for public inspection in the Office of the City Plan Department, One Jefferson Square, 5th Floor, (186 South Main Street), Waterbury, Connecticut 06706. Telephone: 203-574-6817

ATTEST:
James A. Sequin, AICP
City Planner
R-A April 14 & 21, 2016



AT YOUR SERVICE
DIRECTORY

Legals/ Public Notices

INVITATION TO BID

Sealed bids will be received at the Office of the Purchasing Agent, City Hall, Room 206, 140 Main St., Torrington, CT until May 6, 2016 at 11:00 AM for the following:

BID #DM-F-018-050616
MOBILE DATA TERMINALS

Specifications may be downloaded from the City's web site, www.torringtonct.org under Departments, select Purchasing, then "OPEN BIDS". Those without internet access may call (860) 489-2224 for bid documents.

The City reserves the right to accept or reject any or all bids, or any portion thereof, to waive technicalities, to award the bid to a bidder other than the lowest bid, and to award the bid as will best serve the public interest.

Pennie Zucco
Purchasing Agent
An Affirmative Action/
Equal Opportunity Employer
R-A April 22, 2016

PROSPECT PLANNING & ZONING COMMISSION
NOTICE OF DECISION

The following action was taken at a meeting of the Prospect Planning & Zoning Commission held on Wednesday, April 20, 2016:
APPROVED: Paul Tracy, [illegible] Summit Road - Application for Home Occupation: to teach [illegible].
Questions or concerns on the above decision may be directed to the Land Use Office in the Prospect Town Hall, 36 Center Street, Prospect.
[illegible], Vice - Chairman

R-A 4/22/16

MOTHER'S DAY CONTEST

OFFICIAL CONTEST RULES

[illegible]

INVITATION TO BID
Watertown Housing Authority

The Watertown Housing Authority is seeking sealed bids for furnishing all labor tools, materials, and equipment required for the Buckingham Terrace, 935 Buckingham Street, Watertown, Connecticut reclamation of pavement of parking lot, sidewalks and drainage project. Sealed bids will be received by the Watertown Housing Authority until May 11, 2016 12:00 pm. Bid opening date is May 11, 2016 2:00 pm at which time they will be publicly opened and read at Truman Terrace, 100 Steele Brook Rd., Watertown, CT at 2:00 pm. Specifications may be obtained from potential bidders at the Watertown Housing Authority office, 935 Buckingham Street, Watertown, CT from Monday thru Friday 8:00 am - 12:00 pm. Successful bidder will be required to sign a contract approved by the Watertown Housing Authority. The right is reserved to reject any or all bids, in whole or in part, to award any items, group of items or total bid, and to waive any informality or technical defects, if it is deemed to be in the best interest of the Watertown Housing Authority.
RA April 22, 23, & 24, 2016

PROSPECT PLANNING & ZONING COMMISSION NOTICE OF PUBLIC HEARING:

The Prospect Planning & Zoning Commission will hold a Public Hearing on Wednesday May 4, 2016 in the lower level conference room of the Prospect Town Hall, 36 Center Street on the following:
7:30 p.m. Proposed Revisions to the Zoning Regulations regarding Fee Schedule
At this hearing all interested persons will be heard and written correspondence received.
The complete file may be reviewed at the Land Use Office in the Prospect Town Hall.
L. G. Drevelne, Chairman
RA 4/22 & 4/29, 2016

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Cardiology Associates of Greater Waterbury, LLC / Prospect Medical Holdings, Inc.
Address: 455 Chase Parkway, Waterbury, CT 06708
Town: Waterbury
Proposal: Cardiology Associates of Greater Waterbury, LLC and Prospect Medical Holdings, Inc. plan to file an application with the Office of Health Care Access for Certificate of Need authorization for Greater Waterbury Health Network, Inc. to cause its subsidiary The Waterbury Hospital to direct the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.
Capital Expenditure: $0
RA April 21, 22, & 23, 2016

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Alliance Medical Group, Inc. / Prospect Medical Holdings, Inc.
Addresses: 1625 Straits Turnpike, Middlebury, CT 06762; 19 Main Street North, Woodbury, CT 06798; 391 Church Street, Naugatuck, CT 06770; 120 South Main Street, Thomaston, CT 06787; 160 Grandview Avenue, Waterbury, CT 06708; 168 Robbins Street, Waterbury, CT 06708; 51 Depot Street, Watertown, CT 06795
Towns: Middlebury, Naugatuck, Thomaston, Waterbury, Watertown, Woodbury
Proposal: Alliance Medical Group, Inc. and Prospect Medical Holdings, Inc. plan to file an application with the Office of Health Care Access for Certificate of Need authorization for Greater Waterbury Health Network, Inc. to cause its subsidiary The Waterbury Hospital to direct the transfer of the assets and liabilities of Alliance Medical Group, Inc. to a subsidiary or affiliate of Prospect Medical Holdings, Inc.
Capital Expenditure: $0
RA April 21, 22, & 23, 2016

STATE OF CONNECTICUT
SUPERIOR COURT
JUDICIAL DISTRICT OF WATERBURY
AT WATERBURY
CITY OF WATERBURY
VS JAMES HICKMAN

NOTICE TO JAMES HICKMAN IF LIVING AND THE WIDOW AND HEIRS OF JAMES HICKMAN IF DECEASED, AND ALL UNKNOWN PERSONS, CLAIMING OR WHO MAY CLAIM, ANY RIGHTS, TITLE, INTEREST OR ESTATE IN OR LIEN OR ENCUMBRANCE UPON THE PROPERTY DESCRIBED IN THIS COMPLAINT ADVERSE TO THE PLAINTIFF, WHETHER SUCH CLAIM OR POSSIBLE CLAIM BE VESTED OR CONTINGENT.
The City of Waterbury, as plaintiff, is seeking to foreclose property known as 18 Adams Street in Waterbury for delinquent tax/water liens in Waterbury Superior Court with a return date of May 10, 2016. The City is naming as defendants in this action James Hickman, and his heirs if deceased, and all unknown persons claiming or who may claim any right, title and interest or estate in or lien or encumbrance upon the property described in this complaint, adverse to the plaintiff whether such claim or possible claim be vested or contingent. The Plaintiff City has represented to said Court that, despite all reasonable efforts to ascertain such information it has been unable to locate James Hickman or a fiduciary or all heirs of James Hickman, who, upon information and belief, died having an interest in said property being foreclosed.
Now therefore, it is hereby ORDERED that notice of institution of this action be given to said James Hickman, his widow and his heirs, and all unknown persons claiming or who may claim any rights, title, interest in or lien or encumbrance upon the property described in this complaint, whether such claim or possible claim be vested or contingent, by some proper officer causing a true and attested copy of this Order of Notice to be published in the Waterbury Republican American two (2) times for successive weeks commencing April 15, 2016 and that return of such service be made to this Court.
By the Court
ATTY RICHARD [illegible]
DEPUTY CHIEF CLERK
RA April 15 & 22, 2016

WARNING
TOWN OF COLEBROOK
ANNUAL BUDGET MEETING

The legal voters of the Town of Colebrook and those entitled to vote in town meetings of said town are hereby notified and warned that the annual Budget Meeting of said Town will be held in the Town Hall Meeting Room (2nd floor) 562 Colebrook Road on Monday, May 2, 2016 at 8:00 p.m. for the transaction of the following business:

1. to consider and act upon the appropriations recommended by the Board of Finance and to determine what action will be taken to adopt a budget for the town for the fiscal year commencing July 1, 2016.

2. to consider and act upon the appropriations recommended by the Board of Finance and to determine what action will be taken to adopt a budget for the Town's Reserve Fund for Capital and Non-recurring Expenditures (Town's Capital Improvements Projects).

3. to consider and act upon a proposal to authorize the Board of Selectmen to apply for and expend any federal and state grants for use by the Town.

4. Shall the Town of Colebrook approve the sum up to $375,000 for the purchase of a new pumper fire truck for the Center Fire House?

The Board of Selectmen of the Town of Colebrook has designated that the vote on items 1 and 2 shall be by Referendum on the optical scan voting machines in the Town of Colebrook on Tuesday, May 3, 2016 from 6 a.m. to 8 p.m.

Dated at Colebrook, Connecticut this 21th day of April, 2016.

Thomas D. McKeon
Joseph A. Alciati, Sr.
Christopher L. Johnstone
Selectmen of the Town of Colebrook
RA 4/22/2016

NOTICE TO CREDITORS
ESTATE OF Antonio Clarizia
(16-00162)

The Hon. Thomas P. Brunnock, Judge of the Court of Probate, District of Waterbury Probate Court, by decree dated March 8, 2016, ordered that all claims must be presented to the fiduciary at the address below. Failure to promptly present any such claim may result in the loss of rights to recover on such claim.

Thomas P. Brunnock, Judge

The fiduciary is:
Vittoria Clarizia
82 Hotchkiss Street
Waterbury, CT 06708

R-A April 22, 2016

WOLCOTT LEGAL NOTICE

At its regular meeting on April 20, 2016 the Wolcott Planning & Zoning Commission took the following actions:
1. Approved #16-527 Athinas Liquors LLC - Special Use Permit for a convenience store/gas station at 1520 A 1530 Wolcott Rd. with following conditions:
1. Precast concrete curbing along all areas in front of building and along Rte. 69 must be approved by CZEO prior to installation. 2. Protection around 1,000 gallon propane filling tank per Bldg. Official's approval; 3. A 6 ft. privacy fence along east side of property line along Seery Rd. - type of fence must be approved by P&Z Commission prior to installation and location of fence must be approved by CZEO; 4. Copy of D.O.T. permit approval and conditions, if any; 5. P&Z Commission to approve sign and its location prior to installation; 6. Properties must be combined prior to issuance of permits; 7. Proper bond must be in place to cover paving, storm drainage, plantings, etc. as set forth by CZEO prior to work commencing.
2. Approved #16-529 R. Rinaldi - Special Use Permit for a 32 x 32' detached garage at 1190 Woodtick Rd.
3. Approved #16-530 M. Kinney - Special Use Permit for a 35' x 40' detached garage at 38 Lorenz Dr.
Details of the above actions are on file in the Planning & Zoning Office at the Wolcott Town Hall. Dated at Wolcott, CT, this 21st day of April 2016.
Wolcott Planning & Zoning Commission
Ray Mahoney, Chairman
R-A April 22, 2016

LEGAL NOTICE
Winchester Planning & Zoning Commission
Notification of Public Hearing

Notice is hereby given that the Winchester Planning & Zoning Commission will hold a Public Hearing on Monday, April 25, 2016 at 7PM in the E. Francis Hicks Room, 2nd floor, Town Hall, 338 Main Street, Winsted for the following application:
1. #2C 016-04 W.L. Gilbert Trust Corporation

184-190 Williams Avenue
Map 106, Block 040, Lot 045/158Z, 041
Proposal: Special permit to construct student dormitory.
At this hearing, interested persons may appear and be heard and written communications will be received. Copies of the above amendments are on file for public inspection in the Planning & Community Development Office and the Town Clerk's Office.
Dated at Winchester, CT this 5th day of April, 2016
Fred Sanden, Chairman

R-A 15 & 22, 2016

INVITATION TO BID
John F. Kennedy High School
Synthetic Fields

Sealed proposals for the Bid Package 22 Synthetic Fields will be received until 2:00 PM on Thursday, May 12, 2016. All bids will be received by the City of Waterbury at the office of the Director of Purchasing, City Hall, 1st Floor, 235 Grand Street, First Floor, Waterbury, CT 06702. All proposals should be addressed to Newfield Construction, Construction Manager, c/o Rocco Orso, Director of Purchasing, City of Waterbury, CT. All bids will be publicly opened and read aloud. The work consists of the construction of new synthetic turf fields at JFK High School, 422 Highland Ave., Waterbury.

Bidders on bid packages marked with asterisk are required to submit a Department of Administrative Services Prequalification Certificate and Update (Bid) Statement with their bid. The Contractor shall hold a current "DAS Contractor Prequalification Certificate" from the Department of Administrative Services of the State of Connecticut according to Connecticut General Statute 4a-100, sb 161 and 45-9. DAS qualification is required of all sub bidders, regardless of tier, with contract values in excess of five hundred thousand dollars. Sub bidder prequalification certificates are not required to be submitted with the bid, but must be submitted prior to award. All contractors and subcontractors requiring DAS certification must maintain the certification for the duration of the contract. If you have any questions regarding these requirements, contact the State of Connecticut DAS, at telephone number (860) 713-5280 or visit their web site at www.das.state.ct.us

All bidders must have prior experience consisting of no less than three athletic fields in the last five years that are $5,000 or greater. Athletic field construction shall have consisted of laser graded, concrete anchor curbing and drainage stone with flat panel underdrain system. Bidders must provide verification of experience with proposal. All bidders must comply with the City of Waterbury's Hiring Ordinance (Good Jobs) and the Commission of Human Rights and Opportunities (CHRO) Contract Compliance requirements.

This project is being performed under a Construction Manager/Contractor agreement. Newfield Construction, Inc. is the Construction Manager at risk.

A pre-bid meeting for all bidders will be held at 11:00 AM on Wednesday, May 4th at the Construction Managers trailer located at the rear of the John F. Kennedy High School. Access to the trailer is from Birchwood Street. The trailer address is 125 Birchwood Street, Waterbury, Connecticut 06708. Attendance is not mandatory, but strongly suggested for all bidders.

Sets of plans and specifications may be obtained on or after Friday, April 22, 2016 for the non-refundable cost of printing, plus shipping and sales tax. Documents can be purchased from ARC CT, (860) 677-8817, 19 Tacott Notch Rd., Farmington, CT 06032. Allow 24 - 48 hours for order processing. Documents can be downloaded free of charge from Newfield Construction's Ftp Secure Site, visit www.newfieldconstruction.com (Projects - Biddings) for downloading instructions.

All pre-bid inquiries must be submitted to the Construction Manager on or before Friday, May 6th.
Construction Manager:
Newfield Construction, Inc.
225 Newfield Avenue Hartford, CT 06106
Phone (860) 509-5828 Fax (860) 505-3038
Attn. Tom DiMauro tomdimauro@newfieldconstruction.com

Architect:
Kaestle Boos Associates, Inc.
416 Slater Road,
New Britain, CT 06051

No oral, telephonic, or telegraphic proposals will be considered. All bids shall remain available for acceptance for a period of ninety (90) days from the date bids are opened. Alternate bids shall stand available for acceptance for a period of ninety (90) days from the date bids are opened.

The Owner or the Construction Manager reserves the right to waive any informality in any bids or to reject any and all bids, or any part of any bid, when it is determined to be in the best interest of the City of Waterbury or the Construction Manager to do so. A 10% Bid Bond or Bid Security, payable to Newfield Construction, Inc. is required from each Bidder at the time of bid submission. The selected bidder will be required to post Performance and Payment Bonds for the full amount of the Contract Sum and must comply with all provisions of Connecticut General Statutes 31-53 Prevailing wages and Executive Order #3.
R- April 22, 2016

NOTICE
Annual Town Budget Meeting
R-A 04/22/2016

Notice is hereby given to those persons eligible to vote at a Town Meeting in the Town of Prospect that the Annual Town Budget Meeting will be held on April 27, 2016 at 7 p.m. at Community School, 12 Center Street in Prospect for the purpose of voting on the Town Government Budget for 2016-2017 fiscal year.

AGENDA ITEM
1. Adopt Annual Town of Prospect Budget

Thomas Galvin, Chair, Town Council - Dated this [illegible] day of April 2016 at Prospect, Connecticut
TOWN GOVERNMENT BUDGET - July 1, 2016 through June 30, 2017

Item	2014-2015 Expended	2015-2016 Budgeted	2016-2017 Adopted
Office of the Mayor	[illegible]	[illegible]	[illegible]
Probate Court	[illegible]	[illegible]	[illegible]
Zoning Board of Appeals	[illegible]	[illegible]	[illegible]
Treasurer & Registrar	[illegible]	[illegible]	[illegible]
Auditor	[illegible]	[illegible]	[illegible]
Assessor	[illegible]	[illegible]	[illegible]
Bd. Of Assmt Appeals	[illegible]	[illegible]	[illegible]
Tax Collector	[illegible]	[illegible]	[illegible]
Treasurer	[illegible]	[illegible]	[illegible]
Legal Fees	[illegible]	[illegible]	[illegible]
Town Clerk	[illegible]	[illegible]	[illegible]
Refund of Taxes	[illegible]	[illegible]	[illegible]
Planning & Zoning Comm	[illegible]	[illegible]	[illegible]
Land Acquisition	[illegible]	[illegible]	[illegible]
Advertising - Printing	[illegible]	[illegible]	[illegible]
Social Security	[illegible]	[illegible]	[illegible]
Auto Preserv of Records	[illegible]	[illegible]	[illegible]
Building Department	[illegible]	[illegible]	[illegible]
Water Pollution Authority	[illegible]	[illegible]	[illegible]
Municipal Organizational Fees	[illegible]	[illegible]	[illegible]
Town Council	[illegible]	[illegible]	[illegible]
Town Buildings	[illegible]	[illegible]	[illegible]
Unemploy. Comp. Tax	[illegible]	[illegible]	[illegible]
Benefits Town Employees	[illegible]	[illegible]	[illegible]
Postage	[illegible]	[illegible]	[illegible]
Anti-Blight Commission	[illegible]	[illegible]	[illegible]
Conservation Commission	[illegible]	[illegible]	[illegible]
[illegible]	[illegible]	[illegible]	[illegible]
Land Use Inspector	[illegible]	[illegible]	[illegible]
Historic Preservation	[illegible]	[illegible]	[illegible]
Fire Protection	[illegible]	[illegible]	[illegible]
Fire Marshal	[illegible]	[illegible]	[illegible]
Police	[illegible]	[illegible]	[illegible]
Ambulance	[illegible]	[illegible]	[illegible]
Emergency Management	[illegible]	[illegible]	[illegible]
Household Hazardous Waste	[illegible]	[illegible]	[illegible]
911 Service	[illegible]	[illegible]	[illegible]
Solid Waste	[illegible]	[illegible]	[illegible]
Town Roads	[illegible]	[illegible]	[illegible]
Ice & Snow	[illegible]	[illegible]	[illegible]
Street Lighting	[illegible]	[illegible]	[illegible]
Town Trucks	[illegible]	[illegible]	[illegible]
Public Works Garage	[illegible]	[illegible]	[illegible]
Road Reconstruction	[illegible]	[illegible]	[illegible]
Parks	[illegible]	[illegible]	[illegible]
Library	[illegible]	[illegible]	[illegible]
Recreation	[illegible]	[illegible]	[illegible]
Holiday Observances	[illegible]	[illegible]	[illegible]
Youth-Summer Activities	[illegible]	[illegible]	[illegible]
Health	[illegible]	[illegible]	[illegible]
Commission on Aging	[illegible]	[illegible]	[illegible]
Regional Animal Control	[illegible]	[illegible]	[illegible]
Contingency	[illegible]	[illegible]	[illegible]
Economic Development	[illegible]	[illegible]	[illegible]
Debt Service	[illegible]	[illegible]	[illegible]
Principal	[illegible]	[illegible]	[illegible]
Transfers	[illegible]	[illegible]	[illegible]
Cap & Non-Rec Expense	[illegible]	[illegible]	[illegible]
Open Space	[illegible]	[illegible]	[illegible]
Storm Water	[illegible]	[illegible]	[illegible]
Small Roads	[illegible]	[illegible]	[illegible]
Community School	[illegible]	[illegible]	[illegible]
Total Town Budget	[illegible]	[illegible]	[illegible]
Region 16 Education Assessment			[illegible]
TOTAL 2016-2017 Budget			[illegible]

	2014-2015 Actual	2015-2016 ESTIMATED	2016-2017 PROPOSED
Taxes Collected (Prior Year)	[illegible]	[illegible]	
Taxes Collected (Current)	[illegible]	[illegible]	
[illegible]	[illegible]	[illegible]	
Auto Supplements	[illegible]	[illegible]	
Licenses & Permits	[illegible]	[illegible]	[illegible]
Interest Income	[illegible]	[illegible]	[illegible]
State Grants	[illegible]	[illegible]	[illegible]
Revenue From Other Agencies	[illegible]	[illegible]	[illegible]
Miscellaneous Income	[illegible]	[illegible]	[illegible]
TOTAL	[illegible]	[illegible]	[illegible]

AT YOUR SERVICE DIRECTORY

Appliance sales/repair
Henry's Appliance Repair We service all major brands & offer used appliances 203-532-8020

Asphalt paving
BRASS PAVING LLC CT#575141 Paving driveways, sealing & repairs Free est. 203-574-2592
MARINO PAVING 860-274-3078 *Driveways *Repairs *Seal Coating *Drainage #563648. 203-410-3325
SPINO'S PAVING Comm'l and resid'l driveways, parking areas. Drive damage repair and curbing replaced. Free estimates. CT Lic #579161. 203-674-3547 cell 203-537-8181
THEPURPLEPAVERS.COM One call for all your pavement needs! Visit us online to learn the 7 secrets for choosing a paving contractor CT# 617142 Call 860-945-0512 Visit Dezie! Paving on Facebook to view our current project.

Carpentry
DN Carpentry Window, doors, decks, baths, drywall, trim, paint, finbsmt. #534783. Ins. 203 233 [illegible]

Electrical
Accurate Electrical fully insured. Lic [illegible] 203-509-7027
DW ELECTRICAL Any size jobs, Gen. grounding upgrades, remodels. Free est #152995. 203-982-3502

General services
EMT PROGRAMS Starting in May. For info call/email 203-632-9240 or meped@ctsaf@emedct.com

Gutters
BAY KLEEN Gutter cleaning & repair, powerwashing homes & decks 203-525-1896, #0643703
PEET SEAMLESS GUTTERS & SERVICES 860-283-2232

Hauling services
ALL ABOUT SERVICE S&P CARTING trash & cleanup 10-40 yard roll off containers. Same day svc. Ins. V/MC 203-755-4680
JUNK REMOVAL furn. appliances shed, attic, basement, piano removal. Spring cleanup. 20% off. 203-525-9617. 860-675-8495

Home improvement
BUDGET PAINTING & Remodel roofs, siding & painting, fully insured #0608183. Call 203-982-6359
DREAM DECKS by Advance Construction of CT. 100% financing, no money down 30 yrs exp. #0644536 203-483-9789
PREMIER SERVICES kit bths decks ceramic tile siding roofing. fully ins free est. Lic 641551 203-228-3750

Landscaping & lawns
ALL LAWNCARE Spring has sprung. Spring cleanup, weekly lawn maint. All aspects of landscaping, irrigation PLM0219591-P1. Fertilization program [illegible] 203-735-4558
ABILITY SPRING CLEANUP mowing, hemlocks, shrubs, small brush. Call 203 [illegible]
B&D LANDSCAPING landscaping, mowing, cleanups, trimming, comm & res. #540871. Call 203-815-9282, 203-[illegible]-1641
BUD'S LAWN CARE cleanups, mowing, pruning, etc. Fr. Est. Lic. #0643023 203-558-8503
DB LANDSCAPE Lawn mowing Commercial & Residential, mulching, trimming, stone work, free estimate, #0613402 203-704-1840
SCREENED LOAM DARK RICH FARM LOAM, PICKED UP OR DELIVERED. 203-879-2231
Spring Cleanups/Property Maint. Weekly cut. East Mtn., Prospect, Naugatuck areas. 203-232-6342

Lawn/garden equipment repair
WOLCOTT POWER SALE & SERVICE. All makes & models. 203-879-6712

Masonry
A+1 JIMMY'S MASONRY #606556 Walls, brick/ blue stone, steps, sidewalks, repairs & more. Free est. 203-982-0145/860-628-0455
ALFRED MASONRY 30+ yr exp. Pools, brick, stump, stone, patios, retain. walls, stucco, fire #565904. Free est. Call 860-274-7977
BELLUI MASONRY Stone walls, fireplaces. Any size job. 203-695-6197. CT#C0565123
EXCEPTIONAL MASONRY Pavers, stonework, chimneys, waterproofing, repairs, free estimates 0623876. 860-923-0522
F&B Masonry Walls, Patios, steps, walks, chimney, repairs, etc. Free Est. #0631257 Ins. 203-[illegible]
FIXTURE MASONRY Stamped Concrete, Patios, Walkways, Stone walls, #0640314. 860-378-5877
JIMMY MASONRY Masonry stone, brick, steps, sidewalks, stone walls est. #0639215. 203-808-0814
KONSTANDINO MASONRY Stone pavers, steps, Patios, Chimney, repairs & more. Call 203-525-8254
PAUL'S MASONRY Stone, brick, block, walks, chimneys, patios, FP's, etc. free est. #624166. 203-706-9263

Moving
DON'S * MOVING 203-[illegible] * 203-272-[illegible]

Painting
ARMENIO'S PAINTING LLC Interior/exterior, low prices! Free est. CT #0631318. 203-[illegible]
ASHLEY'S PAINTING LLC Interior & exterior. Call for estimate. 860-[illegible] HIC# 0642749
PAUL DEXINO PAINTING CO. LLC 1-3 fam. houses, factories, shop, hotels, condos, schools, offices, church, low price free est. [illegible] 203-509-4488
ROCCO'S PAINTING Res. Free est. A cleanup. CT# [illegible] 30+ yr exp 203-574-[illegible]

Plumbing
CAPRIERA PLUMBING & HEATING Gas pipe boilers, HW heaters, & repairs #202862. 203-[illegible]
CHRIS SHEPPARD PLUMBING repair, wtr heater, lawn hose bibs, gas. #283511 203-305-0011

Power washing
AFFORDABLE POWER WASH Our trucks carry water. Free est. Ins & CT Lic# 574575. 203-591-[illegible]
ARCOM SERVICES LLC Veteran Owned/Operated. Free est. Ins. CT Lic#0645035. 203-519-0265
BAY KLEEN POWERWASHING homes, decks, boats, mobile homes 203 525-1896. #0643103

Roofing
AFFORDABLE ROOFING SIDING, & GUTTERS. Licensed & ins. #0642026. Tom 860-484-1644.
BUSYBEE ROOFING LLC Free detailed estimates Local/Working owner Insurance Claim Specialist 203 [illegible]
SIGNORATO ROOFING Remodeling & Siding. Reasonable rates. Sr. discount. #563058. 203-509-3773
GAF ROOFING remodeling & siding. Lowest price. Ins. free est. Lic 0644875. 203-755-8565
Lama Construction Roofing, Siding, Gutters clean, & Chimney repair. Lic#636570 203-[illegible]
Michelangelo's Roofing, LLC HONEST prices. No add'l fees ever! Work guaranteed. New Roofs, repairs. Chimney flashing. Respectful local owner & crew. Lic. #601480-Call 203-704-1223
PREMIER SERVICES LLC roofing, decks, Siding, windows. Fully ins. Free est #0641552. 203-228-3750
S&S Roofing Quality work, at a sensible price. A+ Rated BBB. Lic#573533. Steve Bill Saunders. Veteran Owned. 860-283-8590

Tree care
A A A HOME TREE REMOVAL Lowest Price, 20 yrs exp., Sr disc., free est. fully ins'd 860-249-1054
ALL SEASONS TREE REMOVAL Bucket & climb. serv. 24hr storm dam. Est. Info 860-945-6007
ED THE TREE MAN LLC Large takedown Specialist, 75' Bucket truck, Stump grinding, Tree Fertilization & Pesticide Management, Chipper & 24hr Emergency Serv. Firewood CT Lic. Arborist ES-1765 Bus. Reg. B-2356 Free Est./Ins. (203) 758-0261
GM2 TREE SERVICES 60' bucket truck & climbing. 24 hr service. #0630169 203-942-6751
LOG DOGS COMPLETE TREE SERVICE Lot clearing. Free est. 203-[illegible] 5% of every job donated to local dog rescue. www.logdogstreeservice.com
R.A.D. LLC Bucket truck service & climbing, tree remov., chipper, stump grinding, 24 hr serv., Sr. disc. #618575. Free Est. 860-274-6284

Wood refinishing /chair repair
KITCHEN CABINETS RESTORED Furn. wobbly chairs loose & broken posts #582142 203-754-1092

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Deadline: 2:00 pm Fri for Sat, Sun, Mon insertions
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CAGW200

Legals/ Public Notices

INVITATION TO BID

Sealed bids will be received at the Office of the Purchasing Agent, City Hall, Room 206, 140 Main St., Torrington, CT until May 6, 2016 at 11:00 AM for the following:

BID #DMT-018-050016
MOBILE DATA TERMINALS

Specifications may be downloaded from the City's web site, www.torringtonct.org under Departments, select Purchasing, then "OPEN BIDS". Those without Internet access may call (860) 489-2224 for bid documents.

The City reserves the right to accept or reject any or all bids, or any portion thereof, to waive technicalities, to award the bid to a bidder other than the lowest bid, and to award the bid as will best serve the public interest.

Pennie Zucco
Purchasing Agent
An Affirmative Action/
Equal Opportunity Employer
R-A April 22, 2016

PROSPECT PLANNING & ZONING COMMISSION
NOTICE OF DECISION

The following action was taken at a meeting of the Prospect Planning & Zoning Commission held on Wednesday, April 20, 2016
APPROVED: Paul Trapp, 18 Summit Road - Application for Home Occupation: To Teach Guitar Lessons
Questions or concerns on the above decision may be directed to the Land Use Office in the Prospect Town Hall, 36 Center Street, Prospect.
Al Havican, Vice - Chairman

R-A 4/22/16

MOTHER'S

Legals/ Public Notices

PROSPECT PLANNING & ZONING COMMISSION NOTICE OF PUBLIC HEARING:
The Prospect Planning & Zoning Commission will hold a Public Hearing on Wednesday, May 4, 2016 in the lower level conference room of the Prospect Town Hall, 36 Center Street on the following:
7:10 p.m. Proposed Revisions to the Zoning Regulations Zoning Fees Schedule
-At this hearing all interested persons will be heard and written correspondence received. The complete file may be reviewed at the Land Use Office in the Prospect Town Hall.
E. Gil Graveline, Chairman
RA 4/22 & 4/29, 2016

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Cardiology Associates of Greater Waterbury, LLC / Prospect Medical Holdings, Inc.
Address: 455 Chase Parkway, Waterbury, CT 06708
Town: Waterbury
Proposal: Cardiology Associates of Greater Waterbury, LLC and Prospect Medical Holdings, Inc. plan to file an application with the Office of Health Care Access for Certificate of Need authorization for Greater Waterbury Health Network, Inc. to cause its subsidiary The Waterbury Hospital to direct the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.
Capital Expenditure: $0
RA April 21, 22, & 23, 2016

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes

Legals/ Public Notices

WARNING
TOWN OF COLEBROOK
ANNUAL BUDGET MEETING
The legal voters of the Town of Colebrook and those entitled to vote in town meetings of said Town are hereby notified and warned that the Annual Budget Meeting of said Town will be held in the Town Hall Meeting Room (2nd floor) 562 Colebrook Road, on Monday, May 2, 2016 at 8:00 p.m. for the transaction of the following business:

1.To consider and act upon the appropriations recommended by the Board of Finance and to determine what action will be taken to adopt a budget for the Town for the fiscal year commencing July 1, 2016.

2.To consider and act upon the appropriations recommended by the Board of Finance and to determine what action will be taken to adopt a budget for the Town's Reserve Fund for Capital and Non-recurring Expenditures (Town's Capital Improvement Projects).

3.To consider and act upon a proposal to authorize the Board of Selectmen to apply for and expend any federal and state grants for use by the Town.

4.Shall the Town of Colebrook approve the sum up to $375,000 for the purchase of a new pumper fire truck for the Center Fire House?

The Board of Selectmen of the Town of Colebrook has designated that the vote on Items 1 and 2 shall be by Referendum on the optical scan voting machines in the Town of Colebrook on Tuesday, May 3, 2016 from 6 a.m. to 8 p.m.

Dated at Colebrook, Connecticut this 11th day of April, 2016.

Thomas D. McKeon
Joseph J. Alciati, Sr.

CAGW201

Legals/ Public Notices

INVITATION TO BID
BATHROOM ALTERATIONS - BUILDING B -
SULLIVAN SENIOR CENTER
TORRINGTON, CT
BID NO SCB-016-051216

Sealed bids will be received at the Office of the City of Torrington Purchasing Agent, City Hall, Room 206, 140 Main Street, Torrington, CT no later than 11:00 a.m. May 12, 2016 at which time and place they will be publicly opened and read aloud. In the case where City Hall is closed for weather related or some other emergency related circumstance, then submittals shall be due the next day when City Hall reopens for business, no later than 11:00 a.m. on that day.

A Pre-Bid Walk-through will be held on Thursday, April 28, 2016 at 10:00 a.m. local time at the Site of the Sullivan Senior Center, 88 East Albert Street, Torrington, CT 06790. It is highly recommended that all General Contractors attend.

Drawings and Specifications may be obtained directly from the office of Joseph Merritt & Company, 650 Franklin Avenue, Hartford, CT 06114 upon a $40.00 non-refundable fee per set of Bid Documents, payable to the City of Torrington, will be required of all perspective bidders. The Bid Documents will be available after 12:00 p.m. on Monday, April 25, 2016.

Addenda will be issued to all Bidders who have secured Drawings and Specifications from Joseph Merritt & Company, and will be posted to the City's website. Faxes or emails of addenda will not be provided by the Architect.

Bid documents may be examined at the Office of the Purchasing Agent, 140 Main Street, Room 206, Torrington, CT 06790 between the hours of Monday - Wednesday 8:30 a.m. to 4:00 p.m., Thursday 8:00 a.m. to 6:30 p.m. and Friday 8:30 a.m. - 12:30 p.m.

No bidder may withdraw a bid within 90 days after the actual date of the opening thereof.

[illegible]

INVITATION TO BID
Watertown Housing Authority

The Watertown Housing Authority is seeking sealed bids for furnishing all labor, tools, materials, and equipment required for the Buckingham Terrace, 935 Buckingham Street, Watertown, Connecticut reclamation of pavement, sealing, side-walks and drainage project. Sealed bids will be received by the Watertown Housing Authority until May 11, 2016 11:00 am. Bid opening date is May 11, 2016 at which time they will be publicly opened and read at Truman Terrace, 100 Steele Brook Rd., Watertown, CT at 7:00 pm. Specifications may be obtained from potential bidders at the Watertown Housing Authority office, 935 Buckingham Street, Watertown, CT from Monday thru Friday, 8:00 am - 12:00 pm. Successful bidder will be required to sign a contract approved by the Watertown Housing Authority. The right is reserved to reject any or all bids, in whole or in part, to award any items, group of items or total bid, and to waive any informality or technical defects, if it is deemed to be in the best interest of the Watertown Housing Authority.
RA April 23, 30, & 24, 2016

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Alliance Medical Group, Inc. / Prospect Medical Holdings, Inc.
Addresses: 1625 Straits Turnpike, Middlebury, CT 06762; 42 Main Street North, Woodbury, CT 06798; 305 Church Street, Naugatuck, CT 06770; 130 South Main Street, Thomaston, CT 06787; 110 Grandview Avenue, Waterbury, CT 06708; 150 Robbins Street, Waterbury, CT 06708; 51 Depot Street, Watertown, CT 06795
Towns: Middlebury, Naugatuck, Thomaston, Waterbury, Watertown, Woodbury

[illegible]

MOTHER'S DAY CONTEST

OFFICIAL CONTEST RULES

[illegible]

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Cardiology Associates of Greater Waterbury, LLC / Prospect Medical Holdings, Inc.
Address: 455 Chase Parkway, Waterbury, CT 06708
Town: Waterbury
Proposal: Cardiology Associates of Greater Waterbury, LLC and Prospect Medical Holdings Inc. plan to file an application with the Office of Health Care Access for Certificate of Need authorization for Greater Waterbury Health Network, Inc. to cease its subsidiary the Waterbury Hospital to direct the transfer of the assets and facilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.
Capital Expenditure: $0
RA April 21, 22, & 23, 2016

INVITATION TO BID

Sealed bids will be received at the Office of the Purchasing Agent, City Hall, 140 Main St., Room 206, Torrington, CT until May 6, 2016 at 11:30 AM for the following:

BID # PHP-032-050616
POOL HOUSE FLOOR RESURFACING PROJECT

[illegible]

LEGAL NOTICE
TOWN OF COLEBROOK

[illegible]

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RepublicanAmerican

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ENGAGED AUDIENCE

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Asphalt paving

SPINO'S PAVING

THEPURPLEPAVERS.COM

Carpentry

Electrical

General services

Gutters

Hauling services

Home improvement

Landscaping & lawns

Lawn/garden equipment repair

Masonry

Plumbing

Power washing

Moving

DON'S MOVING

Painting

Roofing

Tree care

Wood refinishing/chair repair

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Deadline: 4:00 pm Mon-Thurs for next day insertion
Deadline: 2:00 pm Fri for Sat, Sun, Mon insertions
Call for details 203-574-3616

CAGW202

Notices

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TON, CT
016-051215

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Legals/ Public Notices

INVITATION TO BID
Watertown Housing Authority

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Addresses: 1625 Straits Turnpike, Middlebury, CT 06762; 40 Main Street North, Woodbury, CT 06798, 305 Church Street, Naugatuck, CT 06770, 130 South Main Street, Thomaston, CT 06787; 140 Grandview Avenue, Waterbury, CT 06708; 160 Robbins Street, Waterbury, CT 06708; 51 Depot Street, Watertown, CT 06795
Towns: Middlebury, Naugatuck, Thomaston, Waterbury, Watertown, Woodbury
Proposal: Alliance Medical Group, Inc. and Prospect Medical Holdings, Inc. plan to file an application with the Office of Health Care Access for Certificate of Need authorization for Greater Waterbury Health Network, Inc. to cause its subsidiary The Waterbury Hospital to direct the transfer of the assets and liabilities of Alliance Medical Group, Inc. to a subsidiary or affiliate of Prospect Medical Holdings, Inc.
Capital Expenditure: $0
RA April 21, 22, & 23, 2016

Legals/ Public Notices

WARNING
TOWN OF COLEBROOK
ANNUAL BUDGET MEETING

The legal voters of the Town of Colebrook and those entitled to vote in town meetings of said Town are hereby notified and warned that the Annual Budget Meeting of said Town will be held in the Town Hall Meeting Room (2nd floor) 562 Colebrook Road, on Monday, May 2, 2016 at 8:00 p.m. for the transaction of the following business:

1.To consider and act upon the appropriations recommended by the Board of Finance and to determine what action will be taken to adopt a budget for the Town for the fiscal year commencing July 1, 2016.

2.To consider and act upon the appropriations recommended by the Board of Finance and to determine what action will be taken to adopt a budget for the Town's Reserve Fund for Capital and Non-recurring Expenditures (Town's Capital Improvement Projects).

3.To consider and act upon a proposal to authorize the Board of Selectmen to apply for and expend any federal and state grants for use by the Town.

4.Shall the Town of Colebrook approve the sum up to $375,000 for the purchase of a new pumper fire truck for the Center Fire House?

The Board of Selectmen of the Town of Colebrook has designated that the vote on items 1 and 2 shall be by Referendum on the optical scan voting machines in the Town of Colebrook on Tuesday, May 3, 2016 from 6 a.m. to 8 p.m.

Dated at Colebrook, Connecticut this 11th day of April, 2016.

Thomas D. McKeon
Joseph J. Alciati, Sr.
Christopher L. Johnstone
Selectmen of the Town of Colebrook
RA 4/23/2016

WOLCOTT LEGAL NOTICE

The Wolcott Planning & Zoning Commission hereby gives notice of a Public Hearing to be held on Wednesday, May 4, 2016 at 6:30 p.m. in the Council Chambers of the Wolcott Town Hall, 10 Kenea Avenue, Wolcott to consider:
Amendment to definition 3.9 Community Residence to: "A dwelling or part of a dwelling occupied by individuals who

Legals/ Public Notices

MOTHER'S DAY CONTEST

OFFICIAL CONTEST RULES

1. Submit your name, address and phone on an official entry form. Entry form must be completely filled out. No photo copies will be accepted. All entries dropped off or mailed must be in a sealed envelope. Enter as often as you like. All entries will be eligible for the Grand Prize drawing.
2. Mail entries to: **MOTHER'S DAY CONTEST, P.O. Box 2090, Waterbury, CT 06722-2090.** Entries must bear proper postage. Only one entry per envelope. No payments or business correspondence should be mailed to this address.
3. No purchase necessary. Entry blanks published daily in the Republican-American [illegible] are available at the Republican-American main office located at 389 Meadow Street, Waterbury.
4. All entries must be received by May [illegible] 2016. Grand prize drawing will be May [illegible] 2016. Winner will be notified by phone and winner's name will be published in the Republican-American on Sunday May 10, 2015. Winner must appear in person during the hours of 9am and 5pm within seven business days (Saturday and Sunday excluded) from the date they are notified. The Grand Prize winner must be able to provide proper identification with the correct address as it appears on the official winning entry form.
5. Winner is responsible for applicable federal, state and local taxes.
6. Winner automatically permits the use of their name, address and photo for Republican-American promotional purposes.
7. Employees of the Republican-American, TeeRezch, Inc. as well as their immediate families, are not eligible.
9. Participants must be 18 years of age or older.
10. Void where prohibited by law.
11. Odds of winning determined by the number of entries received.

LEGAL NOTICE
FORECLOSURE AUCTION SALE

DOCKET NO. LLICV 106003038S
In the matter of
BANK OF AMERICA,
NATIONAL ASSOCIATION
v. DEBORA L. McGRAY, ET AL.

Legals/ Public Notices

LIQUOR PERMIT
NOTICE OF APPLICATION

This is to give notice that I,
SMOKEY REGAN
of
57 MISTYWOOD LN
NAUGATUCK, CT 06770-1529
have filed an application placarded 03/25/2016 with the Department of Consumer Protection for a CAFE LIQUOR PERMIT for the sale of alcoholic liquor on the premises at:
23 UNION STREET,
NAUGATUCK, CT 06770-3265
The business will be owned by:
23 UNION STREET LLC
Entertainment will consist of: Acoustics (Not Amplified)
None None None None None
None None
Objections must be filed by 05/06/2016
RA 4/16 & 4/23/2016

PUBLIC NOTICE

Statute Reference: 19a-638 et seq. of the Connecticut General Statutes
Applicants: Cardiology Associates of Greater Waterbury, LLC / Prospect Medical Holdings, Inc.
Address: 455 Chase Parkway, Waterbury, CT 06708
Town: Waterbury
Proposal: Cardiology Associates of Greater Waterbury, LLC and Prospect Medical Holdings, Inc. plan to file an application with the Office of Health Care Access for Certificate of Need authorization for Greater Waterbury Health Network, Inc. to cause its subsidiary The Waterbury Hospital to direct the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.
Capital Expenditure: $0
RA April 21, 22, & 23, 2016

INVITATION TO BID

Sealed bids will be received at the Office of the Purchasing Agent, City Hall, 140 Main St, Room 205, Torrington, CT until May 6, 2016 at 11:30 AM for the following:

BID # PHF-032-050616
POOL HOUSE FLOOR
RESURFACING PROJECT

Specifications may be downloaded from the City's web site, www.torringtonct.org un-

Legals/ Public Notice

LEGAL NOTICE
TOWN OF COLEBROOK
TOWN BUDGET FY 2016 - 2017
and
REGIONAL SCHOOL DISTRICT NO
REFERENDUM VOTE

Pursuant to Section 7-7 of t
General Statutes of Connec
cut, notice is hereby given
the electors and citizens qu
ified to vote in town meetin
of the Town of Colebrook tha
referendum will be held
Tuesday, May 3, 2016 for t
purpose of voting for the a
proval or disapproval of the f
lowing question:

"Shall the general budget
the Town of Colebrook for t
fiscal year from July 1, 20
through June 30, 2017 in t
amount of $5,998,333 and t
Town's Reserve Fund for Ca
tal and Non-recurring Expen
tures (Town's Capi
Improvement Projects) budg
in the amount of $396,018
approved as recommended
the Board of Finance?"

Pursuant to Sections 10-51 a
7-7 of the General Statutes
Connecticut, Revised, notice
hereby given to the electo
and citizens qualified to vote
town meetings of the Town
Colebrook that a referendu
will be held on Tuesday May
2016 for the purpose of voti
for the approval or disappro
of the following question:

"Shall the Regional School D
trict No. 7 Annual Budget
the fiscal year commenci
July 1, 2016 be accepted?"

Optical scan voting machin
will be used. A vote of "YE
being a vote for approval, a
a vote of "NO" being a vote
disapproval. Absentee Ball
will be available at the Office
the Town Clerk as provided
law.

Voting will take place at t
Colebrook Town Hall, Meeti
Room (2nd floor) 562 Co
brook Road, Colebrook fr
6:00 a.m. until 8:00 p.m.

Dated at Colebrook, Connec
cut, this 19th day of April, 20

Debra L. McKeon
Town Clerk
RA 4/23/2016

READY FOR A NEW

CAGW203

THE FACE OF THIS DOCUMENT HAS A COLORED BACKGROUND ON WHITE PAPER

CARMODY
TORRANCE | SANDAK | HENNESSEY LLP
50 Leavenworth Street
Waterbury, CT 06702

WEBSTER BANK
WATERBURY, CT.

51-7010/2111

243860

DATE
July 13, 2016

Five Hundred & 00/100

AMOUNT
500.00

VOID IF NOT CASHED WITHIN 1 YEAR

TREASURER-STATE OF CONNECTICUT

MP

SECURITY FEATURES INCLUDED. DETAILS ON BACK.

⑆211170101⑈10 0008816496⑈

CAGW204

Greer, Leslie

From: Lazarus, Steven
Sent: Friday, August 05, 2016 11:46 AM
To: David S. Hardy (DHardy@carmodylaw.com)
Cc: Greer, Leslie; Riggott, Kaila
Subject: Completeness Letter, Docket Number: 16-32105-CON
Attachments: 16-32105Completeness Letter.docx

Good Morning Attorney Hardy,

Please see the attached Completeness Letter for PMH's acquisition of GWHN's CAGW, filed under Docket Number: 16-32105-CON. Please keep in mind that the responses are due, no later than 60 days from today, which is October 4, 2016. If you have any questions regarding this correspondence, please do not hesitate to contact myself or Kaila Riggott (Kaila.riggott@ct.gov).

Please *confirm* the receipt of this email by responding to me.

Thank you,

Steven

Steven W. Lazarus
Associate Health Care Analyst
Division of Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134
Phone: 860-418-7012
Fax: 860-418-7053

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

August 5, 2016

VIA EMAIL ONLY

David Hardy
Attorney
Carmody Torrance Sandak Hennessey, LLP
195 Church
New Haven, CT 06509-1950

RE: Certificate of Need Application; Docket Number: 16-32105-CON
Greater Waterbury Health Network, Inc. and Prospect Medical Holdings, Inc.
Transfer of Ownership of Cardiology Associates of Greater Waterbury, LLC from Greater Waterbury Health Network, Inc. to Prospect Medical Holdings, Inc.
Completeness Letter

Dear Attorney Hardy:

On July 14, 2016, the Office of Health Care Access ("OHCA") received the Certificate of Need ("CON") application filing on behalf of Greater Waterbury Health Network, Inc. ("GWHN") and Prospect Medical Holdings, Inc. ("PMH"). This proposal requests authorization to transfer of ownership of Cardiology Associates of Greater Waterbury, LLC ("GWHN") from GWHN to PMH with no associated capital expenditure.

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, Steven.Lazarus@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

request was transmitted. Therefore, please provide your written responses to OHCA no later than **October 4, 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 205** and reference "**Docket Number: 16-32105-CON**."

1. In regard to PMH's CRC model (page 11), please provide evidence of the record of its effectiveness in cost savings for PMH owned entities in other states. Additionally, are there any specific cost saving goals set for the CRC model as it's applied to CAGW? What are the associated timeframes?

2. Please provide FY2019 projected utilization for CAGW, similar to the utilization provided for FYs 2016-2018 on page 25.

3. Provide updated FY2016 utilization data (page 25), indicate the time period in months and annualize it.

4. For CAGW's payer mix (page 26), revise and resubmit the payer mix table as follows:

    a. Include projected FY2019, and
    b. Include the number of patients by payer in the "Patients" column.

5. For the financial worksheet submitted (pages 190-192), provide the following:

    a. Revise and resubmit to include FY2019, and
    b. Reconcile the actual FYs 2014 and 2015 figures (revenues, expenses, income/losses from operations etc.) with those submitted to OHCA as part of the Annual Reporting (Audited Financial Statement, etc.) by GWHN.

6. In the Asset Purchase Agreement, under Section 2.05(i), the purchase price is listed as $31,800,000, plus. Reconcile the $31,800,000 with the no capital expenditure associated with this proposal. Explain in detail.

If you have any questions concerning this letter, please feel free to contact me at (860) 418-7012, or Kaila Riggott at (860) 418-7037.

Greer, Leslie

From: David S. Hardy <DHardy@carmodylaw.com>
Sent: Friday, September 09, 2016 11:45 AM
To: Lazarus, Steven; User, OHCA
Cc: Greer, Leslie; Riggott, Kaila; Michele Volpe (michelemvolpe@aol.com)
Subject: RE: Completeness Letter, Docket Number: 16-32105-CON
Attachments: WH CAGW CON Completeness Responses 9-9-16 (N5267342).pdf; WH Prospect CAGW Completeness Responses 9-9-16 (N5265926).docx; WH Prospect CAGW Financial Worksheet including FY2019 (N5266849).xlsx; WH AMG CAGW Reconciliation Response (N5267704).pdf

Steven,
Attached are the responses to the completeness letter in Docket Number 16-32105-CON (Cardiology Associates of Greater Waterbury) in PDF and native formats. Please let me know if you have any questions. Thank you very much.
Dave

David S. Hardy | Bio
Carmody Torrance Sandak & Hennessey LLP
195 Church Street | P.O. Box 1950
New Haven, CT 06509-1950
Direct: 203-784-3119 | Fax: 203-784-3199
DHardy@carmodylaw.com | www.carmodylaw.com

From: Lazarus, Steven [mailto:Steven.Lazarus@ct.gov]
Sent: Friday, August 05, 2016 11:46 AM
To: David S. Hardy
Cc: Greer, Leslie; Riggott, Kaila
Subject: Completeness Letter, Docket Number: 16-32105-CON

Good Morning Attorney Hardy,

Please see the attached Completeness Letter for PMH's acquisition of GWHN's CAGW, filed under Docket Number: 16-32105-CON. Please keep in mind that the responses are due, no later than 60 days from today, which is October 4, 2016. If you have any questions regarding this correspondence, please do not hesitate to contact myself or Kaila Riggott (Kaila.riggott@ct.gov).

Please *confirm* the receipt of this email by responding to me.

Thank you,

Steven

Steven W. Lazarus

Associate Health Care Analyst
Division of Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134
Phone: 860-418-7012
Fax: 860-418-7053

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HTML

Certificate of Need Application:
Docket Number: 16-32105-CON

Greater Waterbury Health Network, Inc. and Prospect Medical Holdings, Inc.
Transfer of Ownership of Cardiology Associates of Greater Waterbury, LLC from Greater Waterbury Health Network, Inc. to Prospect Medical Holdings, Inc.

Responses to August 5, 2016 Completeness Letter Questions:

1. In regard to PMH's CRC model (page 11), please provide evidence of the record of its effectiveness in cost savings for PMH owned entities in other states. Additionally, are there any specific cost saving goals set for the CRC model as it's applied to CAGW? What are the associated timeframes?

RESPONSE: PMH's CRC model will be beneficial to GWHN through aligning physicians, hospitals, payors, community providers and all healthcare stakeholders, improving quality, improving efficiency, reducing costs, embracing health care reform, and building comprehensive networks of care.

Health systems need to ensure efficient use of their assets to maintain a positive financial position and remain competitive. CRC achieves financial performance success by incentivizing physicians and patients to appropriately use urgent care centers and to keep patients compliant with various homebound and other wellness programs. The result is keeping patients healthier while reducing the over-utilization of healthcare services. By utilizing appropriate care settings and resources, and managing chronic care patients, PMH avoids unnecessary, inefficient and duplicative services; and reduces medical errors which result in improved efficiency and cost savings. By implementing CRC in the post transaction health system, including the medical foundation, the cost of health care will be reduced for all healthcare stakeholders.

Through the development of CRC, PMH will be successful in reducing unnecessary re-admissions, inpatient utilization, and emergency room visits which will translate into improved outcomes and lower health care costs for patients. For example, from 2012 to 2014 in California and Texas where PMH participates in HMO contracts for seniors, PMH has reduced hospital bed days per thousand from 1,260 to 720. Length of hospital stay for this population has been reduced from 5.1 days to 3.9 days, admissions per thousand have dropped from 245 per thousand to 182 per thousand and hospital readmissions within thirty days have dropped from 19% to 13%. This evidence translates into in cost-savings.

PMH has not established any cost savings goals specific to CAGW. PMH expects to bring overall operational efficiencies to the post-transaction health system. In addition to CRC benefits, PMH entities benefit from PMH's years of experience in hospital ownership and PMH's economies of scale. Affiliation with PMH will offer GWHN economies of scale that include purchasing power, supply chain benefits, employee benefit savings and streamlined revenue collection, among other value added initiatives that will reduce the cost of operations.

2. Please provide FY2019 projected utilization for CAGW, similar to the utilization provided for FYs 2016-2018 on page 25.

RESPONSE:

TABLE 6
PROJECTED UTILIZATION BY SERVICE

	Projected Volume			
Service*	**FY 2016**	**FY 2017**	**FY 2018**	**FY 2019**
Cardiology ED	500	500	500	400
Cardiology Inpatient	10,000	10,000	10,000	9,000
Cardiology Office	45,500	45,500	45,500	46,600
Total	51,625	56,000	56,000	56,000

3. Provide updated FY2016 utilization data (page 25), indicate the time period in months and annualize it.

RESPONSE:

TABLE 5

HISTORICAL UTILIZATION BY SERVICE

	Actual Volume (Last 3 Completed FYs)			CFY Volume* (10 months actual)	Projected Volume Annualized
Service	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016**	**FY2016**
Cardiology ED	503	487	527	561	673
Cardiology Inpatient	11,258	10,668	9,980	8,804	10,565
Cardiology Office	43,874	44,637	45,714	33,656	40,387
Total	55,635	55,792	56,221	43,021	51,625

{N5265926}

4. For CAGW's payer mix (page 26), revise and resubmit the payer mix table as follows:

   a. Include projected FY2019, and
   b. Include the number of patients by payer in the "Patients" column.

TABLE 7
APPLICANT'S CURRENT & PROJECTED PAYER MIX

Payer	Current FY 2016**		Projected					
			FY 2017**		FY 2018**		FY 2019**	
	Discharges	%	*Discharges*	%	*Discharges*	%	*Discharges*	%
Medicare*	25,296	49%	27,440	49%	26,880	48%	26,320	47%
Medicaid*	6,500	13%	8,400	15%	8,960	16%	10,080	18%
CHAMPUS & TriCare	211	<1%	560	1%	560	1%	560	1%
Total Government	**32,007**	**62%**	**36,400**	**65%**	**36,400**	**65%**	**36,960**	**66%**
Commercial Insurers	18,069	35%	16,240	29%	15,120	27%	13,440	24%
Uninsured	1,349	3%	2,800	5%	3,920	7%	5,040	9%
Workers Compensation	200	<1%	560	1%	560	1%	560	1%
Total Non-Government	**19,618**	**38%**	**19,600**	**35%**	**19,600**	**35%**	**19,040**	**35%**
Total Payer Mix	**51,625**	**100%**	**56,000**	**100%**	**56,000**	**100%**	**56,000**	**100%**
Payer	**Current FY 2016****		**Projected**					
			FY 2017**		**FY 2018****		**FY 2019****	
	Patients	**%**	***Patients***	**%**	***Patients***	**%**	***Patients***	**%**
Medicare*	7,563	49%	7,763	49%	7,408	48%	7,254	47%
Medicaid*	2,006	13%	2,315	15%	2,469	16%	2,778	18%
CHAMPUS & TriCare	70	<1%	130	1%	130	1%	130	1%
Total Government	**9,639**	**62%**	**10,208**	**65%**	**10,007**	**65%**	**10,162**	**66%**
Commercial Insurers	5,402	35%	4,476	29%	4,167	27%	3,704	24%
Uninsured	463	3%	771	5%	1,081	7%	1,389	9%
Workers Compensation	65	<1%	154	1%	154	1%	154	1%
Total Non-Government	**5,930**	**38%**	**5,401**	**35%**	**5,402**	**35%**	**5,247**	**35%**
Total Payer Mix	**15,569**	**100%**	**15,609**	**100%**	**15,409**	**100%**	**15,409**	**100%**

{N5265926}

5. For the financial worksheet submitted (pages 190-192), provide the following:

    a. Revise and resubmit to include FY2019, and
    b. Reconcile the actual FYs 2014 and 2015 figures (revenues, expenses, income/losses from operations etc.) with those submitted to OHCA as part of the Annual Reporting (Audited Financial Statement, etc.) by GWHN.

RESPONSE:

a. The financial worksheet has been revised to include FY2019 and is submitted herewith.

b. GWHN incorporates by reference its reconciliation submitted in response to Completeness Questions 33a and 33b in OHCA Docket No. 15-32017 and Attorney General Docket 15-486-02, a copy of which is submitted herewith.

6. In the Asset Purchase Agreement, under Section 2.05(i), the purchase price is listed as $31,800,000, plus. Reconcile the $31,800,000 with the no capital expenditure associated with this proposal. Explain in detail.

RESPONSE:

The $31,800,000, plus figure under the Asset Purchase Agreement represents the expenditure associated with the entirety of the Prospect / GWHN Transaction approved pursuant to OHCA Docket No. 15-32017 and Attorney General Docket 15-486-02. The parties have not allocated or assigned a separate capital expenditure within the total $31,800,000 purchase price specifically for the assets and liabilities of CAGW.

Item 33a:

Greater Waterbury Health Network
Per 2014 Audited

	Per CON	F/S	Variance	
Net Patient Revenue	248,588,440	248,939,189	350,749	
Operating Expenses	274,042,856	268,450,195	(5,592,661)	
Net Income (Loss)	(4,678,016)	(4,728,011)	(49,995)	
Net Income:				
Greater Waterbury Management Resources Loss		34,250		
Children's Center of Greater Waterbury Loss		14,787		
		49,037		
		(49,995)		
Audit adjustments made after year end		(958)		
Operating Expenses:				
Waterbury Hospital	227,749,078	216,453,290	(11,295,788)	AMG and CAGW losses
GWIC	2,917,354	2,917,229	(125)	
Access Rehab	10,044,797	10,044,756	(41)	
Imaging Partners	50,694	50,694	-	
AMG	20,799,609	29,103,055	8,303,446	Loss of $8,152,669 plus provision for income taxes of $150,777
CAGW	8,159,105	11,302,221	3,143,116	Loss rolled up to Waterbury Hospital
VNA	4,254,039	4,254,039	-	
GWMR	-	-	-	
Children's Center	-	1,770,632	1,770,632	Not included in CON
GWHN	68,181	69,142	961	Audit Adjustment after year end
Eliminations on Waterbury Hospital F/S	-	(7,456,104)	(7,456,104)	
Eliminations on GWHN F/S	-	(58,759)	(58,759)	
			(5,592,662)	
Net Patient Revenue:				
Waterbury Hospital	208,626,652	208,626,652	-	
GWIC	4,439,791	4,439,666	(125)	
Access Rehab	8,230,315	11,038,847	2,808,532	
Imaging Partners	-	1,691	1,691	
AMG	16,354,898	16,354,899	1	
CAGW	6,397,091	6,397,091	-	
VNA	4,539,692	4,539,692	-	
GWMR	-	-	-	
Children's Center	-	-	-	
GWHN	-	-	-	
Eliminations on Waterbury Hospital F/S		(2,459,349)	(2,459,349)	
			350,750	

Item 33b:

Waterbury Hospital
Per 2014 Audited

	Per CON	F/S	Variance
Net Patient Revenue	208,626,652	208,626,652	-
Operating Expenses	227,749,078	216,453,290	(11,295,788)
Net Income (Loss)	(7,772,011)	3,523,777	11,295,788
AMG Loss		8,152,669	
Cardiology Associates Loss		3,143,116	
		11,295,785	

The Hospital subsidizes the loss of the AMG and Cardiology Associates affiliates. We have indicated these two subsidies at a net $0 bottom line and moved the subsidy to the Hospital financials.

Name Entity: Cardiology Associates of GW
Financial Worksheet (C):

Sale of Non-Profit Hospital to For-Profit 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:

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
LINE	Total Entity:	FY 14	FY 15	FY 15	FY 15	FY 16	FY 16	FY 16	FY 17	FY 17	FY 17	FY 18	FY 18	FY 18	FY 19	FY 19	FY 19
		Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	Description	Results	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON
A.	OPERATING REVENUE																
1	Total Gross Patient Revenue	$18,524,368	$18,612,257		$18,612,257	$17,417,382		$17,417,382	$17,681,644		$17,681,644	$17,681,644		$17,681,644	$17,681,644		$17,681,644
2	Less: Allowances	$11,987,051	$12,171,075		$12,171,075	$11,318,109		$11,318,109	$11,562,521		$11,562,521	$11,562,521		$11,562,521	$11,562,521		$11,562,521
3	Less: Charity Care	$6,655	$2,825		$2,825	$0		$0	$0		$0	$0		$0	$0		$0
4	Less: Other Deductions	$0	$0		$0	$0		$0	$0		$0	$0		$0	$0		$0
	Net Patient Service Revenue	**$6,530,662**	**$6,438,357**	**$0**	**$6,438,357**	**$6,099,273**	**$0**	**$6,099,273**	**$6,119,123**	**$0**	**$6,119,123**	**$6,119,123**	**$0**	**$6,119,123**	**$6,119,123**	**$0**	**$6,119,123**
5	Medicare	$4,179,624	$4,120,548		$4,120,548	$3,964,527		$3,964,527	$4,038,621		$4,038,621	$4,038,621		$4,038,621	$4,038,621		$4,038,621
6	Medicaid	$522,453	$579,452		$579,452	$548,935		$548,935	$611,912		$611,912	$611,912		$611,912	$611,912		$611,912
7	CHAMPUS & TriCare	$65,307	$64,384		$64,384	$60,993		$60,993	$61,191		$61,191	$61,191		$61,191	$61,191		$61,191
8	Other	$0	$0		$0	$0		$0	$0		$0	$0		$0	$0		$0
	Total Government	**$4,767,383**	**$4,764,384**	**$0**	**$4,764,384**	**$4,574,455**	**$0**	**$4,574,455**	**$4,711,725**	**$0**	**$4,711,725**	**$4,711,725**	**$0**	**$4,711,725**	**$4,711,725**	**$0**	**$4,711,725**
9	Commercial Insurers	$1,110,213	$965,754		$965,754	$731,913		$731,913	$611,912		$611,912	$611,912		$611,912	$611,912		$611,912
10	Uninsured	$130,613	$128,767		$128,767	$182,978		$182,978	$183,574		$183,574	$183,574		$183,574	$183,574		$183,574
11	Self Pay	$326,533	$450,685		$450,685	$487,942		$487,942	$489,530		$489,530	$489,530		$489,530	$489,530		$489,530
12	Workers Compensation	$65,307	$64,384		$64,384	$60,993		$60,993	$61,191		$61,191	$61,191		$61,191	$61,191		$61,191
13	Other	$130,613	$64,384		$64,384	$60,993		$60,993	$61,191		$61,191	$61,191		$61,191	$61,191		$61,191
	Total Non-Government	**$1,763,279**	**$1,673,973**	**$0**	**$1,673,973**	**$1,524,818**	**$0**	**$1,524,818**	**$1,407,398**	**$0**	**$1,407,398**	**$1,407,398**	**$0**	**$1,407,398**	**$1,407,398**	**$0**	**$1,407,398**
	Net Patient Service Revenue[a] (Government+Non-Government)	**$6,530,662**	**$6,438,357**	**$0**	**$6,438,357**	**$6,099,273**	**$0**	**$6,099,273**	**$6,119,123**	**$0**	**$6,119,123**	**$6,119,123**	**$0**	**$6,119,123**	**$6,119,123**	**$0**	**$6,119,123**
14	Less: Provision for Bad Debts	$133,571	$193,152		**$193,152**	$182,979		**$182,979**	$193,152		**$193,152**	$193,152		**$193,152**	$193,152		**$193,152**
	Net Patient Service Revenue less provision for bad debts	**$6,397,091**	**$6,245,205**	**$0**	**$6,245,205**	**$5,916,294**	**$0**	**$5,916,294**	**$5,925,971**	**$0**	**$5,925,971**	**$5,925,971**	**$0**	**$5,925,971**	**$5,925,971**	**$0**	**$5,925,971**
15	Other Operating Revenue	$1,762,014	$1,688,040		**$1,688,040**	$1,483,782		**$1,483,782**	$1,613,040		**$1,613,040**	$1,613,040		**$1,613,040**	$1,613,040		**$1,613,040**
17	Net Assets Released from Restrictions	$0	$0		**$0**	$0		**$0**	$0		**$0**	$0		**$0**	$0		**$0**
	TOTAL OPERATING REVENUE	**$8,159,105**	**$7,933,245**	**$0**	**$7,933,245**	**$7,400,076**	**$0**	**$7,400,076**	**$7,539,011**	**$0**	**$7,539,011**	**$7,539,011**	**$0**	**$7,539,011**	**$7,539,011**	**$0**	**$7,539,011**
B.	OPERATING EXPENSES																
1	Salaries and Wages	$8,789,526	$8,893,185		$8,893,185	$8,291,096		$8,291,096	$8,593,185		$8,593,185	$8,593,185		$8,593,185	$8,593,185		$8,593,185
2	Fringe Benefits	$1,148,898	$1,192,338		$1,192,338	$1,230,142		$1,230,142	$1,117,338		$1,117,338	$1,117,338		$1,117,338	$1,117,338		$1,117,338
3	Physicians Fees	$0	$0		$0	$0		$0	$0		$0	$0		$0	$0		$0
4	Supplies and Drugs	$85,994	$93,565		$93,565	$96,310		$96,310	$93,565		$93,565	$93,565		$93,565	$93,565		$93,565
5	Depreciation and Amortization	$77,732	$76,990		$76,990	$63,240		$63,240	$60,000		$60,000	$60,000		$60,000	$60,000		$60,000
6	Provision for Bad Debts-Other[b]	$0	$0		$0	$0		$0	$0		$0	$0		$0	$0		$0
7	Interest Expense	$0	$0		$0	$0		$0	$0		$0	$0		$0	$0		$0
8	Malpractice Insurance Cost	$318,692	$331,882		$331,882	$308,154		$308,154	$331,882		$331,882	$331,882		$331,882	$331,882		$331,882
9	Lease Expense	$335,018	$336,711		$336,711	$336,725		$336,725	$336,711		$336,711	$336,711		$336,711	$336,711		$336,711
10	Other Operating Expenses	($2,596,755)	($2,991,426)		($2,991,426)	($2,925,591)		($2,925,591)	($2,993,670)		($2,993,670)	($2,993,670)		($2,993,670)	($2,993,670)		($2,993,670)
	TOTAL OPERATING EXPENSES	**$8,159,105**	**$7,933,245**	**$0**	**$7,933,245**	**$7,400,076**	**$0**	**$7,400,076**	**$7,539,011**	**$0**	**$7,539,011**	**$7,539,011**	**$0**	**$7,539,011**	**$7,539,011**	**$0**	**$7,539,011**
	Provision for Income Taxes[c]	$0	$0		**$0**	$0		**$0**	$0		**$0**	$0		**$0**	$0		**$0**
	Earnings Before Interest, Taxes, Depreciation & Amortization **(EBITDA)**	**$77,732**	**$76,990**	**$0**	**$76,990**	**$63,240**	**$0**	**$63,240**	**$60,000**	**$0**	**$60,000**	**$60,000**	**$0**	**$60,000**	**$60,000**	**$0**	**$60,000**
	INCOME / (LOSS) FROM OPERATIONS	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**($0)**	**$0**	**($0)**	**($0)**	**$0**	**($0)**	**($0)**	**$0**	**($0)**
	NON-OPERATING INCOME / REVENUE	$0	$0		**$0**	$0		**$0**	$0		**$0**	$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)**	**($0)**	**$0**	**($0)**
C.	**Retained Earnings / Net Assets, beginning of year**	**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**
	Retained Earnings / Net Assets, end of year	**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**
	Principal Payments	$0	$0		**$0**	$0		**$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%	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%	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%	0.0%	0.0%	0.0%

Sale of Non-Profit Hospital to For-Profit Entity

Name Entity: Cardiology Associates of GW

Financial Worksheet (C):

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:

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
LINE	Total Entity:	FY 14	FY 15	FY 15	FY 15	FY 16	FY 16	FY 16	FY 17	FY 17	FY 17	FY 18	FY 18	FY 18	FY 19	FY 19	FY 19
		Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	Description	Results	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON
E.	FTEs	54	54		54	54		54	54		54	54		54	54		54
F.	VOLUME STATISTICS[d]																
1	Inpatient Discharges	9,392	10,213		10,213	9,196		9,196	9,696		9,696	9,696		9,696	9,696		9,696
2	Outpatient Visits	23,548	23,099		23,099	21,249		21,249	22,749		22,749	22,749		22,749	22,749		22,749
	TOTAL VOLUME	32,940	33,312	0	33,312	30,445	0	30,445	32,445	0	32,445	32,445	0	32,445	32,445	0	32,445

[a]Total amount should equal the total amount on cell line "Net Patient Revenue" Row 14.

[b]Provide 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.

[c]Provide the amount of income taxes as defined by the Internal Revenue Services for for-profit entities.

[d]Provide 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.

Item 33a:

Greater Waterbury Health Network
Per 2014 Audited

	Per CON	F/S	Variance
Net Patient Revenue	248,588,440	248,939,189	350,749
Operating Expenses	274,042,856	268,450,195	(5,592,661)
Net Income (Loss)	(4,678,016)	(4,728,011)	(49,995)

Net Income:

Greater Waterbury Management Resources Loss		34,250
Children's Center of Greater Waterbury Loss		14,787
		49,037
		(49,995)
Audit adjustments made after year end		(958)

Operating Expenses:

Waterbury Hospital	227,749,078	216,453,290	(11,295,788)	AMG and CAGW losses
GWIC	2,917,354	2,917,229	(125)	
Access Rehab	10,044,797	10,044,756	(41)	
Imaging Partners	50,694	50,694	-	
AMG	20,799,609	29,103,055	8,303,446	Loss of $8,152,669 plus provision for income taxes of $150,777
CAGW	8,159,105	11,302,221	3,143,116	Loss rolled up to Waterbury Hospital
VNA	4,254,039	4,254,039	-	
GWMR	-	-	-	
Children's Center	-	1,770,632	1,770,632	Not included in CON
GWHN	68,181	69,142	961	Audit Adjustment after year end
Eliminations on Waterbury Hospital F/S	-	(7,456,104)	(7,456,104)	
Eliminations on GWHN F/S	-	(58,759)	(58,759)	
			(5,592,662)	

Net Patient Revenue:

Waterbury Hospital	208,626,652	208,626,652	-
GWIC	4,439,791	4,439,666	(125)
Access Rehab	8,230,315	11,038,847	2,808,532
Imaging Partners	-	1,691	1,691
AMG	16,354,898	16,354,899	1
CAGW	6,397,091	6,397,091	-
VNA	4,539,692	4,539,692	-
GWMR	-	-	-
Children's Center	-	-	-
GWHN	-	-	-
Eliminations on Waterbury Hospital F/S		(2,459,349)	(2,459,349)
			350,750

Item 33b:

Waterbury Hospital
Per 2014 Audited

	Per CON	F/S	Variance
Net Patient Revenue	208,626,652	208,626,652	-
Operating Expenses	227,749,078	216,453,290	(11,295,788)
Net Income (Loss)	(7,772,011)	3,523,777	11,295,788

AMG Loss	8,152,669
Cardiology Associates Loss	3,143,116
	11,295,785

The Hospital subsidizes the loss of the AMG and Cardiology Associates affiliates. We have indicated these two subsidies at a net $0 bottom line and moved the subsidy to the Hospital financials.

Greer, Leslie

From: David S. Hardy <DHardy@carmodylaw.com>
Sent: Friday, August 05, 2016 11:48 AM
To: Lazarus, Steven
Cc: Greer, Leslie; Riggott, Kaila
Subject: RE: Completeness Letters for Docket Number: 16-32105-CON

Follow Up Flag: Follow up
Flag Status: Flagged

Steven,
Confirming receipt. Thank you very much.
Dave

David S. Hardy | Bio
Carmody Torrance Sandak & Hennessey LLP
195 Church Street | P.O. Box 1950
New Haven, CT 06509-1950
Direct: 203-784-3119 | Fax: 203-784-3199
DHardy@carmodylaw.com | www.carmodylaw.com

From: Lazarus, Steven [mailto:Steven.Lazarus@ct.gov]
Sent: Friday, August 05, 2016 11:45 AM
To: David S. Hardy
Cc: Greer, Leslie; Riggott, Kaila
Subject: Completeness Letters for Docket Number: 16-32105-CON

Good Morning Attorney Hardy,

Please see the attached Completeness Letter for PMH's acquisition of GWHN's AMG, filed under Docket Number: 16-32104-CON. Please keep in mind that the responses are due, no later than 60 days from today, which is October 4, 2016. If you have any questions regarding this correspondence, please do not hesitate to contact myself or Kaila Riggott (Kaila.riggott@ct.gov).

Please *confirm* the receipt of this email by responding to me.

Thank you,

Steven

Steven W. Lazarus
Associate Health Care Analyst
Division of Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134

Greer, Leslie

From: David S. Hardy <DHardy@carmodylaw.com>
Sent: Tuesday, September 20, 2016 2:12 PM
To: Lazarus, Steven; User, OHCA
Cc: Greer, Leslie; Riggott, Kaila; Michele Volpe (michelemvolpe@aol.com)
Subject: RE: Completeness Letter, Docket Number: 16-32105-CON
Attachments: CAGW 193.pdf

Steven,
I am submitting a substitute page 193 for our application containing the affidavit signed by Prospect. Page 193 currently on file is unsigned. Thank you.
Dave

David S. Hardy | Bio
Carmody Torrance Sandak & Hennessey LLP
195 Church Street | P.O. Box 1950
New Haven, CT 06509-1950
Direct: 203-784-3119 | Fax: 203-784-3199
DHardy@carmodylaw.com | www.carmodylaw.com

From: David S. Hardy
Sent: Friday, September 09, 2016 11:45 AM
To: 'Lazarus, Steven'; ohca@ct.gov
Cc: Greer, Leslie; Riggott, Kaila; Michele Volpe (michelemvolpe@aol.com)
Subject: RE: Completeness Letter, Docket Number: 16-32105-CON

Steven,
Attached are the responses to the completeness letter in Docket Number 16-32105-CON (Cardiology Associates of Greater Waterbury) in PDF and native formats. Please let me know if you have any questions. Thank you very much.
Dave

From: Lazarus, Steven [mailto:Steven.Lazarus@ct.gov]
Sent: Friday, August 05, 2016 11:46 AM
To: David S. Hardy
Cc: Greer, Leslie; Riggott, Kaila
Subject: Completeness Letter, Docket Number: 16-32105-CON

Good Morning Attorney Hardy,

Please see the attached Completeness Letter for PMH's acquisition of GWHN's CAGW, filed under Docket Number: 16-32105-CON. Please keep in mind that the responses are due, no later than 60 days from today, which is October 4, 2016. If you have any questions regarding this correspondence, please do not hesitate to contact myself or Kaila Riggott (Kaila.riggott@ct.gov).

Please *confirm* the receipt of this email by responding to me.

Affidavit

Applicant: Cardiology Associates of Greater Waterbury, LLC
Project Title: Authorization for Greater Waterbury Health Network, Inc. to cause the transfer of the assets and liabilities of Cardiology Associates of Greater Waterbury, LLC to a subsidiary or affiliate of Prospect Medical Holdings, Inc.

I, Sam Lee (SangBum Lee) CEO
(Name) (Position – CEO or CFO)

of Prospect Medical Holdings, Inc. being duly sworn, depose and state that the Cardiology Associates of Greater Waterbury, LLC 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 7/25/2016
Date

Subscribed and sworn to before me on _____

_____
Notary Public/Commissioner of Superior Court

My commission expires: _____

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 25 day of July, 2016 by Sang Bum Lee (Sam Lee)

proved to me on the basis of satisfactory evidence to be the person(s) who appeared before me.

(Signature of Notary)

EUNICE JEEIN LEE
COMM. # 2159110
NOTARY PUBLIC • CALIFORNIA
LOS ANGELES COUNTY
My Commission Expires
July 3, 2020

Greer, Leslie

From:	Lazarus, Steven
Sent:	Wednesday, September 28, 2016 7:22 AM
To:	Greer, Leslie
Cc:	Riggott, Kaila; Martone, Kim
Subject:	FW: Updated CON sheets requested for AMG and CAGW to reflect FY 2015 actual numbers
Attachments:	AMG CON detail with actual FY 2015 numbers.xlsx; CAGW CON detail with actual FY 2015 numbers.xlsx

Please add to the record for DN: 16-32104-CON.

Steve

Steven W. Lazarus
Associate Health Care Analyst
Division of Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134
Phone: 860-418-7012
Fax: 860-418-7053

From: Buckley, Katherine [mailto:kBuckley@wtbyhosp.org]
Sent: Tuesday, September 27, 2016 4:13 PM
To: Lazarus, Steven
Cc: Ann H. Zucker; David S. Hardy (DHardy@carmodylaw.com); James Moylan
Subject: Updated CON sheets requested for AMG and CAGW to reflect FY 2015 actual numbers

Steve-as we discussed on the phone yesterday, I have attached the updated CON sheets for AMG and CAGW to reflect FY 2015 actual numbers. Any questions please let me know.

Kathy Buckley
Waterbury-Finance Dept

CONFIDENTIALITY NOTICE: This email and any attachments contain confidential information that is legally privileged. This information is intended only for the use of the individual or entity named above. The authorized

Revised 09/2016-Projected FY 2015

Sale of Non-Profit Hospital to For-Profit Entit

Name Entity: Alliance Medical Group

Financial Worksheet (C):

Please provide one year of actual results and three years of projections of **Total Entity** revenue, expense and volum without, incremental to and with the CON proposal in the following reporting format:

		(1)	(2)	(3)	(4)	(5)	(6)
LINE	**Total Entity:**	**FY 14**	**FY 15**	**FY 15**	**FY 15**	**FY 16**	**FY 16**
		Actual	**Actual**	**Actual**	**Actual**	**Projected**	**Projected**
	Description	**Results**	**W/out CON**	**Incremental**	**With CON**	**W/out CON**	**Incremental**
A.	**OPERATING REVENUE**						
1	Total Gross Patient Revenue	$37,156,345	$36,460,999		$36,460,999	$35,887,319	
2	Less: Allowances	$20,282,805	$19,689,203		$19,689,203	$19,027,905	
3	Less: Charity Care	$0	$0		$0	$0	
4	Less: Other Deductions	$0	$0		$0	$0	
	Net Patient Service Revenue	**$16,873,540**	**$16,771,796**	**$0**	**$16,771,796**	**$16,859,415**	**$0**
5	Medicare	$5,901,290	$6,182,838		$6,182,838	$6,211,423	
6	Medicaid	$3,068,780	$3,066,918		$3,066,918	$3,143,744	
7	CHAMPUS & TriCare	$0	$0		$0	$0	
8	Other	$0	$0		$0	$0	
	Total Government	**$8,970,070**	**$9,249,756**	**$0**	**$9,249,756**	**$9,355,166**	**$0**
9	Commercial Insurers	$7,634,611	$7,342,910		$7,342,910	$7,328,573	
10	Uninsured	$0	$0		$0	$0	
11	Self Pay	$129,981	$129,084		$129,084	$126,614	
12	Workers Compensation	$106,554	$46,494		$46,494	$45,520	
13	Other	$32,324	$3,551		$3,551	$3,540	
	Total Non-Government	**$7,903,470**	**$7,522,039**	**$0**	**$7,522,039**	**$7,504,248**	**$0**
	Net Patient Service Revenue[a] (Government+Non-Government)	**$16,873,540**	**$16,771,795**	**$0**	**$16,771,795**	**$16,859,415**	**$0**
14	Less: Provision for Bad Debts	$518,641	$478,532		**$478,532**	$473,971	
	Net Patient Service Revenue less provision for bad debts	**$16,354,898**	**$16,293,264**	**$0**	**$16,293,264**	**$16,385,444**	**$0**
15	Other Operating Revenue	$4,481,259	$5,435,014		**$5,435,014**	$7,363,945	
17	Net Assets Released from Restrictions	$0	$0		**$0**	$0	

	TOTAL OPERATING REVENUE	**$20,836,157**	**$21,728,278**	**$0**	**$21,728,278**	**$23,749,389**	**$0**
B.	**OPERATING EXPENSES**						
1	Salaries and Wages	$16,530,304	$19,098,182		$19,098,182	$18,926,070	
2	Fringe Benefits	$2,917,173	$3,499,202		$3,499,202	$2,857,626	
3	Physicians Fees	$731,660	$2,365,510		$2,365,510	$748,943	
4	Supplies and Drugs	$843,095	$938,553		$938,553	$1,037,432	
5	Depreciation and Amortization	$371,630	$459,630		$459,630	$257,869	
6	Provision for Bad Debts-Other[b]	$0	$0		$0	$0	
7	Interest Expense	$17,085	$4,198		$4,198	$19	
8	Malpractice Insurance Cost	$1,616,892	$1,288,459		$1,288,459	$1,107,023	
9	Lease Expense	$31,776	$97,765		$97,765	$28,025	
10	Other Operating Expenses	($2,260,006)	($5,911,905)		($5,911,905)	($1,240,509)	
	TOTAL OPERATING EXPENSES	**$20,799,609**	**$21,839,594**	**$0**	**$21,839,594**	**$23,722,498**	**$0**
	Provision for Income Taxes[c]	$150,779	$0		**$0**	$136,181	
	Earnings Before Interest, Taxes, Depreciation & Amortization **(EBITDA)**	**$425,263**	**$352,512**	**$0**	**$352,512**	**$284,779**	**$0**
	INCOME / (LOSS) FROM OPERATIONS	**($114,231)**	**($111,316)**	**$0**	**($111,316)**	**($109,290)**	**$0**
	NON-OPERATING INCOME / REVENUE	$114,231	$111,316		**$111,316**	$109,290	
	NET INCOME / EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	**($0)**	**$0**	**$0**	**$0**	**$0**	**$0**
C.	**Retained Earnings / Net Assets, beginning of year**	**$4,342,656**	**$4,403,019**		**$4,403,019**	**$4,403,019**	
	Retained Earnings / Net Assets, end of year	**$4,403,019**	**$4,403,019**		**$4,403,019**	**$4,403,019**	
	Principal Payments	$296,512	$40,500		**$40,500**	$29,709	

D.	**PROFITABILITY SUMMARY**						
1	Hospital Operating Margin	**-0.5%**	**-0.5%**	**0.0%**	**-0.5%**	**-0.5%**	**0.0%**
2	Hospital Non Operating Margin	**0.5%**	**0.5%**	**0.0%**	**0.5%**	**0.5%**	**0.0%**
3	Hospital Total Margin	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
E.	**FTEs**	**173**	175		**175**	175	
F.	**VOLUME STATISTICS[d]**						
1	Inpatient Discharges				**0**		
2	Outpatient Visits	153,852	107,885		**107,885**	126,213	
	TOTAL VOLUME	**153,852**	**107,885**	**0**	**107,885**	**126,213**	**0**

[a]Total amount should equal the total amount on cell line "Net Patient Revenue" Row 14.

[b]Provide 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.:

[c]Provide the amount of income taxes as defined by the Internal Revenue Services for for-profit entities.

[d]Provide projected inpatient and/or outpatient statistics for any new services and provide actual and projected inpatient and/or outpatient statistics for any existing service

y
ıe statistics

(7)	(8)	(9)	(10)	(11)	(12)	(13)
FY 16	**FY 17**	**FY 17**	**FY 17**	**FY 18**	**FY 18**	**FY 18**
Projected	**Projected**	**Projected**	**Projected**	**Projected**	**Projected**	**Projected**
With CON	**W/out CON**	**Incremental**	**With CON**	**W/out CON**	**Incremental**	**With CON**
$35,887,319	$36,605,066		$36,605,066	$36,971,116		$36,971,116
$19,027,905	$19,408,463		$19,408,463	$19,602,547		$19,602,547
$0	$0		$0	$0		$0
$0	$0		$0	$0		$0
$16,859,415	**$17,196,603**	**$0**	**$17,196,603**	**$17,368,569**	**$0**	**$17,368,569**
$6,211,423	$6,335,651		$6,335,651	$6,399,007		$6,399,007
$3,143,744	$3,206,619		$3,206,619	$3,238,685		$3,238,685
$0	$0		$0	$0		$0
$0	$0		$0	$0		$0
$9,355,166	**$9,542,270**	**$0**	**$9,542,270**	**$9,637,692**	**$0**	**$9,637,692**
$7,328,573	$7,475,145		$7,475,145	$7,549,896		$7,549,896
$0	$0		$0	$0		$0
$126,614	$129,146		$129,146	$130,438		$130,438
$45,520	$46,431		$46,431	$46,895		$46,895
$3,540	$3,611		$3,611	$3,647		$3,647
$7,504,248	**$7,654,333**	**$0**	**$7,654,333**	**$7,730,877**	**$0**	**$7,730,877**
$16,859,415	**$17,196,603**	**$0**	**$17,196,603**	**$17,368,569**	**$0**	**$17,368,569**
$473,971	$473,971		**$473,971**	$473,971		**$473,971**
$16,385,444	**$16,722,632**	**$0**	**$16,722,632**	**$16,894,598**	**$0**	**$16,894,598**
$7,363,945	$7,363,945		**$7,363,945**	$7,363,945		**$7,363,945**
$0	$0		**$0**	$0		**$0**

$23,749,389	**$24,086,577**	**$0**	**$24,086,577**	**$24,258,543**	**$0**	**$24,258,543**
$18,926,070	$18,926,070		$18,926,070	$18,926,070		$18,926,070
$2,857,626	$2,857,626		$2,857,626	$2,857,626		$2,857,626
$748,943	$748,943		$748,943	$748,943		$748,943
$1,037,432	$1,037,432		$1,037,432	$1,037,432		$1,037,432
$257,869	$257,869		$257,869	$257,869		$257,869
$0	$0		$0	$0		$0
$19	$19		$19	$19		$19
$1,107,023	$1,107,023		$1,107,023	$1,107,023		$1,107,023
$28,025	$28,025		$28,025	$28,025		$28,025
($1,240,509)	($903,321)		($903,321)	($731,355)		($731,355)
$23,722,498	**$24,059,686**	**$0**	**$24,059,686**	**$24,231,652**	**$0**	**$24,231,652**
$136,181	$136,181		**$136,181**	$136,181		**$136,181**
$284,779	**$284,779**	**$0**	**$284,779**	**$284,779**	**$0**	**$284,779**
($109,290)	**($109,290)**	**$0**	**($109,290)**	**($109,290)**	**$0**	**($109,290)**
$109,290	$109,290		**$109,290**	$109,290		**$109,290**
$0	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
$4,403,019	**$4,403,019**		**$4,403,019**	**$4,403,019**		**$4,403,019**
$4,403,019	**$4,403,019**		**$4,403,019**	**$4,403,020**		**$4,403,020**
$29,709	$14,001		**$14,001**	$6,571		**$6,571**

-0.5%	**-0.5%**	**0.0%**	**-0.5%**	**-0.4%**	**0.0%**	**-0.4%**
0.5%	**0.5%**	**0.0%**	**0.5%**	**0.4%**	**0.0%**	**0.4%**
0.0%	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**	**0.0%**
175	175		**175**	175		**175**
0			**0**			**0**
126,213	128,737		**128,737**	131,262		**131,262**
126,213	**128,737**	**0**	**128,737**	**131,262**	**0**	**131,262**

2011-07, July 2011.

s which will change due to the proposal.

Revised 09/27/2016-updated FY 2015 projections to FY 2015 actual

Sale of Non-Profit Hospital to For-Profit Entity

Name Entity: Cardiology Associates of GW

Financial Worksheet (C):

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:

		(1)		(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
LINE	Total Entity:	FY 14	FY 15	FY 15	FY 15	FY 16	FY 16	FY 16	FY 17	FY 17	FY 17	FY 18	FY 18	FY 18
		Actual	Actual	Actual	Actual	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected	Projected
	Description	Results		Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON	W/out CON	Incremental	With CON
A.	**OPERATING REVENUE**													
1	Total Gross Patient Revenue	$18,524,368	$18,380,995		$18,380,995	$17,417,382		$17,417,382	$17,681,644		$17,681,644	$17,681,644		$17,681,644
2	Less: Allowances	$11,987,051	$12,020,631		$12,020,631	$11,318,109		$11,318,109	$11,562,521		$11,562,521	$11,562,521		$11,562,521
3	Less: Charity Care	$6,655	$2,905		$2,905	$0		$0	$0		$0	$0		$0
4	Less: Other Deductions	$0	$0		$0	$0		$0	$0		$0	$0		$0
	Net Patient Service Revenue	**$6,530,662**	**$6,357,459**	**$0**	**$6,357,459**	**$6,099,273**	**$0**	**$6,099,273**	**$6,119,123**	**$0**	**$6,119,123**	**$6,119,123**	**$0**	**$6,119,123**
5	Medicare	$4,179,624	$4,071,679		$4,071,679	$3,964,527		$3,964,527	$4,038,621		$4,038,621	$4,038,621		$4,038,621
6	Medicaid	$522,453	$572,171		$572,171	$548,935		$548,935	$611,912		$611,912	$611,912		$611,912
7	CHAMPUS & TriCare	$65,307	$63,574		$63,574	$60,993		$60,993	$61,191		$61,191	$61,191		$61,191
8	Other	$0	$0		$0	$0		$0	$0		$0	$0		$0
	Total Government	**$4,767,383**	**$4,707,424**	**$0**	**$4,707,424**	**$4,574,455**	**$0**	**$4,574,455**	**$4,711,725**	**$0**	**$4,711,725**	**$4,711,725**	**$0**	**$4,711,725**
9	Commercial Insurers	$1,110,213	$959,976		$959,976	$731,913		$731,913	$611,912		$611,912	$611,912		$611,912
10	Uninsured	$130,613	$127,149		$127,149	$182,978		$182,978	$183,574		$183,574	$183,574		$183,574
11	Self Pay	$326,533	$445,022		$445,022	$487,942		$487,942	$489,530		$489,530	$489,530		$489,530
12	Workers Compensation	$65,307	$63,574		$63,574	$60,993		$60,993	$61,191		$61,191	$61,191		$61,191
13	Other	$130,613	$54,314		$54,314	$60,993		$60,993	$61,191		$61,191	$61,191		$61,191
	Total Non-Government	**$1,763,279**	**$1,650,035**	**$0**	**$1,650,035**	**$1,524,818**	**$0**	**$1,524,818**	**$1,407,398**	**$0**	**$1,407,398**	**$1,407,398**	**$0**	**$1,407,398**
	Net Patient Service Revenue[a] (Government+Non-Government)	**$6,530,662**	**$6,357,459**	**$0**	**$6,357,459**	**$6,099,273**	**$0**	**$6,099,273**	**$6,119,123**	**$0**	**$6,119,123**	**$6,119,123**	**$0**	**$6,119,123**
14	Less: Provision for Bad Debts	$133,571	$190,725		**$190,725**	$182,979		**$182,979**	$193,152		**$193,152**	$193,152		**$193,152**
	Net Patient Service Revenue less provision for bad debts	**$6,397,091**	**$6,166,734**	**$0**	**$6,166,734**	**$5,916,294**	**$0**	**$5,916,294**	**$5,925,971**	**$0**	**$5,925,971**	**$5,925,971**	**$0**	**$5,925,971**
15	Other Operating Revenue	$1,762,014	$1,675,739		**$1,675,739**	$1,483,782		**$1,483,782**	$1,613,040		**$1,613,040**	$1,613,040		**$1,613,040**
17	Net Assets Released from Restrictions	$0	$0		**$0**	$0		**$0**	$0		**$0**	$0		**$0**
	TOTAL OPERATING REVENUE	**$8,159,105**	**$7,842,473**	**$0**	**$7,842,473**	**$7,400,076**	**$0**	**$7,400,076**	**$7,539,011**	**$0**	**$7,539,011**	**$7,539,011**	**$0**	**$7,539,011**
B.	**OPERATING EXPENSES**													
1	Salaries and Wages	$8,789,526	$8,866,823		$8,866,823	$8,291,096		$8,291,096	$8,593,185		$8,593,185	$8,593,185		$8,593,185
2	Fringe Benefits	$1,148,898	$1,187,340		$1,187,340	$1,230,142		$1,230,142	$1,117,338		$1,117,338	$1,117,338		$1,117,338
3	Physicians Fees	$0	$0		$0	$0		$0	$0		$0	$0		$0
4	Supplies and Drugs	$85,994	$91,239		$91,239	$96,310		$96,310	$93,565		$93,565	$93,565		$93,565
5	Depreciation and Amortization	$77,732	$75,998		$75,998	$63,240		$63,240	$60,000		$60,000	$60,000		$60,000
6	Provision for Bad Debts-Other[b]	$0	$0		$0	$0		$0	$0		$0	$0		$0
7	Interest Expense	$0	$0		$0	$0		$0	$0		$0	$0		$0
8	Malpractice Insurance Cost	$318,692	$331,882		$331,882	$308,154		$308,154	$331,882		$331,882	$331,882		$331,882
9	Lease Expense	$335,018	$336,710		$336,710	$336,725		$336,725	$336,711		$336,711	$336,711		$336,711
10	Other Operating Expenses	($2,596,755)	($3,047,519)		($3,047,519)	($2,925,591)		($2,925,591)	($2,993,670)		($2,993,670)	($2,993,670)		($2,993,670)
	TOTAL OPERATING EXPENSES	**$8,159,105**	**$7,842,473**	**$0**	**$7,842,473**	**$7,400,076**	**$0**	**$7,400,076**	**$7,539,011**	**$0**	**$7,539,011**	**$7,539,011**	**$0**	**$7,539,011**
	Provision for Income Taxes[c]	$0	$0		**$0**	$0		**$0**	$0		**$0**	$0		**$0**
	Earnings Before Interest, Taxes, Depreciation & Amortization **(EBITDA)**	**$77,732**	**$75,998**	**$0**	**$75,998**	**$63,240**	**$0**	**$63,240**	**$60,000**	**$0**	**$60,000**	**$60,000**	**$0**	**$60,000**
	INCOME / (LOSS) FROM OPERATIONS	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**($0)**	**$0**	**($0)**	**($0)**	**$0**	**($0)**
	NON-OPERATING INCOME / REVENUE	$0	$0		**$0**	$0		**$0**	$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**	**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**
	Retained Earnings / Net Assets, end of year	**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**	**$1,815,341**		**$1,815,341**
	Principal Payments	$0	$0		**$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**	**54**	54		**54**	54		**54**	54		**54**	54		**54**
F.	**VOLUME STATISTICS[d]**													
1	Inpatient Discharges	9,392	9,251		**9,251**	9,196		**9,196**	9,696		**9,696**	9,696		**9,696**
2	Outpatient Visits	23,548	23,789		**23,789**	21,249		**21,249**	22,749		**22,749**	22,749		**22,749**
	TOTAL VOLUME	**32,940**	**33,040**	**0**	**33,040**	**30,445**	**0**	**30,445**	**32,445**	**0**	**32,445**	**32,445**	**0**	**32,445**

[a]Total amount should equal the total amount on cell line "Net Patient Revenue" Row 14.

[b]Provide 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.

[c]Provide the amount of income taxes as defined by the Internal Revenue Services for for-profit entities.

[d]Provide 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: Lazarus, Steven
Sent: Wednesday, September 28, 2016 7:26 AM
To: Greer, Leslie
Cc: Riggott, Kaila; Martone, Kim
Subject: FW: Completeness Letter, Docket Number: 16-32105-CON
Attachments: Prospect Closing Document September 27 2016.xlsx

Leslie,

Please add to the record for DN: 16-32105.

Thanks,
Steve

Steven W. Lazarus
Associate Health Care Analyst
Division of Office of Health Care Access Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134
Phone: 860-418-7012
Fax: 860-418-7053

-----Original Message-----
From: David S. Hardy [mailto:DHardy@carmodylaw.com]
Sent: Wednesday, September 28, 2016 7:18 AM
To: Lazarus, Steven
Cc: Ann H. Zucker
Subject: RE: Completeness Letter, Docket Number: 16-32105-CON

Steve,
Attached is a revised Payer Mix table for CAGW including FY2015 actuals. With this table, and Kathy Buckley's submission yesterday, all outstanding items should be addressed. Thank you.
Dave

-----Original Message-----
From: Lazarus, Steven [mailto:Steven.Lazarus@ct.gov]
Sent: Monday, September 26, 2016 2:53 PM
To: David S. Hardy
Subject: RE: Completeness Letter, Docket Number: 16-32105-CON
Importance: High

David,

One other thing, for CAGW, can you please have someone resubmit the Payer Mix table? and include FY 2015 as actual? They stated with FY 2016 as actual but FY2016 hasn't finished yet. Please have someone email that to me, ASAP.

Thanks,

Steve

Steven W. Lazarus
Associate Health Care Analyst
Division of Office of Health Care Access Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134
Phone: 860-418-7012
Fax: 860-418-7053

-----Original Message-----
From: David S. Hardy [mailto:DHardy@carmodylaw.com]
Sent: Friday, September 23, 2016 10:17 AM
To: Lazarus, Steven
Subject: RE: Completeness Letter, Docket Number: 16-32105-CON

Steve,
I am asking Kathy Buckley to call you directly. Thanks.
Dave

_____

From: Lazarus, Steven [Steven.Lazarus@ct.gov]
Sent: Friday, September 23, 2016 9:07 AM
To: David S. Hardy
Subject: RE: Completeness Letter, Docket Number: 16-32105-CON

Thanks Dave

Steven W. Lazarus
Associate Health Care Analyst
Division of Office of Health Care Access Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134
Phone: 860-418-7012
Fax: 860-418-7053

-----Original Message-----
From: David S. Hardy [mailto:DHardy@carmodylaw.com]
Sent: Friday, September 23, 2016 9:06 AM
To: Lazarus, Steven
Subject: Re: Completeness Letter, Docket Number: 16-32105-CON

203 915 2954

Thanks.

> On Sep 23, 2016, at 6:58 AM, Lazarus, Steven <Steven.Lazarus@ct.gov> wrote:
>
> Dave,
>
> Yes, 10 am works great. I'll have Ron Ciesones (one of our financial analyst with me). What's the best number to call you at?
>
> Steve
>
>
> Steven W. Lazarus
> Associate Health Care Analyst
> Division of Office of Health Care Access Connecticut Department of
> Public Health
> 410 Capitol Avenue
> Hartford, CT 06134
> Phone: 860-418-7012
> Fax: 860-418-7053
>
>
>
> -----Original Message-----
> From: David S. Hardy [mailto:DHardy@carmodylaw.com]
> Sent: Friday, September 23, 2016 8:50 AM
> To: Lazarus, Steven
> Subject: Re: Completeness Letter, Docket Number: 16-32105-CON
>
> Steve
> Would 10 am work? Thanks.
> Dave
>
>> On Sep 23, 2016, at 5:35 AM, Lazarus, Steven <Steven.Lazarus@ct.gov> wrote:
>>
>> Good Morning David,
>>
>> I need some clarification on a couple of responses to the financial questions in the two Completeness Responses that were submitted under DNs 16-32105 and 16-32104. If you can email back the best time to touch base today, I'd like to set up a short conference call with you to go over them and see if we can resolve the issues.
>>
>> Thank you,
>>
>> Steve
>>
>>
>>
>> Steven W. Lazarus
>> Associate Health Care Analyst

>> Division of Office of Health Care Access Connecticut Department of
>> Public Health
>> 410 Capitol Avenue
>> Hartford, CT 06134
>> Phone: 860-418-7012
>> Fax: 860-418-7053
>>
>>
>>
>> -----Original Message-----
>> From: David S. Hardy [mailto:DHardy@carmodylaw.com]
>> Sent: Sunday, September 11, 2016 9:12 AM
>> To: Lazarus, Steven
>> Subject: RE: Completeness Letter, Docket Number: 16-32105-CON
>>
>> Thanks, Steve. Did you also receive my email on 16-32104 (CAGW)?
>> Dave
>>
>>
>>
>> David S. Hardy
>> Carmody Torrance Sandak & Hennessey LLP
>> 195 Church Street | P.O. Box 1950
>> New Haven, CT 06509-1950
>> Direct: 203-784-3119 | Fax: 203-784-3199 mailto:DHardy@carmodylaw.com
>> | http://www.carmodylaw.com
>>
>>
>> -----Original Message-----
>> From: Lazarus, Steven [mailto:Steven.Lazarus@ct.gov]
>> Sent: Friday, September 09, 2016 6:42 PM
>> To: David S. Hardy; User, OHCA
>> Cc: Greer, Leslie; Riggott, Kaila; Michele Volpe
>> (michelemvolpe@aol.com)
>> Subject: Re: Completeness Letter, Docket Number: 16-32105-CON
>>
>> Thank you David, we'll get it processed.
>>
>> Steve
>> _____
>> From: David S. Hardy <DHardy@carmodylaw.com>
>> Sent: Friday, September 9, 2016 11:45:21 AM
>> To: Lazarus, Steven; User, OHCA
>> Cc: Greer, Leslie; Riggott, Kaila; Michele Volpe
>> (michelemvolpe@aol.com)
>> Subject: RE: Completeness Letter, Docket Number: 16-32105-CON
>>
>> Steven,
>> Attached are the responses to the completeness letter in Docket Number 16-32105-CON (Cardiology Associates of Greater Waterbury) in PDF and native formats. Please let me know if you have any questions. Thank you very much.
>> Dave
>>

>>
>>
>>
>>
>> David S. Hardy | Bio<http://www.carmodylaw.com/david-hardy>
>>
>>
>> Carmody Torrance Sandak & Hennessey LLP
>>
>>
>> 195 Church Street | P.O. Box 1950
>>
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>> New Haven, CT 06509-1950
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>> Direct: 203-784-3119 | Fax: 203-784-3199
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>>
>> DHardy@carmodylaw.com<mailto:DHardy@carmodylaw.com> |
>> www.carmodylaw.com<http://www.carmodylaw.com>
>>
>>
>>
>>
>>
>> From: Lazarus, Steven [mailto:Steven.Lazarus@ct.gov]
>> Sent: Friday, August 05, 2016 11:46 AM
>> To: David S. Hardy
>> Cc: Greer, Leslie; Riggott, Kaila
>> Subject: Completeness Letter, Docket Number: 16-32105-CON
>>
>> Good Morning Attorney Hardy,
>>
>> Please see the attached Completeness Letter for PMH's acquisition of GWHN's CAGW, filed under Docket Number: 16-32105-CON. Please keep in mind that the responses are due, no later than 60 days from today, which is October 4, 2016. If you have any questions regarding this correspondence, please do not hesitate to contact myself or Kaila Riggott (Kaila.riggott@ct.gov<mailto:Kaila.riggott@ct.gov>).
>>
>> Please confirm the receipt of this email by responding to me.
>>
>> Thank you,
>>
>> Steven
>>
>>
>>
>>
>> Steven W. Lazarus
>> Associate Health Care Analyst
>> Division of Office of Health Care Access Connecticut Department of
>> Public Health
>> 410 Capitol Avenue

>> Hartford, CT 06134
>> Phone: 860-418-7012
>> Fax: 860-418-7053
>> [http://www.ct.gov/insidedph/lib/insidedph/communications/DPH-Color.g
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>> ----------
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>>
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>> ----------
>> PT

Payer			Current		Projected					
	FY 2015		FY 2016**		FY 2017**		FY 2018**		FY 2019**	
	Discharges	%	*Discharges*	%	*Discharges*	%	*Discharges*	%	*Discharges*	%
Medicare*	27,548	49%	25,296	49%	27,440	49%	26,880	48%	26,320	47%
Medicaid*	6,184	11%	6,500	13%	8,400	15%	8,960	16%	10,080	18%
CHAMPUS & TriCare	205	<1%	211	<1%	560	1%	560	1%	560	1%
Total Government	**33,937**	**60%**	**32,007**	**62%**	**36,400**	**65%**	**36,400**	**65%**	**36,960**	**66%**
Commercial Insurers	20,802	37%	18,069	35%	16,240	29%	15,120	27%	13,440	24%
Uninsured	1,687	3%	1,349	3%	2,800	5%	3,920	7%	5,040	9%
Workers Compensation	205	<1%	200	<1%	560	1%	560	1%	560	1%
Total Non-Government	**22,284**	**40%**	**19,618**	**38%**	**19,600**	**35%**	**19,600**	**35%**	**19,040**	**35%**
Total Payer Mix	**56,221**	**100%**	**51,625**	**100%**	**56,000**	**100%**	**56,000**	**100%**	**56,000**	**100%**

Payer			Current		Projected					
	FY 2015		FY 2016**		FY 2017**		FY 2018**		FY 2019**	
	Patients	%	*Patients*	%	*Patients*	%	*Patients*	%	*Patients*	%
Medicare*	7,742	49%	7,563	49%	7,763	49%	7,408	48%	7,254	47%
Medicaid*	1,738	11%	2,006	13%	2,315	15%	2,469	16%	2,778	18%
CHAMPUS & TriCare	76	<1%	70	<1%	130	1%	130	1%	130	1%
Total Government	**9,556**	**60%**	**9,639**	**62%**	**10,208**	**65%**	**10,007**	**65%**	**10,162**	**66%**
Commercial Insurers	5,846	37%	5,402	35%	4,476	29%	4,167	27%	3,704	24%
Uninsured	474	3%	463	3%	771	5%	1,081	7%	1,389	9%
Workers Compensation	52	<1%	65	<1%	154	1%	154	1%	154	1%
Total Non-Government	**6,372**	**40%**	**5,930**	**38%**	**5,401**	**35%**	**5,402**	**35%**	**5,247**	**35%**
Total Payer Mix	**15,928**	**100%**	**15,569**	**100%**	**15,609**	**100%**	**15,409**	**100%**	**15,409**	**100%**

Greer, Leslie

From: Lazarus, Steven
Sent: Thursday, September 29, 2016 7:12 AM
To: Greer, Leslie
Subject: FW: Updated CON sheets requested for AMG and CAGW to reflect FY 2015 actual numbers

Please add to the record.

Steve

Steven W. Lazarus
Associate Health Care Analyst
Division of Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134
Phone: 860-418-7012
Fax: 860-418-7053

From: Buckley, Katherine [mailto:kBuckley@wtbyhosp.org]
Sent: Wednesday, September 28, 2016 1:29 PM
To: Lazarus, Steven
Cc: Ann H. Zucker; 'David S. Hardy (DHardy@carmodylaw.com)'; James Moylan; Martone, Kim; Riggott, Kaila; Carney, Brian; 'Michele Volpe (mmv@bvmlaw.com)'; Stromstad, Darlene
Subject: RE: Updated CON sheets requested for AMG and CAGW to reflect FY 2015 actual numbers

After phone discussion with you just now, I provide the following written explanation:.

On the audited financials the AMG and CAGW hospital affiliates both reflect losses on the consolidated statement of operations, which are then subsidized by the hospital. For CON presentation purposes, these AMG and CAGW losses are included in the Waterbury Hospital entity reporting , and the AMG and CAGW are both reflected with a net income of $0. For both AMG and CAGW the net of the " operating expenses and loss from operations" as shown on the audited financials will equal the "total operating expenses and provision for taxes" on the CON filing

Hope that this helps explain the presentation difference between the audited financials and the CON.

Kathy Buckley
Waterbury Hosptial-FInance

Greer, Leslie

From: Lazarus, Steven
Sent: Thursday, September 29, 2016 11:29 AM
To: Greer, Leslie
Subject: FW: Updated CON sheets requested for AMG and CAGW to reflect FY 2015 actual numbers

Please add to the records of 32104 and 32105.

Steve

Steven W. Lazarus
Associate Health Care Analyst
Division of Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134
Phone: 860-418-7012
Fax: 860-418-7053

From: Buckley, Katherine [mailto:kBuckley@wtbyhosp.org]
Sent: Thursday, September 29, 2016 10:29 AM
To: Lazarus, Steven
Cc: Ann H. Zucker; 'David S. Hardy (DHardy@carmodylaw.com)'; James Moylan; Martone, Kim; Riggott, Kaila; Carney, Brian; 'Michele Volpe (mmv@bvmlaw.com)'; Stromstad, Darlene
Subject: RE: Updated CON sheets requested for AMG and CAGW to reflect FY 2015 actual numbers

Steve-I just tries to call you, but you were not available. I have provided a written expense below:

On the AMG CON, the total of the Other Operating Income (line 14), and the Non Operating Income/Revenue (no line #) totals the other operating income on the audited financials. The numbers you reference below reflect rental income. Note that the overall net income is reported at $0 for each year.

Please call me at 203-573-7220 if you have any further questions.

Kathy Buckley
Finance

From: Lazarus, Steven [mailto:Steven.Lazarus@ct.gov]
Sent: Thursday, September 29, 2016 10:11 AM

To: Buckley, Katherine
Cc: Ann H. Zucker; 'David S. Hardy (DHardy@carmodylaw.com)'; James Moylan; Martone, Kim; Riggott, Kaila; Carney, Brian; 'Michele Volpe (mmv@bvmlaw.com)'; Stromstad, Darlene
Subject: RE: Updated CON sheets requested for AMG and CAGW to reflect FY 2015 actual numbers

Kathy,

An additional question, based on the last explanation, I see that CAGW reflects "$0" for Income/(loss) from operations (FY14-19). However, AMG lists losses of $114,231 (FY14), $111,316 (FY15) and $109,290 (FYs 16-19). Can you please what these are and why these losses are still listed in as losses from operations?

Thanks,

Steve

Steven W. Lazarus
Associate Health Care Analyst
Division of Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue
Hartford, CT 06134
Phone: 860-418-7012
Fax: 860-418-7053

From: Buckley, Katherine [mailto:kBuckley@wtbyhosp.org]
Sent: Wednesday, September 28, 2016 1:29 PM
To: Lazarus, Steven
Cc: Ann H. Zucker; 'David S. Hardy (DHardy@carmodylaw.com)'; James Moylan; Martone, Kim; Riggott, Kaila; Carney, Brian; 'Michele Volpe (mmv@bvmlaw.com)'; Stromstad, Darlene
Subject: RE: Updated CON sheets requested for AMG and CAGW to reflect FY 2015 actual numbers

After phone discussion with you just now, I provide the following written explanation:.

On the audited financials the AMG and CAGW hospital affiliates both reflect losses on the consolidated statement of operations, which are then subsidized by the hospital. For CON presentation purposes, these AMG and CAGW losses are included in the Waterbury Hospital entity reporting , and the AMG and CAGW are both reflected with a net income of $0. For both AMG and CAGW the net of the " operating expenses and loss from operations" as shown on the audited financials will equal the "total operating expenses and provision for taxes" on the CON filing

Hope that this helps explain the presentation difference between the audited financials and the CON.

Kathy Buckley
Waterbury Hosptial-FInance

Greer, Leslie

From: Greer, Leslie
Sent: Thursday, September 29, 2016 4:26 PM
To: DHardy@carmodylaw.com
Cc: Ann H. Zucker (AZucker@carmodylaw.com); mmv@bvmlaw.com; Lazarus, Steven; Carney, Brian; Riggott, Kaila
Subject: DNs: 16-32104 & 16-32105 Deemed Complete
Attachments: 16-32104-CON Notification of Application Deemed Complete.docx; 16-32105-CON Notification of Application Deemed Complete.docx

Dear Attorney Hardy,

Please be advised, OHCA has deemed the two CON applications filed under DNs: 32104 and 32105 to be Complete. See attached correspondences. Any questions, please feel free to contact Steven Lazarus directly at 860-418-7012. Please confirm receipt of this email.

Thank you,

Leslie

Leslie M. Greer
Office of Health Care Access
Connecticut Department of Public Health
410 Capitol Avenue, MS#13HCA, Hartford, CT 06134
Phone: (860) 418-7013 Fax: (860) 418-7053
Website: 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

September 29, 2016

Via Email Only

David Hardy
Attorney
Carmody Torrance Sandak Hennessey, LLP
195 Church
New Haven, CT 06509-1950

RE: Certificate of Need Application; Docket Number: 16-32104-CON
Greater Waterbury Health Network, Inc. and Prospect Medical Holdings, Inc.
Transfer of Ownership of Alliance Medical Group, from Greater Waterbury Health Network, Inc. to a New Medical Foundation owned and operated by Prospect Medical Holdings, Inc.

Dear Attorney Hardy:

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 September 29, 2016.

If you have any questions concerning this letter, please feel free to contact me at (860) 418-7012.

Sincerely,

Steven W. Lazarus

Steven W. Lazarus
Associate Healthcare Analyst

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

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

September 29, 2016

Via Email Only

David Hardy
Attorney
Carmody Torrance Sandak Hennessey, LLP
195 Church
New Haven, CT 06509-1950

RE: Certificate of Need Application; Docket Number: 16-32105-CON
Greater Waterbury Health Network, Inc. and Prospect Medical Holdings, Inc.
Transfer of Ownership of Cardiology Associates of Greater Waterbury, from Greater Waterbury Health Network, Inc. to a New Medical Foundation owned and operated by Prospect Medical Holdings, Inc.

Dear Attorney Hardy:

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 September 29, 2016.

If you have any questions concerning this letter, please feel free to contact me at (860) 418-7012.

Sincerely,

Steven W. Lazarus

Steven W. Lazarus
Associate Healthcare Analyst

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: David S. Hardy <DHardy@carmodylaw.com>
Sent: Thursday, September 29, 2016 4:52 PM
To: Greer, Leslie
Cc: Ann H. Zucker; mmv@bvmlaw.com; Lazarus, Steven; Carney, Brian; Riggott, Kaila
Subject: Re: DNs: 16-32104 & 16-32105 Deemed Complete

Leslie,
Confirming receipt. Thank you very much.
Dave

> On Sep 29, 2016, at 4:28 PM, Greer, Leslie <Leslie.Greer@ct.gov> wrote:
>
> Dear Attorney Hardy,
>
> Please be advised, OHCA has deemed the two CON applications filed under DNs: 32104 and 32105 to be Complete. See attached correspondences. Any questions, please feel free to contact Steven Lazarus directly at 860-418-7012. Please confirm receipt of this email.
>
> Thank you,
>
> Leslie
>
>
> Leslie M. Greer
> Office of Health Care Access
> Connecticut Department of Public Health
> 410 Capitol Avenue, MS#13HCA, Hartford, CT 06134
> Phone: (860) 418-7013 Fax: (860) 418-7053
> Website: www.ct.gov/ohca<http://www.ct.gov/ohca>
> [http://www.ct.gov/insidedph/lib/insidedph/communications/DPH-Color.gi
> f]
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>
>
>
> <16-32104-CON Notification of Application Deemed Complete.docx>
> <16-32105-CON Notification of Application Deemed Complete.docx>

David S. Hardy
Carmody Torrance Sandak & Hennessey LLP
195 Church Street | P.O. Box 1950
New Haven, CT 06509-1950
Direct: 203-784-3119 | Fax: 203-784-3199 mailto:DHardy@carmodylaw.com | http://www.carmodylaw.com

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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

Certificate of Need
Final Decision

Applicants: **Cardiology Associates of Greater Waterbury, LLC.**
455 Chase Parkway
Waterbury, CT 06708

Greater Waterbury Health Network, Inc. /The Waterbury Hospital
64 Robbins Street
Waterbury, CT 06708

Prospect Medical Holdings, Inc.
10780 Santa Monica Blvd., Suite 400
Los Angeles, CA 90025

Docket Number: **16-32105-CON**

Project Title: **Transfer of Ownership of Cardiology Associates of Greater Waterbury, LLC, from Greater Waterbury Health Network, Inc. to Prospect Medical Holdings, Inc.**

Project Description: The Greater Waterbury Health Network, Inc. ("GWHN") and Waterbury Hospital ("TWH") are proposing to transfer ownership of Cardiology Associates of Greater Waterbury, LLC ("CAGW") from GWHN to a subsidiary or affiliate of Prospect Medical Holdings, Inc. ("PMH"), with no associated capital expenditure.

Procedural History: The Applicants published notice of their intent to file a Certificate of Need ("CON") application in *The Republican American* (Waterbury) on April 21, 22 and 23, 2016. On July 14, 2016, the Office of Health Care Access ("OHCA") received the CON application from the Applicant for the above-referenced project and deemed the application complete on September 29, 2016. OHCA received no responses from the public concerning the proposal and no hearing requests were received from the public per Connecticut General Statutes ("Conn. Gen. Stat.") § 19a-639a(e). Deputy Commissioner Addo considered the entire record in this matter.

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410 Capitol Avenue, MS#13HCA
Hartford, Connecticut 06134-0308
www.ct.gov/dph
Affirmative Action/Equal Opportunity Employer

Findings of Fact and Conclusions of Law

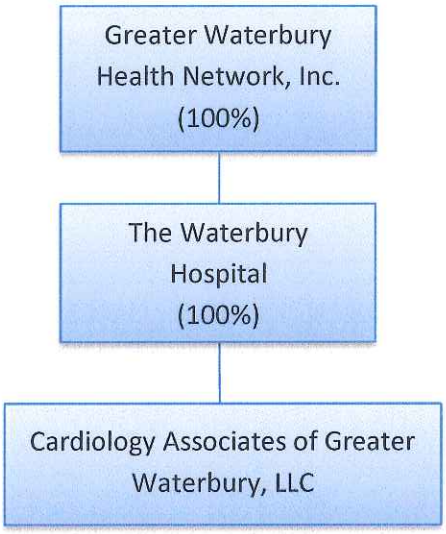
1. CAGW is an outpatient provider of cardiology services consisting of seven (7) physicians and a physician-assistant. Additionally, there are five (5) contracted physicians that provide services on a part-time basis. Ex. A, p. 6

2. CAGW's office is located at 455 Chase Parkway, Waterbury, CT 06708. Ex. A, p. 24

3. CAGW is a Limited Liability Company, formed in 2011. It is a wholly owned subsidiary of The Waterbury Hospital ("Hospital). Further, the Hospital is a wholly owned subsidiary of Greater Waterbury Health Network, Inc. ("GWHN"). Ex. A, p. 6

4. CAGW's current ownership structure is shown below:

CAGW OWNERSHIP/MEMBERSHIP STRUCTURE



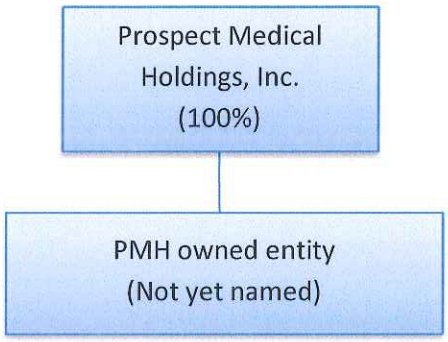
Ex. A, pp. 6,194

5. As Connecticut law[1] limits the number of medical foundations allowed by a hospital or health care system to one, this proposal requests authorization for GWHN to transfer ownership of CAGW to PMH. PMH previously received approval from OHCA and the Office of the Attorney General (Docket Numbers: 15-32017-486 and 15-486-02) to become the sole owner of GWHN, acquire substantially all its assists and to convert GWHN from a not-for-profit to a for-profit entity. Ex. A, p. 6

[1]Connecticut General Statute, section 33-182bb states that a hospital, health system or medical school may organize and become a member of no more than one medical foundation.

6. Following authorization, CAGW will be dissolved and its assets and liabilities will be assumed by PMH or its affiliate (see organization chart below):

POST AUTHORIZATION OWNERSHIP/MEMBERSHIP STRUCTURE



Ex. A, pp. 6, 12, 195

7. CAGW's service area is comprised of the following towns: Ex. A, pp. 9, 24

TABLE 1
SERVICE AREA TOWNS

Beacon Falls	Bethlehem	Cheshire	Middlebury
Morris	Naugatuck	Oakville	Oxford
Plantsville	Plymouth	Prospect	Seymour
Southbury	Southington	Terryville	Thomaston
Waterbury	Watertown	Wolcott	Woodbury

8. No changes to the service area towns are expected as a result of this proposal. Ex. A, p, 13

9. This proposal will maintain the diversity of health care providers and patient choice in the geographic region. Ex. A, p. 8

10. It is anticipated that no clinical services offered by CAWG will be added, modified or terminated as a result of this proposal. Ex. A, p. 9

11. This proposal will not impact the delivery of services or the day-to-day operations of AMG physicians. Ex. A, p. 11

12. The Coordinated-Regional Care model ("CRC") utilized by PMH enhances clinical integration among hospitals, physicians and other medical, social and community providers, allowing them to work closely with strategic partner health plans and other payers under a value-based, global risk reimbursement payment system to achieve the triple aim of improved patient care and experience, better patient health and lower cost. Ex. A, p. 11; Ex. C, p. 205

13. This model has been highly successful in aligning physicians with PMH hospitals, improving quality, efficiency and financial performance in California. Versions of the model have been implemented in Texas and Rhode Island with similar success. Ex. A, p. 11; Ex. C, p. 205

14. The CRC model will help reduce unnecessary readmissions, inpatient utilization and emergency room visits, improving outcomes and reducing health care costs. From 2012 to 2014, PMH was able to reduce hospital bed days, length of stay, admission per thousand and readmissions within thirty days for seniors living in California and Texas. Ex. A, p. 11; Ex. C, p. 205

15. Historical utilization volumes are shown in the table below:

TABLE 2
HISTORICAL UTILIZATION BY SERVICE

	Actual Volume				
Service	**FY 2013**	**FY 2014**	**FY 2015**	**FY 2016 (Oct 2015-July2016)**	**FY 2016* Annualized**
Cardiology ED	503	487	527	561	673
Cardiology Inpatient	11,258	10,668	9,980	8,804	10,565
Cardiology Office	43,874	44,637	45,714	33,656	40,387
Total	**55,635**	**55,792**	**56,221**	**43,021**	**51,625**

*FY 2016 utilization annualized based on year-to-date volumes

Ex. C, p. 206

16. Projected utilization volumes are illustrated in the table below:

TABLE 3
PROJECTED UTILIZATION BY SERVICE

	Actual Volume		
Service	**FY 2017**	**FY 2018**	**FY2019**
Cardiology ED	500	500	400
Cardiology Inpatient	10,000	10,000	9,000
Cardiology Office	45,500	45,500	46,600
Total	**56,000**	**56,000**	**56,000**

Ex. A, p.25, Ex. C, p. 206

17. Medicaid covered patients accounted for 11% of CAGW's patient population in FY 2015. No significant changes in payer mix are anticipated as a result of this proposal.

TABLE 4
APPLICANT'S CURRENT & PROJECTED PAYER MIX

Payer	FY 2015		Projected							
			FY 2016		FY 2017		FY 2018		FY 2019	
	Visits	%	Visits	%	Visits	%	Visits	%	Visits	%
Medicare*	27,548	49%	25,296	49%	27,440	49%	26,880	48%	26,320	47%
Medicaid*	6,184	11%	6,500	13%	8,400	15%	8,960	16%	10,080	18%
CHAMPUS	205	<1%	211	<1%	560	1%	560	1%	560	1%
Total Government	**33,937**	**60%**	**32,007**	**62%**	**36,400**	**65%**	**36,400**	**65%**	**36,960**	**66%**
Commercial Insurers	20,802	37%	18,069	35%	16,240	29%	15,120	27%	13,440	24%
Uninsured	1,687	3%	1,349	3%	2,800	5,%	3,920	7%	5,040	9%
Workers Compensation	205	<1%	200	<1%	560	1%	560	<1%	560	1%
Total Non-Government	**22,284**	**40%**	**19,618**	**38%**	**19,600**	**35%**	**19,600**	**35%**	**19,040**	**34%**
Total Payer Mix	**56,221**	**100%**	**51,625**	**100%**	**56,000**	**100%**	**56,000**	**100%**	**56,000**	**100%**

*Includes managed care activity.
Ex. F, Payer Mix Table

18. There are no incremental revenues or expenses projected as a result of this proposal. Ex. E, Financial Worksheets

19. CAGW recorded a $3.6M loss from operations in FY 2015 and projects similar results through FY 2019. However, these losses are subsumed within the consolidated financial statements of TWH, which were reviewed in (Docket Numbers: 15-32017-486) regarding the acquisition of GWHN by PMH and determined financially feasible.

TABLE 5
HISTORICAL REVENUES AND EXPENSES

	FY 2015
Revenue from Operations	$7,842,473
Total Operating Expenses	$11,477,466
Gain/Loss from Operations	($3,634,993)

Source: Consolidating Statement of Operations for the year ending Sept. 30, 2015 submitted to OHCA

20. In its audited financial statements for FY 2015, PMH reported total revenues of over $1.3 billion from its operations on a consolidated basis. As of fiscal year end 2015, PMH reported free cash flow of over $112 million and close to $75 million in cash from operations. The company also received credit upgrades by both Moody's and S&P in 2015, with Moody's

rating PMH's bonds as B1 and S&P rating PMH's bonds as B. These ratings still stand as of May 3, 2016. Docket#15-32017-486, FF 19

21. CAGW offers charity care on a sliding fee schedule. Ex. A, p. 17; Ex. C, pp 132-133

22. No changes in the price structure are planned in connection with the proposed transfer to a PMH entity. Ex. A, p. 17

23. There is no capital expenditure associated with the proposal. Ex. C, p. 18

24. OHCA is currently in the process of establishing its policies and standards as regulations. Therefore, OHCA has not made any findings as to this proposal's relationship to any regulations not yet adopted by OHCA. (Conn. Gen. Stat. § 19a-639(a)(1))

25. This CON application is consistent with the Statewide Health Care Facilities and Service Plan. (Conn. Gen. Stat. § 19a-639(a)(2))

26. The Applicants have established that there is a clear public need for the proposal. (Conn. Gen. Stat. § 19a-639(a)(3))

27. The Applicants have demonstrated that the proposal is financially feasible. (Conn. Gen. Stat. § 19a-639(a)(4))

28. The Applicants have satisfactorily demonstrated that the proposal will maintain or improve quality, accessibility and cost effectiveness of health care delivery in the region. (Conn. Gen. Stat.§ 19a-639(a)(5))

29. The Applicants have shown that there would be no change in the provision of health care services to the relevant populations and payer mix, including access to services by Medicaid recipients and indigent persons. (Conn. Gen. Stat. § 19a-639(a)(6))

30. The Applicants have satisfactorily identified the population to be affected by this proposal. (Conn. Gen. Stat. § 19a-639(a)(7))

31. The Applicants' historical provision of treatment in the service area supports this proposal. (Conn. Gen. Stat. § 19a-639(a)(8))

32. The Applicants have satisfactorily demonstrated that this proposal would not result in an unnecessary duplication of existing services in the area. (Conn. Gen. Stat. § 19a-639(a)(9))

33. The Applicants have demonstrated that there will be no reduction in access to services by Medicaid recipients or indigent persons. (Conn. Gen. Stat. § 19a-639(a)(10))

34. The Applicants have demonstrated that the proposal will not negatively impact the diversity of health care providers and patient choice in the region. (Conn. Gen. Stat. § 19a-639(a)(11))

35. The Applicants have satisfactorily demonstrated that the proposal will not result in any consolidation that would affect health care costs or access to care. (Conn. Gen. Stat. § 19a-639(a)(12))

Discussion

CON applications are decided on a case by case basis and do not lend themselves to general applicability due to the uniqueness of the facts in each case. In rendering its decision, OHCA considers the factors set forth in § 19a-639(a) of the Statutes. The Applicants bear the burden of proof in this matter by a preponderance of the evidence. *Jones v. Connecticut Medical Examining Board, 309 Conn. 727 (2013).*

CAGW is an outpatient provider of cardiology services consisting of seven (7) physicians and a physician-assistant. Additionally, there are five (5) contracted physicians that provide services on a part-time basis, with its office located at 455 Chase Parkway, Waterbury, Connecticut. CAGW is a Limited Liability Company and a wholly owned subsidiary of the Hospital. The Hospital is a wholly owned subsidiary of GWHN. *FF1-3*

It is anticipated that no clinical services offered by CAGW will be added, modified or terminated as a result of this proposal. There will be minimal impact on the delivery of services or the day-to-day operations of CAGW physicians. Further, this proposal will help maintain the diversity of health care providers, patient choice and access to services across the continuum of care in the Waterbury region. *FF10-12*

The CRC model utilized by PMH will enhance clinical integration among hospitals, physicians and other medical, social and community providers in the area, thus improving the health care system's ability to achieve the triple aim of improved patient care and experience, better patient health and lower cost. This model has been highly successful in aligning physicians with PMH hospitals, improving quality, efficiency and financial performance in California. Versions of the model have been implemented in Texas and Rhode Island with similar success. The CRC model helped reduce unnecessary readmissions, inpatient utilization and emergency room visits, improving outcomes and reducing health care costs. From 2012 to 2014, PMH was able to reduce hospital bed days, length of stay, admission per thousand and readmissions within thirty days for seniors living in California and Texas. It is reasonable to assume that similar results can be achieved in Connecticut. *FF12-14*

Medicaid covered patients accounted for 11% of CAGW's patient population in FY 2015. No significant changes in payer mix are anticipated as a result of this proposal. *FF19* In addition, CAGW offers charity care on a sliding fee schedule. *FF23* The Applicants have stated that no changes to the price structure will occur as a result of the proposal. *FF24*

As a result of these combined factors, the Applicants have satisfactorily demonstrated that quality and access to physician/provider services in the region will be maintained or improved for all relevant patient populations and has a potential to reduce patient health care costs.

There is no capital expenditure associated with the proposal. *FF25* CAGW recorded a $3.6M loss in FY 2015 and projects similar results through FY 2019, However, these losses are subsumed within the consolidated financial statements of TWH, which were reviewed in (Docket Numbers: 15-32017-486) regarding the acquisition of GWHN by PMH and determined financially feasible. Further, PMH reported total revenues of over $1.3 billion from its operations, free cash flow of

over $112 million and $75 million in cash from operations in FY 2015. Thus, PMH has the financial resources to acquire and assume CAGW's losses. *FF21-22*

Therefore, the Applicants have satisfactorily demonstrated that the proposal is financially feasible and that the proposal will ensure that access to quality care is maintained or improved for the population currently being served, including the Medicaid population. Accordingly, the Applicants have demonstrated that their proposal is consistent with the Statewide Health Care Facilities and Services Plan.

Order

Based upon the foregoing Findings of Fact and Discussion, the Applicants' request to transfer ownership of CAGW from TWH and its parent corporation, GWHN to PMH is hereby APPROVED.

All of the foregoing constitutes the final order of the Office of Health Care Access in this matter.

By Order of the
Department of Public Health
Office of Health Care Access

9/30/16
Date

Yvonne T. Addo, MBA
Deputy Commissioner

Olejarz, Barbara

From: Microsoft Outlook
To: Michele Volpe (mmv@bvmlaw.com); 'azucker@carmodylaw.com'
Sent: Friday, September 30, 2016 1:19 PM
Subject: Relayed: Final decision for Alliance Medical and Cardiology Associates

Delivery to these recipients or groups is complete, but no delivery notification was sent by the destination server:

Michele Volpe (mmv@bvmlaw.com) (mmv@bvmlaw.com)

'azucker@carmodylaw.com' (azucker@carmodylaw.com)

Subject: Final decision for Alliance Medical and Cardiology Associates

Olejarz, Barbara

From: Olejarz, Barbara
Sent: Friday, September 30, 2016 1:19 PM
To: Michele Volpe (mmv@bvmlaw.com); 'azucker@carmodylaw.com'
Cc: Lazarus, Steven; Carney, Brian; Riggott, Kaila
Subject: Final decision for Alliance Medical and Cardiology Associates
Attachments: 32104-1.pdf; 32105-1.pdf

Tracking:

Recipient	Delivery
Michele Volpe (mmv@bvmlaw.com)	
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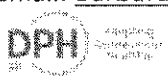
Lazarus, Steven	Delivered: 9/30/2016 1:19 PM
Carney, Brian	Delivered: 9/30/2016 1:19 PM
Riggott, Kaila	Delivered: 9/30/2016 1:19 PM

9/30/16

Please see attached decisions for Docket Number 16-32104-CON and Docket Number 16-32105-CON

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