Original Application

Saint Thomas Surgery Center New Salem, LLC

CN1707-022

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. *Name of Facility, Agency, or Institution*

Saint Thomas Surgery Center New Salem, LLC
Name

2779 New Salem Road — Rutherford
Street or Route — County

Murfreesboro — Tennessee — 37128
City — State — Zip Code

Website address: www.sthealth.com

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. *Contact Person Available for Responses to Questions*

Byron R. Trauger — Esquire
Name — Title

Trauger & Tuke — btrauger@tntlaw.net
Company Name — Email address

222 Fourth Avenue North — Nashville — TN — 37219
Street or Route — City — State — Zip Code

Counsel to Applicant — (615) 256-8585 — (615) 256-7444
Association with Owner — Phone Number — Fax Number

NOTE: ***Section A*** is intended to give the applicant an opportunity to describe the project. ***Section B*** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on ***8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.*** All questions must be answered. If an item does not apply, please indicate *"N/A" (not applicable)*. ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment***

A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.

3. SECTION A: EXECUTIVE SUMMARY

A. Overview

Please provide an overview not to exceed three pages in total explaining each numbered point.

1) Description – Address the establishment of a health care institution, initiation of health services, bed complement changes, and/or how this project relates to any other outstanding but unimplemented certificates of need held by the applicant;

RESPONSE: Rutherford County is the fastest growing county in Tennessee. At current ratios of ORs and PRs to population in the service area, there will be a need for 2.4 additional ORs and 1.2 additional PRs over the four-year planning horizon (2021). STSC-NS is proposing just two ORs and one PR. The proposed project will not have a negative effect on existing providers. Instead, it will decompress Saint Thomas Surgery Center ("STSC') facilities in Davidson and Williamson counties.

								Gross Need at Static		
	2016		2016	2016 Rms/100,000			2021	Use Rates		
	ORs	Proc Rms	Population	ORs	Proc Rms		Population	ORs	Proc Rms	
Rutherford	14	7	318,638	4.394	2.197		367,508	16.1	8.1	
Bedford	2	0	50,005	4.000	0.000		54,178	2.2	0.0	
Coffee	3	3	55,932	5.364	5.364		58,331	3.1	3.1	
Cannon	0	0	14,562	0	0		15,035	0.0	0.0	
Warren	0	0	41,019	0	0		41,578	0.0	0.0	
	19	10	480,156	3.957	2.083		536,630	21.4	11.2	Gross Need
								19.0	10.0	Supply
								2.4	1.2	Net Nee

Need projections are also based on a second approach relying upon service area population growth and the redirection of some of the 2,273 existing service area patients from highly utilized Saint Thomas ASTCs in Nashville/Franklin to New Salem.

Five factors are relevant to the need for this project.

- Growth. Rutherford County is the fastest growing county in the entire state of Tennessee, fueling the need for healthcare services.
- Access. Rapid population growth brings traffic and congestion along roads and highways. Patients find it more difficult to travel to Nashville for care.
- Continuity. The New Salem ASTC will be located next door to a new Saint Thomas Medical Partners medical office building and (recently CON approved) imaging center.

- Cost. Freestanding ASTCs like the one proposed here offer patients and payors a lower cost alternative to hospital services.

- Decompression. Serving existing Saint Thomas ASTC patients closer to their community will allow cases to be shifted away from highly utilized Saint Thomas ASTCs in Davidson and Williamson counties.

There are no outstanding or unimplemented certificates of need held by the applicant.

2) Ownership structure;

RESPONSE: Entities and persons with more than 5% ownership in the applicant's joint venture owner entity (Saint Thomas / USP Surgery Centers, LLC) are USP Tennessee, Inc. (50.1%) and Saint Thomas Health (49.9%).

3) Service area;

RESPONSE: Like Saint Thomas Rutherford Hospital, the proposed STSC-NS service area is very similar.

STSC-NS will serve a five-county primary (Rutherford) and secondary (Bedford, Cannon, Coffee, Warren) service area. The rapid growth in Rutherford County, the primary service area county, is the most distinguishing characteristic of the population served. Rutherford County leads the state of Tennessee (number one ranking of 95 counties) in projected population growth from 2017 to 2021 – 36,154 persons. As the ranking implies, this number exceeds the growth projected for even Davidson or Shelby counties. In terms of percentage population growth, Rutherford County is second in the state – 11.2%.

In 2017, the total service area had an estimated population of 485,746. Official sources indicate that the service area population will grow by approximately 8.5%, or 41,310 persons, by 2021. This is significantly higher growth than the 4.4% projected for Tennessee.

Given these population growth projections, demand for the services at STSC-NS is expected to increase.

4) Existing similar service providers;

RESPONSE: The proposed project will not have a negative effect on existing providers. Instead, it will decompress STSC facilities in Davidson and Williamson counties.

5) Project cost;

RESPONSE: Of the $16 million project costs, only $9.1 million represent true initial outlays.

6) Funding;

RESPONSE: Funding for the project will come from the owners' reserves and commercial loan.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

RESPONSE:

8) Staffing.

RESPONSE:

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

RESPONSE:

2) Economic Feasibility;

RESPONSE:

3) Appropriate Quality Standards; and

RESPONSE:

4) Orderly Development to adequate and effective health care.

RESPONSE:

C. Consent Calendar Justification

If Consent Calendar is requested, please provide the rationale for an expedited review.

A request for Consent Calendar must be in the form of a written communication to the Agency's Executive Director at the time the application is filed.

RESPONSE: Not applicable.

4. SECTION A: PROJECT DETAILS

A. ***Owner of the Facility, Agency or Institution***

Saint Thomas Surgery Center New Salem, LLC Name		615-376-7300 Phone Number
8 Cadillac Drive Street or Route		Williamson County
Brentwood City	TN State	37027 Zip Code

B. ***Type of Ownership of Control (Check One)***

A.	Sole Proprietorship		F.	Government (State of TN or Political Subdivision)	
B.	Partnership		G.	Joint Venture	
C.	Limited Partnership		H.	Limited Liability Company	X
D.	Corporation (For Profit)		I.	Other (Specify)_____	
E.	Corporation (Not-for-Profit)				

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at https://tnbear.tn.gov/ECommerce/FilingSearch.aspx.

RESPONSE: See **TAB 1, Attachment Section A-4B-1.**

Describe *the existing or proposed ownership structure of the applicant, including an ownership structure organizational chart. Explain the corporate structure and the manner in which all entities of the ownership structure relate to the applicant. As applicable, identify the members of the ownership entity and each member's percentage of ownership, for those members with 5% ownership (direct or indirect) interest.*

RESPONSE: See **TAB 2, Attachment Section A-4B-2.**

5. ***Name of Management/Operating Entity (If Applicable)***

USP Tennessee, Inc. Name		
8 Cadillac Drive Street or Route		Williamson County
Brentwood City	TN State	37027 Zip Code

Website address: www.uspi.com

For new facilities or existing facilities *without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.*

RESPONSE: See **TAB 3, Attachment Section A-5.**

6A. ***Legal Interest in the Site of the Institution*** ***(Check One)***

A.	Ownership	_____	D.	Option to Lease	__X__
B.	Option to Purchase	_____	E.	Other (Specify) _____	_____
C.	Lease of ___ Years	_____		_____	

Check appropriate line above: *For applicants or applicant's parent company/owner that currently own the building/land for the project location, attach a copy of the title/deed. For applicants or applicant's parent company/owner that currently lease the building/land for the project location, attach a copy of the fully executed lease agreement. For projects where the location of the project has not been secured, attach a fully executed document including Option to Purchase Agreement, Option to Lease Agreement, or other appropriate documentation. Option to Purchase Agreements* ***must include*** *anticipated purchase price. Lease/Option to Lease Agreements* ***must include*** *the actual/anticipated term of the agreement* ***and*** *actual/anticipated lease expense. The legal interests described herein* ***must be valid*** on the date of the Agency's consideration of the certificate of need application.

RESPONSE: See **TAB 4, Attachment Section A-6A**.

6B. Attach **a copy of the site's plot plan, floor plan, and if applicable, public transportation route to and from the site** on an 8 1/2" x 11" sheet of white paper, single or double-sided. ***DO NOT SUBMIT BLUEPRINTS***. Simple line drawings should be submitted and need not be drawn to scale.

1) Plot Plan **must include**:

   a. Size of site (***in acres***);

   b. Location of structure on the site;

   c. Location of the proposed construction/renovation; and

   d. Names of streets, roads or highway that cross or border the site.

   RESPONSE: See **TAB 5, Attachment Section A-6B-1**.

2) Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. On an 8 ½ by 11 sheet of paper or as many as necessary to illustrate the floor plan.

   RESPONSE: See **TAB 6, Attachment Section A-6B-2**.

3) Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

   RESPONSE: The community's focus on existing infrastructure limitations and the need to improve roadways is strong evidence of the robust growth in the service area, especially in Rutherford County. Areas of Rutherford County that are experiencing unprecedented growth and the need for infrastructure and roadway development include Smyrna and other areas of Murfreesboro. Further evidence of area growth are references in newspaper articles about roadway development to new public schools that are being constructed in Rutherford County, including a middle school that is scheduled to open in August 2017, an elementary school in August 2018 and a Rockvale High School in 2019. Please see **Tab 7, Attachment Section A-6B-3** for articles discussing the traffic and growth challenges in the area.

7. Type of Institution ***(Check as appropriate--more than one response may apply)***

A.	Hospital (Specify)_____	____	H	Nursing Home	____
B.	Ambulatory Surgical Treatment Center (ASTC), Multi-Specialty	__X__	I.	Outpatient Diagnostic Center	____
			J.	Rehabilitation Facility	____
C.	ASTC, Single Specialty	____	K.	Residential Hospice	____
D.	Home Health Agency	____	L.	Nonresidential Substitution-Based Treatment Center for Opiate Addiction	____
E.	Hospice	____			
F.	Mental Health Hospital	____			
G.	Intellectual Disability Institutional Habilitation Facility ICF/IID	____	M.	Other (Specify)_____ _____	____

Check appropriate lines(s).

8. Purpose of Review ***(Check appropriate lines(s) – more than one response may apply)***

A.	New Institution	__X__	F.	Change in Bed Complement [*Please note the type of change by underlining the appropriate response: Increase, Decrease, Designation, Distribution, Conversion, Relocation*]	____
B.	Modifying an ASTC with limitation still required per CON	____			
C.	Addition of MRI Unit	____			
D.	Pediatric MRI	____			
E.	Initiation of Health Care Service as defined in T.C.A. §68-11-1607(4) (Specify)Multispecialty ASTC	__X__	G.	Satellite Emergency Dept.	____
			H.	Change of Location	____
			I.	Other (Specify)_____ _____	____

9. Medicaid/TennCare, Medicare Participation

MCO Contracts [Check all that apply]

__X__AmeriGroup __X__United Healthcare Community Plan __X__BlueCare __X__TennCare Select

Medicare Provider Number _____

Medicaid Provider Number _____

Certification Type _____

If a new facility, will certification be sought for Medicare and/or Medicaid/TennCare?

Medicare __X__Yes ___No ___N/A Medicaid/TennCare __X__Yes ___No ___N/A

10. Bed Complement Data

A. **Please indicate current and proposed distribution and certification of facility beds.**

	Current Licensed	*Beds Staffed*	*Beds Proposed*	**Beds Approved*	***Beds Exempted*	*TOTAL Beds at Completion*
1) Medical						
2) Surgical						
3) ICU/CCU						
4) Obstetrical						
5) NICU						
6) Pediatric						
7) Adult Psychiatric						
8) Geriatric Psychiatric						
9) Child/Adolescent Psychiatric						
10) Rehabilitation						
11) Adult Chemical Dependency						
12) Child/Adolescent Chemical Dependency						
13) Long-Term Care Hospital						
14) Swing Beds						
15) Nursing Home – SNF (Medicare only)						
16) Nursing Home – NF (Medicaid only)						
17) Nursing Home – SNF/NF (dually certified Medicare/Medicaid)						
18) Nursing Home – Licensed (non-certified)						
19) ICF/IID						
20) Residential Hospice						
TOTAL						

**Beds approved but not yet in service* ***Beds exempted under 10% per 3 year provision*

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services. **Attachment Section A-10.**

RESPONSE: Not applicable.

C. **Please identify all the applicant's outstanding Certificate of Need projects that have a licensed bed change component. If applicable, complete chart below.**

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved
N/A		

11. Home Health Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: **– RESPONSE: N/A**

	Existing Licensed County	Parent Office County	Proposed Licensed County		Existing Licensed County	Parent Office County	Proposed Licensed County
Anderson	☐	☐	☐	Lauderdale	☐	☐	☐
Bedford	☐	☐	☐	Lawrence	☐	☐	☐
Benton	☐	☐	☐	Lewis	☐	☐	☐
Bledsoe	☐	☐	☐	Lincoln	☐	☐	☐
Blount	☐	☐	☐	Loudon	☐	☐	☐
Bradley	☐	☐	☐	McMinn	☐	☐	☐
Campbell	☐	☐	☐	McNairy	☐	☐	☐
Cannon	☐	☐	☐	Macon	☐	☐	☐
Carroll	☐	☐	☐	Madison	☐	☐	☐
Carter	☐	☐	☐	Marion	☐	☐	☐
Cheatham	☐	☐	☐	Marshall	☐	☐	☐
Chester	☐	☐	☐	Maury	☐	☐	☐
Claiborne	☐	☐	☐	Meigs	☐	☐	☐
Clay	☐	☐	☐	Monroe	☐	☐	☐
Cocke	☐	☐	☐	Montgomery	☐	☐	☐
Coffee	☐	☐	☐	Moore	☐	☐	☐
Crockett	☐	☐	☐	Morgan	☐	☐	☐
Cumberland	☐	☐	☐	Obion	☐	☐	☐
Davidson	☐	☐	☐	Overton	☐	☐	☐
Decatur	☐	☐	☐	Perry	☐	☐	☐
DeKalb	☐	☐	☐	Pickett	☐	☐	☐
Dickson	☐	☐	☐	Polk	☐	☐	☐
Dyer	☐	☐	☐	Putnam	☐	☐	☐
Fayette	☐	☐	☐	Rhea	☐	☐	☐
Fentress	☐	☐	☐	Roane	☐	☐	☐
Franklin	☐	☐	☐	Robertson	☐	☐	☐
Gibson	☐	☐	☐	Rutherford	☐	☐	☐
Giles	☐	☐	☐	Scott	☐	☐	☐
Grainger	☐	☐	☐	Sequatchie	☐	☐	☐
Greene	☐	☐	☐	Sevier	☐	☐	☐
Grundy	☐	☐	☐	Shelby	☐	☐	☐
Hamblen	☐	☐	☐	Smith	☐	☐	☐
Hamilton	☐	☐	☐	Stewart	☐	☐	☐
Hancock	☐	☐	☐	Sullivan	☐	☐	☐
Hardeman	☐	☐	☐	Sumner	☐	☐	☐
Hardin	☐	☐	☐	Tipton	☐	☐	☐
Hawkins	☐	☐	☐	Trousdale	☐	☐	☐
Haywood	☐	☐	☐	Unicoi	☐	☐	☐
Henderson	☐	☐	☐	Union	☐	☐	☐
Henry	☐	☐	☐	Van Buren	☐	☐	☐
Hickman	☐	☐	☐	Warren	☐	☐	☐
Houston	☐	☐	☐	Washington	☐	☐	☐
Humphreys	☐	☐	☐	Wayne	☐	☐	☐
Jackson	☐	☐	☐	Weakley	☐	☐	☐
Jefferson	☐	☐	☐	White	☐	☐	☐
Johnson	☐	☐	☐	Williamson	☐	☐	☐
Knox	☐	☐	☐	Wilson	☐	☐	☐
Lake	☐	☐	☐				

12. Square Footage and Cost Per Square Footage Chart

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
ASTC with 2 ORs & 1 Proc Room				1st Floor		13,000	13,000
Unit/Department GSF Sub-Total						13,000	13,000
Other GSF Total							
Total GSF						13,000	13,000
*Total Cost						$3,450,000	$3,450,000
**Cost Per Square Foot						$266	$266
Cost per Square Foot Is Within Which Range *(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)* **Response:** Construction ranges for ASTCs are not provided by the Agency due to insufficient data.					☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐Between 2nd and 3rd Quartile ☐ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile

* The Total Construction Cost should equal the Construction Cost reported on line A5 of the Project Cost Chart.

** Cost per Square Foot is the construction cost divided by the square feet. Please do not include contingency costs.

13. MRI, PET, and/or Linear Accelerator – RESPONSE: Not Applicable

1. Describe the acquisition of any Magnetic Resonance Imaging (MRI) scanner that is adding a MRI scanner in counties with population less than 250,000 or initiation of pediatric MRI in counties with population greater than 250,000 and/or
2. Describe the acquisition of any Positron Emission Tomographer (PET) or Linear Accelerator if initiating the service by responding to the following:

A. Complete the chart below for acquired equipment.

☐ Linear Accelerator	Mev _____	Types: ☐ SRS ☐ IMRT ☐ IGRT ☐ Other _____	
	Total Cost*: _____	☐ By Purchase ☐ By Lease Expected Useful Life (yrs) ___	
	☐ New ☐ Refurbished	☐ If not new, how old? (yrs) _____	
☐ MRI	Tesla: ____	Magnet: ☐ Breast ☐ Extremity ☐ Open ☐ Short Bore ☐ Other _____	
	Total Cost*: _____	☐ By Purchase ☐ By Lease Expected Useful Life (yrs) ___	
	☐ New ☐ Refurbished	☐ If not new, how old? (yrs) _____	
☐ PET	☐ PET only ☐ PET/CT	☐ PET/MRI	
	Total Cost*: _____	☐ By Purchase ☐ By Lease Expected Useful Life (yrs) ___	
	☐ New ☐ Refurbished	☐ If not new, how old? (yrs) _____	

* As defined by Agency Rule 0720-9-.01(13)

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment.

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart.

D. Schedule of Operations:

Location	Days of Operation (*Sunday through Saturday*)	Hours of Operation (*example: 8 am – 3 pm*)
Fixed Site *(Applicant)*	Monday through Friday	8am - 5pm
Mobile Locations *(Applicant)*		
(Name of Other Location)		
(Name of Other Location)		

E. Identify the clinical applications to be provided that apply to the project.

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same.

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." Further standards for guidance are provided in the State Health Plan developed pursuant to T.C.A. § 68-11-1625.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Applicable Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. *Please type each question and its response on an 8 1/2" x 11" white paper, single-sided or double sided.* All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer, unless specified otherwise. ***If a question does not apply to your project, indicate "Not Applicable (NA)."***

QUESTIONS

SECTION B: NEED

A. Provide a response to each criterion and standard in Certificate of Need Categories in the State Health Plan that are applicable to the proposed project. Criteria and standards can be obtained from the Tennessee Health Services and Development Agency or found on the Agency's website at http://www.tn.gov/hsda/article/hsda-criteria-and-standards.

RESPONSE: Two sets of criteria and standards are applicable to this project – Ambulatory Surgical Treatment Centers and Construction, Renovation, Expansion and Replacement of Health Care Institutions. See responses, below.

1) Ambulatory Surgical Treatment Centers

Determination of Need

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need. An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

RESPONSE: STSC is proposing a new multispecialty ASTC with two operating rooms and one procedure room. STSC projects that it will exceed the minimum case guidelines for ORs. This is based upon service area population growth and the redirection of existing patients from highly utilized Saint Thomas ASTCs in Nashville.

Though STSC does not project that its single procedure room will exceed the minimum case guidelines initially, this service is a necessary adjunct to the surgery center and is permissible under this guideline.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

RESPONSE: Projections provided below are based on the assumptions found in the ASTC standards and criteria for operating rooms and procedure rooms.

STSC-NS Projected ASTC Utilization
Hours

	Year 1 2019	Year 2 2020
Cases		
OR	1,375	1,917
PR	570	795
	1,945	2,712
Min/Case		
OR	95	95
PR	45	45
Total Min		
OR	130,625	182,115
PR	25,650	35,775
	156,275	217,890
Total Hours		
OR	2,177	3,035
PR	428	596
	2,605	3,631

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

RESPONSE: As indicated below, utilization at area ASTCs has increased 9.7% in the past

three years. Cases per room exceeded the 844 minimum in 2016, including procedure volumes.

		Surgical Rooms			Encounters			Cases per Surg Rm		
County	Facility Name	ORs	PRs	Total	2014	2015	2016	2014	2015	2016
Coffee	Tullahoma Surgery Center	2	1	3	4,088	4,101	4,243	1,363	1,367	1,414
Rutherford	Middle TN Ambulatory Surg Center	6	1	7	5,471	5,859	6,267	782	837	895
Rutherford	Mid-State Endoscopy Center	0	2	2	1,873	2,160	2,314	937	1,080	1,157
Rutherford	Physicians Pavilion Surgery Center	4	1	5	2,823	2,004	2,255	565	401	451
Bedford	Center for ENT, Laser & Cosmetic Surgery	2	0	2	340	313	0	170	157	-
Coffee	Community Cancer Center of Tullahoma	0	2	2	0	141	179	-	71	90
Coffee	Center for Day Surgery	1	0	1	809	776	858	809	776	858
Rutherford	Spine & Pain Surgery Center	0	1	1	92	564	899	92	564	899
Rutherford	Surgicenter of Murfreesboro Medical Clinic	3	3	6	8,414	9,124	9,252	1,402	1,521	1,542
Rutherford	Williams Surgery Center	1	0	1	67	56	44	67	56	44
		19	**11**	**30**	**23,977**	**25,098**	**26,311**	**799**	**837**	**877**

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are know and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

   RESPONSE: As indicated above, the area average exceeds the 844 case minimum. Please note that need for the STSC project is based upon service area population growth and the redirection of existing patients from highly utilized Saint Thomas ASTCs in Nashville.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An

applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

RESPONSE: Not applicable. STSC is proposing a multispecialty surgery center.

Other Standards and Criteria

6. Access to ASTCs. The majority of the population in a Service Area should reside within 60 minutes average driving time to the facility.

   RESPONSE: Based upon an analysis of service area drive times using Google maps, it appears that the majority of the service area population resides is within 60 minutes of Murfreesboro, location of the proposed facility.

City	County	Miles	Minutes
Shelbyville	Bedford	25.6	37
Woodbury	Cannon	18.9	23
Manchester	Coffee	32.8	33
Tullahoma	Coffee	45.1	50
McMinnville	Warren	39.6	47
Average		**32.4**	**38**

7. Access to ASTCs. An applicant should provide information regarding the relationship of an existing or proposed ASTC site to public transportation routes if that information is available.

   RESPONSE:

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

   RESPONSE: The projected service area for STSC New Salem is based upon the residency of existing Saint Thomas ASTC patients using the Saint Thomas ASTCs in Davidson and Williamson counties. Please refer to the table below.

			# of Cases	
Zip Codes	**County**	**% of Cases**	**Year 1**	**Year 2**
37167	Rutherford	18.8%	366	510
37129	Rutherford	11.1%	216	301
37086	Rutherford	10.4%	202	282
37128	Rutherford	9.4%	183	255
37130	Rutherford	6.8%	132	184
37160	Bedford	5.0%	97	136
37355	Coffee	4.4%	86	119
37388	Coffee	4.1%	80	111
37110	Warren	3.9%	76	106
37127	Rutherford	3.1%	60	84
37060	Rutherford	1.7%	33	46
37037	Rutherford	1.4%	27	38
37086	Rutherford	1.3%	25	35
Other Zip Codes	Bedford, Cannon, Coffee, Rutherford and Warren	8.6%	167	233
Service Area Subtotal		**90.0%**	**1,750**	**2,440**
Other Zip Codes	Outside Service Area	10.0%	195	271
Total			**1,945**	**2,712**

Relatively few patients are projected to be served from outside Tennessee.

9. Access and Economic Efficiencies. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project patient utilization for each of the first eight quarters following completion of the project. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: Quarterly patient volumes are based upon United Surgical Partner's extensive experience managing ASTCs throughout the nation generally and at STSC specifically.

STSC-NS Surgery Center
Projected Cases by Quarter

Projection	Year	Qtr 1	Qtr 2	Qtr 3	Qtr 4	Total
Cases	1	425	463	505	552	1,945
Cases	2	602	650	702	758	2,712

10. Patient Safety and Quality of Care; Health Care Workforce.

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.

RESPONSE: Like other STSC facilities, the New Salem facility will be accredited by The Joint Commission.

b. An applicant should estimate the number of physicians by specialty that are expected to utilize the facility and the criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel. An applicant should provide documentation on the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

RESPONSE: Estimates are provided below, based upon existing STSC ASTC experience.

2 GI Physicians
3 ENT physicians
2 General Surgeons
1 Ophthalmologist
4 Orthopaedic Surgeons
1 Pain
1 Spine
4 Urologists

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

RESPONSE: Five factors are relevant to the need for this project.

- Growth. Rutherford County is the fastest growing county in the entire state of Tennessee, fueling the need for healthcare services.
- Access. Rapid population growth brings traffic and congestion along roads and highways. Patients find it more difficult to travel to Nashville for care.
- Continuity. The New Salem ASTC will be located next door to a new Saint Thomas Medical Partners medical office building and (recently CON approved) imaging center.
- Cost. Freestanding ASTCs like the one proposed here offer patients and payors a lower cost alternative to hospital services.
- Decompression. Serving existing Saint Thomas ASTC patients closer to their community will allow cases to be shifted away from highly utilized Saint Thomas ASTCs in Davidson and Williamson counties.

a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;

RESPONSE: All five service area counties are federally-designated medically underserved areas ("MUAs").

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

RESPONSE: Not applicable.

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

RESPONSE: **As** Providence As part of Saint Thomas Health, the proposed facility will participate in all MCOs.

d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

RESPONSE: Not applicable. Providence is not seeking special consideration for case times.

2) Construction, Renovation, Expansion and Replacement of Health Care institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

RESPONSE: The standards for ASTCs are addressed immediately above.

2. For relocation or replacement of an existing licensed health care institution:

a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

RESPONSE: Not applicable.

3. For renovation or expansions of an existing licensed health care institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

RESPONSE: Not applicable.

b. The applicant should demonstrate that the existing physical plant's condition warrants major renovation or expansion.

RESPONSE: Not applicable.

B. Describe the relationship of this project to the applicant facility's long-range development plans, if any, and how it relates to related previously approved projects of the applicant.

RESPONSE: The proposed New Salem ASTC is part of a strategy to decompress highly utilized services at Saint Thomas Rutherford Hospital and at the Saint Thomas Nashville ASTCs. This ASTC will be located next to an existing and recently opened Saint Thomas medical office building, outpatient imaging center and immediate care clinic.

C. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-C.**

Please complete the following tables, if applicable:

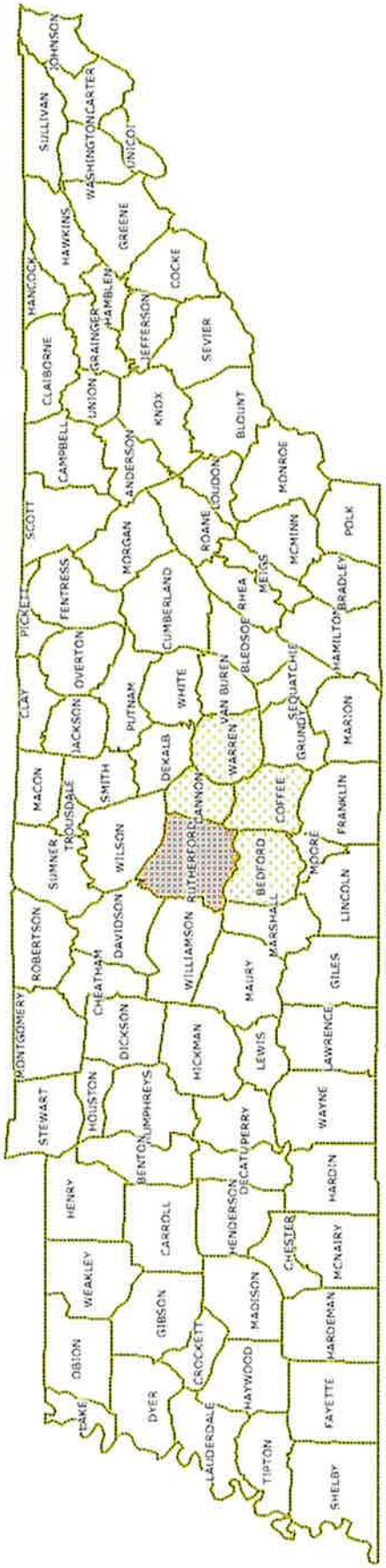
Service Area Counties	Historical Utilization-County Residents	% of Total Patients
Total		

Projected STSC-NW ASTC Patients

			# of Cases	
Zip Codes	**County**	**% of Cases**	**Year 1**	**Year 2**
37167	Rutherford	18.8%	366	510
37129	Rutherford	11.1%	216	301
37086	Rutherford	10.4%	202	282
37128	Rutherford	9.4%	183	255
37130	Rutherford	6.8%	132	184
37160	Bedford	5.0%	97	136
37355	Coffee	4.4%	86	119
37388	Coffee	4.1%	80	111
37110	Warren	3.9%	76	106
37127	Rutherford	3.1%	60	84
37060	Rutherford	1.7%	33	46
37037	Rutherford	1.4%	27	38
37086	Rutherford	1.3%	25	35
Other Zip Codes	Bedford, Cannon, Coffee, Rutherford and Warren	8.6%	167	233
Service Area Subtotal		**90.0%**	**1,750**	**2,440**
Other Zip Codes	Outside Service Area	10.0%	195	271
Total			**1,945**	**2,712**

While Saint Thomas Health serves a number of counties in Kentucky and other states, no border state counties are part of the primary or secondary service areas of this ASTC.

County Level Map



D. 1). a) Describe the demographics of the population to be served by the proposal.

RESPONSE: STSC-NS will continue to serve a five-county primary and secondary service area. The rapid growth in Rutherford County, the primary service area county, is the most distinguishing characteristic of the population served. Rutherford County leads the state of Tennessee (number one ranking of 95 counties) in projected population growth from 2017 to 2021 – 36,154 persons.[1] As the ranking implies, this number exceeds the growth projected for even Davidson or Shelby counties. In terms of percentage population growth, Rutherford County is second in the state – 11.2%.

In 2017, the total service area had an estimated population of 485,746. Official sources indicate that the service area population will grow by approximately 8.5%% or 41,310 persons by 2021. This is significantly higher growth than the 4.4% projected for Tennessee.

Compared to the overall Tennessee median household income ("MHI") of $45,219, the service area MHIs are significantly lower ($35,376 - $41,984) in all but Rutherford County ($56,219). Three of the five service area counties (Warren, Coffee, Cannon) have a higher percentage of residents in poverty than Tennessee's 17.6%. While 18.7% of the service area's total population is enrolled in TennCare compared to 21.1% for Tennessee, the rate is at or above the state average in all but Rutherford County.

b) Using current and projected population data from the Department of Health, the most recent enrollee data from the Bureau of TennCare, and demographic information from the US Census Bureau, complete the following table and include data for each county in your proposed service area.

Projected Population Data: http://www.tn.gov/health/article/statistics-population

TennCare Enrollment Data: http://www.tn.gov/tenncare/topic/enrollment-data

Census Bureau Fact Finder: http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census				TennCare	
	Total Population-Current Year	Total Population-Projected Year	Total Population-% Change	*Target Population-Current Year	*Target Population-Project Year	*Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population

** Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-19. Projected Year is defined in select service-specific criteria and standards.*

[1] Davidson County is number two, followed by Williamson County at number three.

If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2016, then default Projected Year is 2020.

RESPONSE: This table is provided on the following page, using the data sources and format requested.

Though seniors (age 65+) are high users of healthcare services, this project will benefit all population age cohorts. Therefore, there is not a separate target population for this project.

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Bureau of the Census - 2015				TennCare	
	Total Population Current Year - 2017	Total Population Projected year - 2021	Total Population - % Change	*Target Population (Age 65+) - Current Year 2017	*Target Population (Age 65+) - Projected Year 2021	*Target Population % Change	Target Pop Projected Year as % of Total	Median Age	Median Household Income	Persons Below Poverty Level	Persons Below Poverty Level as % of Total	TennCare Enrollees	TennCare Enrollees as % of Total Population
Bedford	50,301	52,517	4.4%	all	all	4.4%	100%	36.6	$41 984	N/A	17.1%	12,696	25.2%
Cannon	14,562	15,035	3.2%	all	all	3.2%	100%	38.3	$41,533	N/A	18.4%	3,069	21.1%
Coffee	56,423	58,331	3.4%	all	all	3.4%	100%	39.7	$41,590	N/A	18.6%	13,616	24.1%
Rutherford	323,441	359,595	11.2%	all	all	11.2%	100%	32.9	$56,219	N/A	12.4%	49,992	15.5%
Warren	41,019	41,578	1.4%	all	all	1.4%	100%	39.5	$35,376	N/A	21.2%	11,316	27.6%
Service Area Total	485,746	527,056	8.5%	all	all	8.5%	100%	NA	NA	N/A	N/A	90,689	18.7%
State of TN Total	6,886,441	7,188,358	4.4%	all	all	4.4%	100%	37.6	$45,219	N/A	17.6%	1,454,231	21.1%

Source:TN DOH Health Statistics, Bureau of the Census - 2015, and Bureau of TennCare - May 2017

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: Like all STH facilities, the STSC-NS will provide care to all patients regardless of sex, race, ethnicity or income. It also provides care to uninsured and low-income populations as well as TennCare patients.

In Tennessee, Ascension's Saint Thomas Health operates nine hospitals in addition to a comprehensive network of affiliated joint ventures, medical practices, clinics and rehabilitation facilities that cover a 68-county area and employ more than 8,000 associates. Across the state, Saint Thomas Health provided more than $78 million in community benefit and care of persons living in poverty in fiscal year 2016. Serving Tennessee for 15 years, Ascension is a faith-based healthcare organization committed to delivering compassionate, personalized care to all, with special attention to persons living in poverty and those most vulnerable. Ascension is the largest non-profit health system in the U.S. and the world's largest Catholic health system, operating 2,500 sites of care – including 141 hospitals and more than 30 senior living facilities – in 24 states and the District of Columbia.

In terms of the service area population, Rutherford County leads the state of Tennessee (number one ranking of 95 counties) in projected population growth from 2017 to 2021 – 39,229 persons.[2] As the ranking implies, this number exceeds the growth projected for even Davidson or Shelby counties. In terms of percentage population growth, Rutherford County is second in the state – 11.2%. These statistics indicate that there will be a need for the beds proposed by STSC-NS.

E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: As indicated below, utilization at area ASTCs has increased 9.7% in the past three years. Cases per room exceeded the 844 minimum in 2016, including procedure volumes.

[2] Davidson County is number two, followed by Williamson County at number three.

		Surgical Rooms			Encounters			Cases per Surg Rm		
County	Facility Name	ORs	PRs	Total	2014	2015	2016	2014	2015	2016
Coffee	Tullahoma Surgery Center	2	1	3	4,088	4,101	4,243	1,363	1,367	1,414
Rutherford	Middle TN Ambulatory Surg Center	6	1	7	5,471	5,859	6,267	782	837	895
Rutherford	Mid-State Endoscopy Center	0	2	2	1,873	2,160	2,314	937	1,080	1,157
Rutherford	Physicians Pavilion Surgery Center	4	1	5	2,823	2,004	2,255	565	401	451
Bedford	Center for ENT, Laser & Cosmetic Surgery	2	0	2	340	313	0	170	157	-
Coffee	Community Cancer Center of Tullahoma	0	2	2	0	141	179	-	71	90
Coffee	Center for Day Surgery	1	0	1	809	776	858	809	776	858
Rutherford	Spine & Pain Surgery Center	0	1	1	92	564	899	92	564	899
Rutherford	Surgicenter of Murfreesboro Medical Clinic	3	3	6	8,414	9,124	9,252	1,402	1,521	1,542
Rutherford	Williams Surgery Center	1	0	1	67	56	44	67	56	44
		19	**11**	**30**	**23,977**	**25,098**	**26,311**	**799**	**837**	**877**

F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: Projections below are based upon service area population growth and the redirection of some of the 2,273 existing service area patients from highly utilized Saint Thomas ASTCs in Nashville/Franklin to New Salem.

	Year 1	Year 2
Operating Rooms		
ENT	239	333
General Surgery	90	125
Ophthalmology	134	187
Orthopedics	336	469
Pain Management	63	88
Spine	63	87
Urology	451	628
Subtotal	**1,375**	**1,917**
Procedure Room		
GI	506	706
Pain Management	64	89
Subtotal	**570**	**795**
Total	**1,945**	**2,712**

SECTION B: ECONOMIC FEASIBILITY

A. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.

1) All projects should have a project cost of at least $15,000 (the minimum CON Filing Fee). (See Application Instructions for Filing Fee)

RESPONSE: The applicant acknowledges that the filing fee shall be an amount equal to $5.75 per $1,000 of the estimated project cost involved, but in no case shall the fee be less than $15,000 or more than $95,000. Enclosed please find a filing fee check in the amount of $92,781 made payable to the Health Services and Development Agency.

2) The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

RESPONSE: Lease terms were set through an arms-length negotiation with an unaffiliated third party. Lease costs are calculated below.

	Base Rent	Add Rent	Total
	$23.50	$6.50	$30.00
RSF:	14,500	14,500	
Escalation:	2.50%	2.50%	
Year			
1	$340,750	$94,250	$435,000
2	349,269	96,606	445,875
3	358,001	99,021	457,022
4	366,951	101,497	468,448
5	376,125	104,034	480,159
6	385,528	106,635	492,163
7	395,166	109,301	504,467
8	405,045	112,034	517,079
9	415,171	114,835	530,006
10	425,550	117,706	543,256
11	436,189	120,649	556,838
12	447,094	123,665	570,759
13	458,271	126,757	585,028
14	469,728	129,926	599,654
15	481,471	133,174	614,645
	6,110,309	1,690,090	7,800,399
Less TIA	$50.00	14,500	725,000
			$7,075,399

3) The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

   RESPONSE: Reported equipment costs are consistent with these guidelines.

4) Complete the Square Footage Chart on page 8 and provide the documentation. Please note the Total Construction Cost reported on line 5 of the Project Cost Chart should equal the Total Construction Cost reported on the Square Footage Chart.

   RESPONSE: The applicant has completed the Square Footage Chart as required.

5) For projects that include new construction, modification, and/or renovation—**documentation must be** provided from a licensed architect or construction professional that support the estimated construction costs. Provide a letter that includes the following:

   a) A general description of the project;
   b) An estimate of the cost to construct the project;
   c) A description of the status of the site's suitability for the proposed project; and
   d) Attesting the physical environment will conform to applicable federal standards, manufacturer's specifications and licensing agencies' requirements including the AIA Guidelines for Design and Construction of Hospital and Health Care Facilities in current use by the licensing authority.

   RESPONSE: Please see the licensed architect's construction cost verification letter in **Tab 10 – Attachment Section B-A5**.

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PROJECT COST CHART

A.	Construction and equipment acquired by purchase:	
1.	Architectural and Engineering Fees	$ 241,500
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	$ 125,000
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Total Construction Costs	$ 3,450,000
6.	Contingency Fund	$ 345,000
7.	Fixed Equipment (Not included in Construction Contract)	$1,254,218
8.	Moveable Equipment (List all equipment over $50,000 as separate attachments)	$ 3,644,747
9.	Other (Specify) _____	
B.	Acquisition by gift, donation, or lease:	
1.	Facility (inclusive of building and land)	$ 7,075,399
2.	Building only	
3.	Land only	
4.	Equipment (Specify)_____	
5.	Other (Specify) _____	
C.	Financing Costs and Fees:	
1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify) _____	
D.	Estimated Project Cost (A+B+C)	$ 16,135,864
E.	CON Filing Fee	$ 92,781
F.	Total Estimated Project Cost (D+E) **TOTAL**	$ 16,228,645

B. Identify the funding sources for this project.

Check the applicable item(s) below and briefly summarize how the project will be financed. ***(Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment Section B-Economic Feasibility-2.)***

_X_ 1) Commercial loan – Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;

__ 2) Tax-exempt bonds – Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;

__ 3) General obligation bonds – Copy of resolution from issuing authority or minutes from the appropriate meeting;

__ 4) Grants – Notification of intent form for grant application or notice of grant award;

_X_ 5) Cash Reserves – Appropriate documentation from Chief Financial Officer of the organization providing the funding for the project and audited financial statements of the organization; and/or

__ 6) Other – Identify and document funding from all other sources.

RESPONSE: The project costs, less the sum of the lease payments, will be paid from existing cash reserves at the STSC joint venture (30%) and a commercial loan (70%). Please see **Tab 11 – Attachment Section B-B5**.

C. Complete Historical Data Charts on the following two pages—***Do not modify the Charts provided or submit Chart substitutions!***

Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available. Provide a Chart for the total facility and Chart just for the services being presented in the proposed project, if applicable. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: Not applicable.

■ Total Facility
□ Project Only

HISTORICAL DATA CHART

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in _____ (Month).

	Year	Year	Year
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) **RESPONSE:** Not applicable. This proposal is for a new facility.			
B. Revenue from Services to Patients			
1. Inpatient Services			
2. Outpatient Services			
3. Emergency Services			
4. Other Operating Revenue *(Provider Tax, JV Imaging, USPI)*	_____	_____	_____
Gross Operating Revenue			
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments			
2. Provision for Charity Care			
3. Provisions for Bad Debt	_____	_____	_____
Total Deductions			
NET OPERATING REVENUE			
D. Operating Expenses			
1. Salaries and Wages			
a. Direct Patient Care			
b. Non-Patient Care			
2. Physician's Salaries and Wages			
3. Supplies			
4. Rent			
a. Paid to Affiliates	_____	_____	_____
b. Paid to Non-Affiliates			
5. Management Fees:			
a. Paid to Affiliates			
b. Paid to Non-Affiliates	_____	_____	_____
6. Other Operating Expenses			
Total Operating Expenses			
E. **Earnings Before Interest, Taxes and Depreciation**			
F. Non-Operating Expenses			
1. Taxes			
2. Depreciation			
3. Interest			
4. Other Non-Operating Expenses	_____	_____	_____
Total Non-Operating Expenses			
NET INCOME (LOSS)			

Chart Continues Onto Next Page

NET INCOME (LOSS)	$_____	$_____	$_____
G. Other Deductions			
1. Annual Principal Debt Repayment	$_____	$_____	$_____
2. Annual Capital Expenditure	_____	_____	_____
Total Other Deductions	$_____	$_____	$_____
NET BALANCE	$_____	$_____	$_____
DEPRECIATION	$_____	$_____	$_____
FREE CASH FLOW (Net Balance + Depreciation)	$_____	$_____	$_____

■ Total Facility
□ Project Only

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	**Year**	**Year**	**Year**
1. _____	$_____	$_____	$_____
2. _____	$_____	$_____	$_____
3. _____	$_____	$_____	$_____
4. _____	_____	_____	_____
5. _____	_____	_____	_____
6. _____	_____	_____	_____
7. _____	_____	_____	_____
Total Other Expenses	_____	_____	_____

D. Complete Projected Data Charts on the following two pages – ***Do not modify the Charts provided or submit Chart substitutions!***

The Projected Data Chart requests information for the two years following the completion of the proposed services that apply to the project. Please complete two Projected Data Charts. One Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (*i.e.*, if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The second Chart should reflect information for the total facility. **Only complete one chart if it suffices.**

Note that "Management Fees to Affiliates" should include management fees paid by agreement to the parent company, another subsidiary of the parent company, or a third party with common ownership as the applicant entity. "Management Fees to Non-Affiliates" should include any management fees paid by agreement to third party entities not having common ownership with the applicant.

RESPONSE: Please refer to the completed projected data chart for the proposed STSC-NS facility on the following pages.

■ Total Facility
□ Project Only

PROJECTED DATA CHART

Give information for the two (2) years following the completion of this proposal. The fiscal year begins in July (Month).

	Year 2020	Year 2021
A. Utilization Data (Specify unit of measure, e.g., 1,000 patient days, 500 visits) **RESPONSE:** Units of measure are surgical cases.	1,945	2,712
B. Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	$ 18,437,389	$ 26,352,075
3. Emergency Services		
4. Other Operating Revenue (Specify)_____		
Gross Operating Revenue	$ 18,437,389	$ 26,352,075
C Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$ 13,828,041	$ 19,764,056
2. Provision for Charity Care	27,656	39,528
3. Provisions for Bad Debt	110,624	158,112
Total Deductions	$ 13,966,322	$ 19,961,697
NET OPERATING REVENUE	$ 4,471,067	$ 6,390,378
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	$ 656,839	$ 1,014,101
b. Non-Patient Care	252,360	362,605
2. Physician's Salaries and Wages		
3. Supplies	1,009,103	1,290,848
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	287,750	296,269
5. Management Fees:		
a. Paid to Affiliates	312,975	447,326
b. Paid to Non-Affiliates		
6. Other Operating Expenses	1,168,970	1,221,422
Total Operating Expenses	$ 3,687,997	$ 4,632,571
E. **Earnings Before Interest, Taxes and Depreciation**	$ 783,070	$ 1,757,807
F. Non-Operating Expenses		
1. Taxes		
2. Depreciation	$ 1,165,843	$ 1,175,843
3. Interest	347,057	305,537
4. Other Non-Operating Expenses		
Total Non-Operating Expenses	$ 1,512,900	$ 1,481,380
NET INCOME (LOSS)	$ (729,830)	$ 276,427

Chart Continues Onto Next Page

NET INCOME (LOSS)	$ (729,830)	$ 276,427
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	$ (736,070)	$ (777,590)
2. Annual Capital Expenditure	0	(100,000)
Total Other Deductions	$ (736,070)	$ (877,590)
NET BALANCE	$ (1,465,900)	$ (601,163)
DEPRECIATION	1,165,843	1,175,843
FREE CASH FLOW (Net Balance + Depreciation)	$ (300,057)	$ 574,680

■ Total Facility
□ Project Only

PROJECTED DATA CHART-OTHER EXPENSES

OTHER EXPENSES CATEGORIES	Year 2020	Year 2021
1. Purchased Services	$ 458,517	$ 491,410
2. Provider Tax Expense	215,807	215,807
3. Repair & Maintenance	244,250	248,750
4. Utilities	156,000	159,900
5. All Other	94,396	105,555
6.		
7.		
Total Other Expenses	**$ 1,168,970**	**$ 1,221,422**

E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*			9,479	9,716	
Deduction from Revenue *(Total Deductions/Utilization Data)*			7,180	7,360	
Average Net Charge *(Net Operating Revenue/Utilization Data)*			2,299	2,356	

2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE: Data in the table above actually cover a six-year period, beginning in 2016 and ending in 2021. As indicated in the table above, the charges for services (discharges) at STSC-NS will not be impacted significantly by the proposed project. Gross charges increase at 4.9% per year while net charges increase at a mere 1.3% per year.

3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: There only medical-surgical hospital in the service area remotely comparable to STSC-NS in terms of size and services is TriStar StoneCrest Medical Center. A comparison of the 2015 JAR data indicate an average gross charge per admission of $31,001 at STSC-NS compared to $37,367 at StoneCrest.

F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1. NOTE: Publicly held entities only need to reference their SEC filings.**

RESPONSE: As indicated in the Projected Data Chart, STSC-NS is expected to be financially feasible.

Audited financial statements are not available. Please refer to the SEC filing of Tenet Healthcare the parent of USPI.

2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A	N/A	N/A	17.0%	26.7%

3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt/Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: Tenet, the parent of USPI is appropriately capitalized to undertake the proposed bed project. Please refer to the table below.

Tenet Capitalization Ratio Calculation

Dollars in (millions)	**2016**	**2015**
Long-term debt	$ 15,064	$ 14,383
Total net assets	$ 24,701	$ 23,682
Capitalization Ratio	**37.9%**	**37.8%**

Source: Audited Financial Statements, Consolidated Balance Sheet

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

RESPONSE: STSC-NS will maintain the same payor relationships, including contracts with Medicare and all TennCare MCOs, that are currently in place for Saint Thomas Health. Furthermore, STSC-NS will follow the same financial assistance policies that are currently in place at sister facilities. Please refer to **Tab 13 – Attachment Section B-G** for a copy of the STSC-NS financial assistance policies.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	$4,701,534	25.5%
TennCare/Medicaid	$1,493,429	8.1%
Commercial/Other Managed Care	$9,827,128	53.3%
Self-Pay	$940,307	5.1%
Other (Other gov't, Workers Comp)	$1,474,991	8.0%
Total	$18,437,389	100.0%
Charity Care	$184,374	1.0%

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

RESPONSE: The following table compares the staffing for STSC-NS before and after the proposed bed addition.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1 2020	Average Wage (Contractual Rate) 2020	Area Wide/Statewide Average Wage 2016
A. Direct Patient Care Positions				
RNs		7.0	30.00	28.94
LPNs				
Tech		2.5	25.00	19.68
Rec Therapists				
Manager		1.0	45.67	42.56
Total Direct Patient Care Positions		10.5	30.30	28.03
B. Non-Patient Care Positions				
Management				
Total Non-Patient Care Positions		5.0	42.73	33.04
Total Employees *(A+B)*		15.5	34.31	29.65
C. Contractual Staff				
Total Staff *(A+B+C)*		15.5	34.31	29.65

RESPONSE: STSC-NS will provide competitive pay for its various employees.

I. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:

1) Discuss the availability of less costly, more effective and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, justify why not, including reasons as to why they were rejected.

RESPONSE: There are no other Saint Thomas facilities with available space in the New Salem area. New construction was the only option available.

2) Document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements.

RESPONSE: There are no other Saint Thomas facilities with available space in the New Salem area. New construction was the only option available.

SECTION B: CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

A. List all existing health care providers (i.e., hospitals, nursing homes, home care organizations, etc.), managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

RESPONSE: STSC-NS will utilize the many active managed care contracts in place at Saint Thomas Health to provide for seamless care of its patients. These contracts are part of the Saint Thomas Health network and include:

- Aetna
  - Commercial plans only
  - Aetna Medicare Advantage
- AMERIGROUP Community Care
  - TennCare
- Alive Hospice
- Avalon Hospice
- BC/BS of TN (BCBST)
  - Network P
  - Network S
  - Network M
  - BlueCare (TennCare)
  - TennCare Select
  - Cover Kids
  - D-SNP
  - Blue Advantage (Medicare Advantage)
- Bluegrass Family Health
- Caris Healthcare (Hospice)
- CenterCare Managed Care Programs
- CIGNA

    - Commercial plans
    - CIGNA Connect (Exchange Plan) *(beginning Jan 1, 2017)*
    - STHe does not participate in Cigna Local Plus (Narrow Network)
- CIGNA HealthSpring
    - Medicare Advantage
- Community Health Plan (fka Americhoice)
- TennCare
- CorVel Corporation (Workers' Compensation)
- Coventry Health Care
- Tennessee Division of Rehabilitation Services
- FOCUS Healthcare Management (Workers' Compensation)
- Humana Health Care Plans
    - Commercial Plans
    - Medicare Advantage
- KY Medicaid
    - Standard Medicaid only
- Kentucky Health Cooperative
    - Kentucky ACO for the Exchange/Marketplace that uses the Coventry network
- Mission Point Health Partners
    - Network M
    - Network E
- MultiPlan
- National Rural Electric Cooperative Association Group
- Nexcaliber (fka Associated Administrators Group, Inc.
- NovaNet
- OccuComp (Workers' Compensation)
- Odyssey Healthcare (Hospice)
- Prime Health
    - Workers' Compensation
    - Commercial Network
- Private Healthcare Systems (PHCS)
- TriCare for Life
- TRICARE North
    - HealthNet Federal Services
- TRICARE South
    - Humana Military
- TriWest
- United Behavioral Health (UBH)
- United Healthcare
    - Commercial plans
    - Medicare Advantage plans
- USA Managed Care Organization
- VHAN (Vanderbilt Health Affiliated Networks
    - Saint Thomas Midtown Hospital
    - Saint Thomas Rutherford Hospital
- Wellcare / Windsor HealthCare
    - Medicare Advantage

B. Describe the effects of competition and/or duplication of the proposal on the health care system, including the impact to consumers and existing providers in the service area. Discuss any instances of competition and/or duplication arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

1) Positive Effects

RESPONSE: The need for this project is based upon service area population growth and the redirection of some of the 2,273 existing service area patients from highly utilized Saint Thomas ASTCs in Nashville/Franklin to New Salem.

Five factors are relevant to the need for this project.

- Growth. Rutherford County is the fastest growing county in the entire state of Tennessee, fueling the need for healthcare services.
- Access. Rapid population growth brings traffic and congestion along roads and highways. Patients find it more difficult to travel to Nashville for care.
- Continuity. The New Salem ASTC will be located next door to a new Saint Thomas Medical Partners medical office building and (recently CON approved) imaging center.
- Cost. Freestanding ASTCs like the one proposed here offer patients and payors a lower cost alternative to hospital services.
- Decompression. Serving existing Saint Thomas ASTC patients closer to their community will allow cases to be shifted away from highly utilized Saint Thomas ASTCs in Davidson and Williamson counties.

2) Negative Effects

RESPONSE: At current ratios of ORs and PRs to population in the service area, there will be a need for 2.4 additional ORs and 1.2 additional PRs over the four-year planning horizon (2021). STSC-NS is proposing just two ORs and one PR. The proposed project will not have a negative effect on existing providers. Instead, it will decompress STSC facilities in Davidson and Williamson counties.

C. 1) Discuss the availability of and accessibility to human resources required by the proposal, including clinical leadership and adequate professional staff, as per the State of Tennessee licensing requirements and/or requirements of accrediting agencies, such as the Joint Commission and Commission on Accreditation of Rehabilitation Facilities.

RESPONSE: STSC-NS will recruit staff using the existing resources of both USPI and Saint Thomas Health.

2) Verify that the applicant has reviewed and understands all licensing and/or certification as required by the State of Tennessee and/or accrediting agencies such as the Joint Commission for medical/clinical staff. These include, without limitation, regulations

concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE: STSC already maintains a network of ASTCs and understands the licensure and certification requirements for medical and clinical staff.

Please see **Tab 14 – Attachment Section B-C2** for copies of the quality management and utilization management plans.

3) Discuss the applicant's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

RESPONSE: Although Saint Thomas Health is actively involved in these activities, the STSC-NS project is not expected to play a major role.

D. Identify the type of licensure and certification requirements applicable and verify the applicant has reviewed and understands them. Discuss any additional requirements, if applicable. Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: TDOH Board for Licensing Health Care Facilities

Certification Type (e.g. Medicare SNF, Medicare LTAC, etc.): TDOH Medicare, TennCare

Accreditation (i.e., Joint Commission, CARF, etc.): The Joint Commission

RESPONSE: STSC already maintains a network of ASTCs and understands the licensure and certification requirements for medical and clinical staff.

1) If an existing institution, describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility and accreditation designation.

RESPONSE: Not applicable.

2) For existing providers, please provide a copy of the most recent statement of deficiencies/plan of correction and document that all deficiencies/findings have been corrected by providing a letter from the appropriate agency.

RESPONSE: Not applicable.

3) Document and explain inspections within the last three survey cycles which have resulted in any of the following state, federal, or accrediting body actions: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions.

a) Discuss what measures the applicant has or will put in place to avoid similar findings in the future.

RESPONSE: Not applicable.

E. Respond to all of the following and for such occurrences, identify, explain and provide documentation:

1) Has any of the following:

a) Any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant);

b) Any entity in which any person(s) or entity with more than 5% ownership (direct or indirect) in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%; and/or

c) Any physician or other provider of health care, or administrator employed by any entity in which any person(s) or entity with more than 5% ownership in the applicant (to include any entity in the chain of ownership for applicant) has an ownership interest of more than 5%.

RESPONSE: Acknowledged. Entities and persons with more than 5% ownership in the applicant's joint venture owner entity (Saint Thomas / USP Surgery Centers, LLC) are USP Tennessee, Inc. (50.1%) and Saint Thomas Health (49.9%).

2) Been subjected to any of the following:

a) Final Order or Judgment in a state licensure action;

b) Criminal fines in cases involving a Federal or State health care offense;

c) Civil monetary penalties in cases involving a Federal or State health care offense;

d) Administrative monetary penalties in cases involving a Federal or State health care offense;

e) Agreement to pay civil or administrative monetary penalties to the federal government or any state in cases involving claims related to the provision of health care items and services; and/or

f) Suspension or termination of participation in Medicare or Medicaid/TennCare programs.

g) Is presently subject of/to an investigation, regulatory action, or party in any civil or criminal action of which you are aware.

h) Is presently subject to a corporate integrity agreement.

RESPONSE: Neither the applicant nor its owner entities are subject to any of the actions identified above.

F. Outstanding Projects:

1) Complete the following chart by entering information for each applicable outstanding CON by applicant or share common ownership; and

Outstanding Projects					
CON Number	**Project Name**	**Date Approved**	***Annual Progress Report(s)**		**Expiration Date**
			Due Date	**Date Filed**	
CN1608-031A	Providence Surgery Center	12/14/16	12/14/17		2/1/19
CN1307-029AM	Baptist Plaza Surgicare	10/23/13 7/23/14	Operational	Final project report pending	6/30/17

* Annual Progress Reports – HSDA Rules require that an Annual Progress Report (APR) be submitted each year. The APR is due annually until the Final Project Report (FPR) is submitted (FPR is due within 90 ninety days of the completion and/or implementation of the project). Brief progress status updates are requested as needed. The project remains outstanding until the FPR is received.

2) Provide a brief description of the current progress, and status of each applicable outstanding CON.

RESPONSE: CN1608-031A was recently approved. CN1307-029AM has been open and operating since March 13, 2017. A final project report is pending.

G. Equipment Registry – For the applicant and all entities in common ownership with the applicant.

1) Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? Yes, Saint Thomas Health is a joint venture owner in Middle Tennessee Imaging

2) If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? Yes, various dates.

3) If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? Yes, various dates.

SECTION B: QUALITY MEASURES

Please verify that the applicant will report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures as determined by the Agency pertaining to the certificate of need, if approved.

RESPONSE: Yes, STSC-NS will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number, and type of procedures performed, and other data as required.

SECTION C: STATE HEALTH PLAN QUESTIONS

T.C.A. §68-11-1625 requires the Tennessee Department of Health's Division of Health Planning to develop and annually update the State Health Plan (found at http://www.tn.gov/health/topic/health-planning). The State Health Plan guides the State in the development of health care programs and policies and in the allocation of health care resources in the State, including the Certificate of Need program. The 5 Principles for Achieving Better Health are from the State Health Plan's framework and inform the Certificate of Need program and its standards and criteria.

Discuss how the proposed project will relate to the 5 Principles for Achieving Better Health found in the State Health Plan.

A. The purpose of the State Health Plan is to improve the health of the people of Tennessee.

RESPONSE: Among the top 10 leading causes of death for Tennessee residents are cancer and accidents. Surgical services proposed by Providence Surgery Center will help in the treatment of these two leading causes of death plus the morbidity associated with orthopedic and other diseases.

B. People in Tennessee should have access to health care and the conditions to achieve optimal health.

RESPONSE: Among the three criteria required to attain good access, as listed in the 2010 National Health Disparities Report, is, "getting access to sites of care where patients can receive needed services." The proposed ASTC is designed to, among other goals, increase patient accessibility by expanding ASTC services in the fastest growing county in Tennessee.

C. Health resources in Tennessee, including health care, should be developed to address the health of people in Tennessee while encouraging economic efficiencies.

RESPONSE: Recognizing the benefits of outpatient surgery centers such as STSC, Saint Thomas Health is actively involved in 13 other similar joint ventures with United Surgical Partners International throughout the greater Nashville area.

This strategy remains vital today more than ever, in response to the Affordable Care Act (ACA) and continued pressure from payors to contain healthcare costs. Saint Thomas

Health formed one of the nation's first Accountable Care Organizations (ACOs), MissionPoint Health Partners, in August 2011. Its goal is to assist doctors, employers and patients to work more closely together to trim medical costs and make people healthier under insurance plans. The concept behind the physician-led program is to help stakeholders in a patient's care – including doctors, hospitals, pharmacies and payers – to get in sync at a time when insurers are pushing for better coordination of care and linking payment amounts to health outcomes. MissionPoint works closely with patients, both when they are well and when they are sick.

ASTCs such as New Salem will play an important role within the ACA and ACO care delivery model for containing costs, promoting quality and increasing accessibility. As documented in the Medicare pricing differential rates, freestanding ASCs were reimbursed at about half the rate as hospital-based facilities. This has a direct impact on patient deductibles and co-payments as well. Since Medicare rates often form a basis for third-party reimbursement, the impact of this differential on the service area population is even more widespread.

D. People in Tennessee should have confidence that the quality of health care is continually monitored and standards are adhered to by providers.

RESPONSE: STSC maintains very active utilization review and quality improvement programs. STSC-NS will be licensed and fully accredited.

E. The state should support the development, recruitment, and retention of a sufficient and quality health workforce.

RESPONSE: While "the state" appears to be the party charged with supporting the development, recruitment, and retention of a sufficient and quality health care workforce, Saint Thomas Health is an existing healthcare provider with a history of successful staff recruitment and retention.

PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper that includes a copy of the publication as proof of the publication of the letter of intent.

RESPONSE: Please see **Tabs 15 and 16 – Proof of Publication**.

NOTIFICATION REQUIREMENTS

(Applies only to Nonresidential Substitution-Based Treatment Centers for Opiate Addiction)

Note that T.C.A. §68-11-1607(c)(9)(A) states that "...Within ten (10) days of the filing of an application for a nonresidential substitution-based treatment center for opiate addiction with the agency, the applicant shall send a notice to the county mayor of the county in which the facility is proposed to be located, the state representative and senator representing the house district and senate district in which the facility is proposed to be located, and to the mayor of the municipality, if the facility is proposed to be located within the corporate boundaries of a municipality, by certified mail, return receipt requested, informing such officials that an application for a nonresidential substitution-based treatment center for opiate addiction has been filed with the agency by the applicant."

Failure to provide the notifications described above within the required statutory timeframe will result in the voiding of the CON application.

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

T.C.A. §68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. **Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
2. **If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph,* please state below any request for an extended schedule and document the "good cause" for such an extension.**

RESPONSE: Please see the project forecast completion chart, below.

PROJECT COMPLETION FORECAST CHART

Assuming the Certificate of Need (CON) approval becomes the final HSDA action on the date listed in Item 1. below, indicate the number of days from the HSDA decision date to each phase of the completion forecast.

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		10/2017
2. Architectural and engineering contract signed	30	11/2017
3. Construction documents approved by the Tennessee Department of Health	30	12/2017
4. Construction contract signed	30	01/2018
5. Building permit secured	30	02/2018
6. Site preparation completed	30	03/2018
7. Building construction commenced	1	03/2018
8. Construction 40% complete	90	06/2018
9. Construction 80% complete	90	09/2018
10. Construction 100% complete (approved for occupancy	45	11/2018
11. *Issuance of License	30	12/2018
12. *Issuance of Service	30	01/2019
13. Final Architectural Certification of Payment	30	02/2019
14. Final Project Report Form submitted (Form HR0055)	30	03/2019

***For projects that *DO NOT* involve construction or renovation, complete Items 11 & 12 only.**

NOTE: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date

JUL 14 '17 PM 4:18

AFFIDAVIT

STATE OF Tennessee

COUNTY OF Williamson

M. Corey Ridgway, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. §68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

MCR, Market President
SIGNATURE/TITLE

Sworn to and subscribed before me this 14th day of July (Month), 2017 (Year) a Notary

Public in and for the County/State of Tennessee.

Lori Marlar
NOTARY PUBLIC

My commission expires 9/10 (Month/Day), 2018 (Year).

LORI MARLAR
STATE OF TENNESSEE
NOTARY PUBLIC
COUNTY OF DAVIDSON

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Operating Agreement

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OPERATING AGREEMENT

OF

SAINT THOMAS SURGERY CENTER NEW SALEM, LLC,

A TENNESSEE LIMITED LIABILITY COMPANY

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THE SECURITIES REPRESENTED BY THIS INSTRUMENT HAVE BEEN ACQUIRED FOR INVESTMENT AND HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE. WITHOUT SUCH REGISTRATION, SUCH SECURITIES MAY NOT BE SOLD, PLEDGED, HYPOTHECATED OR OTHERWISE TRANSFERRED (1) FOR A PERIOD OF NINE (9) MONTHS FROM THE DATE OF THE LAST SALE OF SECURITIES IN THE ISSUE TO WHICH THESE SECURITIES WERE A PART, TO ANY PERSON OR ORGANIZATION NOT HAVING A PRINCIPAL RESIDENCE OR OFFICE, RESPECTIVELY, WITHIN THE STATE OF TENNESSEE AND (2) AT ANY TIME WHATSOEVER, EXCEPT UPON DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL SATISFACTORY TO THE MANAGERS OF THE COMPANY OR SUCH OTHER EVIDENCE AS MAY BE SATISFACTORY TO THE MANAGERS TO THE EFFECT THAT ANY SUCH TRANSFER SHALL NOT BE IN VIOLATION OF THE SECURITIES ACT OF 1933, AS AMENDED, OR APPLICABLE STATE SECURITIES LAWS OR ANY RULE OR REGULATION PROMULGATED THEREUNDER.

OPERATING AGREEMENT
of
SAINT THOMAS SURGERY CENTER NEW SALEM, LLC

A Tennessee Limited Liability Company

THIS OPERATING AGREEMENT, effective as of _____, 2017, is entered into by and among Saint Thomas/USP Surgery Centers, L.L.C., a Tennessee limited liability company ("JV"), and each of the other individuals and entities whose names and addresses are set forth under the heading "Physician Members" on *Schedule A* attached hereto, as the same may be modified from time to time. JV and the Physician Members named in *Schedule A* attached hereto, together with any Persons (as defined below) hereafter becoming Members hereof and excluding any Persons hereafter withdrawing from the Company as Members, from and after the time of such withdrawal, are hereinafter collectively referred to as the "Members." A list of the Members and the number of Membership Units (as defined below) owned by each Member, as the same may change from time to time, shall be attached hereto as *Schedule A*.

DEFINITIONS

The following definitions shall be applicable to the terms set forth below as used in this Agreement:

"1933 Act" shall be as defined in Section 15.7(a) hereof.

"Act" means the Tennessee Revised Limited Liability Company Act, as the same may be amended from time to time, and any successor to such Act.

"**Adjusted Capital Account Deficit**" means, with respect to any Member, the deficit balance, if any, in such Member's Capital Account as of the end of the applicable Fiscal Year after **(a)** crediting thereto any amounts that such Member is, or is deemed to be, obligated to restore pursuant to Regulations section 1.704-2(g)(1) and section 1.704-2(i)(5) and **(b)** debiting such Capital Account by the amount of the items described in Regulations section 1.704-1(b)(2)(ii)(*d*)(*4*), (*5*) and (*6*). The foregoing definition of Adjusted Capital Account Deficit is intended to comply with the provisions of Regulations section 1.704-1(b)(2)(ii)(*d*) and shall be interpreted consistently therewith.

"Affiliate" means with respect to a specified Person, any Person that directly or indirectly controls, is controlled by or is under common control with the specified Person. As used in this definition, the term "**control**" means the 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. Each of USP and Health System is an Affiliate of the JV.

"Affiliated Person" shall be as defined in Section 14.7(a) hereof.

"Affiliated Physicians" shall be as defined in Section 14.10 hereof.

"Agreed Value" shall be as defined in Section 15.11 hereof.

"Agreement" means this Operating Agreement of Saint Thomas Surgery Center New Salem, LLC, a Tennessee limited liability company, as the same may be amended or modified from time to time in accordance with ARTICLE XIX hereof, together with any and all schedules, exhibits and attachments expressly referred to herein.

"Appraised Value" shall be as defined in Section 15.11 hereof.

"Available Cash" means, at the time of determination, all cash, demand deposits and short-term marketable securities received from the conduct of the Company's business or from capital transactions (including without limitation net insurance proceeds and proceeds from the sale, exchange, condemnation or other disposition of all or any part of Company property or any interest therein), less any sums or amounts reinvested or otherwise expended in the conduct of the Company's business, including reserves for working capital, replacements and capital improvements, reserves for repayments of debts (including without limitation debts owed to the Members) and additions to such amounts as the Governing Board shall determine in its sole discretion are necessary or appropriate.

"**BBA**" means U.S. Public Law No. 114-74, commonly known as the Bipartisan Budget Act of 2015, amending Subchapter C of Chapter 63 of the Code. For clarity, any reference to a section of the Code in Section 10.4(c) hereof and Section 10.4(d) hereof shall be deemed a reference to such section as added or amended by the BBA.

"Capital Account" means an account established and maintained for each Member in accordance with Section 7.3 hereof.

"Capital Contributions" means all cash sums and the Gross Asset Value of all other assets that the Members or their predecessors have contributed or will contribute to the capital of the Company, including the contributions referred to in Section 7.1 hereof.

"Code" means the Internal Revenue Code of 1986, as amended and in effect on the effective date hereof and, to the extent applicable, as subsequently amended or replaced.

"Company" shall mean the limited liability company entered into and formed pursuant to the Act and governed by this Agreement.

"**Depreciation**" means, for each Fiscal Year, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for such Fiscal Year; *provided, however*, that if the Gross Asset Value of an asset differs from its adjusted basis for federal income tax purposes at the beginning of such Fiscal Year, Depreciation shall be an amount that bears the same ratio to such beginning Gross Asset Value as the federal income tax depreciation, amortization or other cost recovery deduction with respect to such asset for such Fiscal Year bears to such beginning adjusted tax basis; and *provided further*, that if the federal income tax depreciation, amortization or other cost recovery deduction for such Fiscal Year is zero (0), Depreciation shall be determined with reference to such beginning Gross Asset Value using any reasonable method selected by the Tax Matters Person.

"EBITDA" means earnings before interest (including imputed interest on capital leases), taxes, depreciation and amortization, determined in accordance with generally accepted accounting principles consistently applied.

"Economic Interest" means the economic interest in the Company held by a Member or Interest Holder, but shall not include any other rights of a Member, including without limitation the right to vote or to participate in the management of the Company or any right to information concerning the business and affairs of the Company.

"Eligibility Affirmation Statement" means the form of statement attached hereto as *Schedule B*, as the same may be modified from time to time at the discretion of the Governing Board.

"**Fiscal Year**" shall be as defined in ARTICLE XI hereof.

"Governing Board" shall be as defined in Section 14.1 hereof.

"Governing Documents" shall mean, with respect to any Physician Entities, all documents governing the operation and ownership of such entity, including without limitation, any certificates of formation, bylaws, operating agreements, shareholder agreements and members agreements.

"Gross Asset Value" means, with respect to any asset of the Company, the asset's adjusted basis for federal income tax purposes; *provided, however*, that:

(a) the initial Gross Asset Value of any asset contributed by a Member or Interest Holder to the Company shall be the gross fair market value of such asset, as agreed to by the contributing Member or Interest Holder and the Governing Board;

(b) the Gross Asset Values of all Company assets shall be adjusted to equal their respective gross fair market values as determined by Governing Board (taking into account section 7701(g) of the Code), as of the following times: **(i)** the acquisition of an additional interest in

the Company by any new or existing Member or Interest Holder in exchange for more than a *de minimis* contribution to the capital of the Company; **(ii)** the distribution by the Company to a retiring or continuing Member or Interest Holder of more than a *de minimis* amount of Company property including money in reduction of the interest in the Company of a Member or Interest Holder; and **(iii)** the liquidation of the Company within the meaning of Regulation section 1.704-1(b)(2)(ii)*(g)*; *provided, however*, that adjustments pursuant to the preceding clause (i) and clause (ii) shall be made only if the Tax Matters Person reasonably determines that such adjustments are necessary or appropriate to reflect the relative economic interests of the Members in the Company;

(c) the Gross Asset Value of any Company asset distributed to any Member or Interest Holder shall be the gross fair market value of such asset on the date of distribution, as determined by the distributee Member or Interest Holder and the Governing Board (if the Gross Asset Value of an asset has been determined or adjusted pursuant to clause (a) hereof or clause (b) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Loss);

(d) the Gross Asset Values of Company assets shall be increased (or decreased) to reflect any adjustments to the adjusted basis of such assets pursuant to Code section 734(b) or section 743(b), but only to the extent that such adjustments are taken into account in determining Capital Accounts pursuant to Regulation section 1.704-1(b)(2)(iv)*(m)* and subparagraph (f) of the definition of "Net Income" or "Net Loss"; *provided, however*, that Gross Asset Values shall not be adjusted pursuant to this subparagraph (d) to the extent that the Tax Matters Person determines that an adjustment pursuant to subparagraph (b) hereof is necessary or appropriate in connection with the transaction that would otherwise result in an adjustment pursuant to this subparagraph (d); and

(e) If the Gross Asset Value of an asset has been determined or adjusted pursuant to subparagraph (a), subparagraph (b) or subparagraph (d) hereof, such Gross Asset Value shall thereafter be adjusted by the Depreciation taken into account with respect to such asset for purposes of computing Net Income and Net Loss.

"Health Laws" means applicable provisions of the federal Social Security Act (including but not limited to federal Medicare and Medicaid Anti-Fraud and Abuse Amendments [42 U.S.C. § 1320a-7a and -7b], the federal Physician Anti-Self Referral Law [42 U.S.C. § 1395nn]) and the Tennessee self referral and anti-kickback statutes, as these laws may now exist or hereafter be amended.

"Health System" shall mean Saint Thomas Health, a Tennessee non-profit corporation.

"**Imputed Underpayment Amount**" has the meaning set forth in Section 10.4(d) hereof.

"Indemnified Parties" has the meaning set forth in Section 14.6(a) hereof.

"Interest Holder" shall mean a Person that holds an Economic Interest in the Company but has not been admitted as a Member.

"IRS" means the Internal Revenue Service.

"JV" means Saint Thomas/USP Surgery Centers, L.L.C., a Tennessee limited liability company that is owned by Health System and USP.

"Liquidator" means the Person or Persons actually conducting the liquidation of the Company in accordance with the first sentence of Section 17.1 hereof, whether the Governing Board, a liquidator or a liquidating committee.

"Majority in Interest of the Members" means such of the Members as shall own, at the time of any determination, a majority of all Membership Units then owned by Members.

"Management Agreement" shall mean that certain Management Agreement, in the form attached hereto as *Schedule C*, to be entered into between the Company and USP.

"Managers" shall mean the members of the Governing Board.

"**Member Advance**" shall be as defined in Section 8.3 hereof.

"Members" shall be as defined in the preamble of this Agreement. For purposes of allocations of Net Income, Net Profits and distributions of Available Cash, the term "Members" shall include Interest Holders.

"Membership Units" or "**Units**" shall mean a Member's entire interest in the Company, including the Member's Economic Interest, the right to vote on or participate in management of the Company (to the extent granted herein or pursuant to the Act) and the right to receive information concerning the business and affairs of the Company. There shall be 100 authorized Membership Units. The authorized number of Membership Units shall be automatically increased (a) by the number of Units (if any) issued pursuant to Section 7.1(c)(ii) or 15.17 hereof or (b) by an amendment to this Agreement adopted in accordance with Section 19.1. The number of authorized Membership Units from time to time is subject to splits, reverse splits and similar actions approved by the Governing Board, and numbers of Membership Units set forth in this Agreement may be modified or revised from time to time as an administrative matter to reflect any such actions.

"Minimum JV Interest" shall be as defined in Section 15.17 hereof.

"Minimum Physician Entity Owners" shall be as defined in Section 15.9(c) hereof.

"Net Income" or **"Net Loss"** means, for each Fiscal Year, an amount equal to the Company's taxable income or loss, as the case may be, for such year determined in accordance with section 703(a) of the Code (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to section 703(a)(1) of the Code shall be included in taxable income or loss), as adjusted as follows (without duplication):

(a) any deductions for depreciation, cost recovery or amortization attributable to any assets of the Company shall be determined by reference to their Gross Asset Value, except that if the Gross Asset Value of an asset differs from its adjusted tax basis for federal income tax purposes at any time during such year or other period, the deductions for depreciation, cost recovery or amortization attributable to such asset from and after the date during such year or period in which such difference first occurs shall bear the same ratio to the Gross Asset Value as of such date as

the federal income tax depreciation, amortization or other cost recovery deduction for such year or other period from and after such date bears to the adjusted tax basis as of such date;

(b) any gain or loss attributable to the taxable disposition of any property shall be determined by the Company as if the adjusted tax basis of such property as of such date of disposition was such Gross Asset Value reduced by all amortization, depreciation and cost recovery deductions (determined in accordance with clause (a) above) that are attributable to said property;

(c) the computation of all items of income, gain, loss and deduction shall be made without regard to any basis adjustment under section 743 of the Code that may be made by the Company;

(d) any receipts of the Company that are exempt from federal income tax and are not otherwise included in taxable income or loss shall be added to such taxable income or loss;

(e) any expenditures of the Company described in section 705(a)(2)(B) of the Code or treated as expenditures described in section 705(a)(2)(B) of the Code pursuant to Regulations section 1.704-1(b) shall be subtracted from such taxable income or loss;

(f) to the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code section 734(b) is required, pursuant to Regulations section 1.704-1(b)(2)(iv)*(m)(4),* to be taken into account in determining Capital Accounts as a result of a distribution other than in liquidation of a Member's interest in the Company, the amount of such adjustment shall be treated as an item of gain or loss from the disposition of such asset and shall be taken into account for purposes of computing "Net Income" or "Net Loss": and

(g) notwithstanding any other provision of this definition of "Net Income" or "Net Loss", any items that are specially allocated pursuant to this Agreement shall not be taken into account in computing Net Income or Net Loss.

The amounts of the Company income, gain, loss or deduction available to be specially allocated pursuant to Section 9.7 hereof shall be determined by applying rules analogous to those set forth in clauses (a) through (f) hereof, inclusive.

"New Acceptable Physician Entity Owner" means any physician who will be able to deliver the Eligibility Affirmation Statement for the Fiscal Year of purchase of a Membership Unit and to whom JV has given its prior written consent (which consent shall be required for both the transfer itself and the proposed transferee).

"Non-Compliant Physician Entity Owner" has the meaning set forth in Section 15.9(c) hereof.

"Pass-Through Election" has the meaning set forth in Section 10.4(c) hereof.

"Partnership Representative" has the meaning set forth in Section 10.4(c) hereof.

"Person" means, as the context may require, any individual, profit or nonprofit corporation, association, partnership (general, limited or limited liability), joint venture, trust, estate, limited liability company or other legal entity or organization.

"Physician Entity" shall mean any entity approved by the Governing Board for admission as a Member of the Company, in the exercise of the discretion of the Governing Board and on a case-by-case basis, that is a trust, corporation, limited liability company or other entity controlled solely by individual(s) who would otherwise be Qualified Members and that meet the requirements set forth under Section 22.16 of this Agreement, and is owned solely by such individual(s) and his, her or their spouses and/or minor children.

"Physician Entity Owners" means the individual physicians who have a direct or indirect ownership interest in a Physician Entity, which physicians will be listed in *Schedule E* attached hereto.

"Physician Member" shall mean a physician, podiatrist, oral surgeon or other medical practitioner or Physician Entity that owns any Membership Units and is a Qualified Member.

"Physician Member Eligibility Requirements" shall mean the requirement that each Physician Member (including, for this purpose any Physician Entity Owner, but not such Physician Entity) must affirm in writing, in connection with the initial acquisition of Membership Units and, thereafter, by the execution and delivery to the Company within thirty (30) days after the end of each calendar year following the initial acquisition of Membership Units (or such other twelve (12) month period as the Governing Board may determine) of an Eligibility Affirmation Statement, representing that:

(a) the Physician Member agrees to fully inform each patient referred to the Surgery Center by the Physician Member of his or her investment interest in the Company;

(b) one-third or more of the Physician Member's medical practice income for the prior 12 month period was derived from the performance of outpatient surgical procedures (defined for purposes hereof to be those surgical procedures that are on the list of Medicare covered procedures authorized to be performed in ambulatory surgical centers under the applicable Medicare regulations);

(c) the Physician Member performed at least one-third of his or her outpatient surgical procedures (defined as described in clause (b) above) during the prior 12 month period at the Surgery Center (or, if a new Physician Member, he or she expects to perform at least one-third of such procedures at the Surgery Center each year);

(d) the Physician Member agrees to treat patients receiving medical benefits or assistance under any governmental health care program in which the Physician Member participates (including Medicare and Medicaid) in a nondiscriminatory manner;

(e) neither the Company nor any Member or their Affiliates have loaned funds to or guaranteed a loan for the Physician Member in connection with the purchase of Membership Units;

(f) the Physician Member has not been excluded from participation in the Medicare, Medicaid or any other federal or state health care, research or grant program, has not been convicted of a criminal offense under any provision of the federal Social Security Act or had civil monetary penalties assessed against him or her in relation to a violation of any federal or state Health Laws or regulations, including those governing false claims and kickbacks, and no action or investigation relating to such a violation is pending;

(g) the Physician Member continuously maintains membership on the medical staff at the Surgery Center;

(h) the Physician Member has not been debarred from participation in any governmental procurement program; and

(i) the Physician Member has not participated, directly or indirectly, in any communications, discussions, understandings or agreements (express or implied) with any third parties suggesting or implying the exchange of remuneration (directly or indirectly, overtly or covertly, in cash or in kind) in return for the referral of federal health care program business to the Surgery Center.

For purposes of clauses (b) and/or (c) above, the Governing Board in its sole discretion may establish a lower percent or other modification for an individual Physician Member based on a case-by-case analysis to the extent such lower percent or other modification is in compliance with federal and state laws and regulations. If the Governing Board establishes a lower percent or other modification, the Physician Member must consistently meet the lower percent or other modification.

"**Qualified Member**" means:

(a) the Physician Members named in *Schedule A* attached hereto (so long as such Physician Member continues to meet the Physician Member Eligibility Requirements);

(b) each other individual who is a Qualified Practitioner and who (i) meets the Physician Member Eligibility Requirements (or as to whom the Governing Board, in its sole discretion, has waived such requirements), (ii) meets certain net worth and income standards established by the Governing Board from time to time and (iii) is approved by the Governing Board;

(c) each Physician Entity approved by the Governing Board; and

(d) JV and its Affiliates (including USP, USP Parent and Health System).

"Qualified Physician Entity Owner" means each Physician Entity Owner who **(1)** meets the requirements to be a Qualified Member and **(2)** timely delivers Eligibility Affirmation Statements as required under this Agreement.

"Qualified Practitioner" means an individual who **(a)** holds one of the following degrees: "M.D.," "D.O.," "D.P.M.," "D.M.D.," "D.D.S." or other degrees relating to health care designated by the Governing Board, and is currently licensed by the State of Tennessee to practice such health care profession for which the individual was trained, **(b)** is capable of providing medical services at the Surgery Center, and **(c)** at the time of acquisition satisfies and thereafter continues to

satisfy the Physician Member Eligibility Requirements (or as to whom the Governing Board, in its sole discretion, has waived such requirements).

"Regulations" means the income tax regulations and temporary regulations promulgated by the Internal Revenue Service, Department of the Treasury, pursuant to the Code from time to time.

"Retirement" of a physician shall be deemed to occur at the time when the physician no longer actively practices medicine in the United States, as determined by the Governing Board. Notwithstanding the foregoing, for purposes of this Agreement, "**Retirement**" of a physician shall not occur as the direct or indirect result of loss of license, criminal offense, disciplinary action or other occurrences relating to improper or inappropriate acts or omissions of a physician; "**Retirement**" is intended to relate only to bona fide retirement from the professional practice in the ordinary course.

"State Securities Laws" has the meaning set forth in Section 15.7(a).

"Surgery Center" means the outpatient surgery center located at 2779 New Salem Highway, Murfreesboro, Tennessee 37128, that is owned and operated by the Company.

"Surgery Center Property" shall mean the Surgery Center facility and other improvements, leasehold interests, all equipment and all other real, personal and mixed property used in connection with the Surgery Center.

"**Tax Matters Partner**" has the meaning set forth in Section 10.4(b) hereof.

"Tax Matters Person" means the Tax Matters Partner or the Partnership Representative as the case may be.

"USP" shall mean USP Tennessee, Inc., a Tennessee corporation.

"USP Parent" shall mean USP's parent company, USPI Holding Company, Inc., a Delaware corporation.

ARTICLE I
Formation of Limited Liability Company

The parties hereto formed a limited liability company pursuant to the Act. The rights and liabilities of the Members shall be as provided in the Act, except as herein otherwise expressly provided. A Member's interest in the Company shall be personal property for all purposes. All real and other property owned by the Company shall be deemed owned by the Company as an entity, and none of the Members shall have any ownership of such property. Each Member hereby agrees to execute, acknowledge, swear to and deliver such certificates and other instruments as the Governing Board may reasonably request to establish and maintain the Company's status as a limited liability company in the State of Tennessee.

ARTICLE II
Name

The name of the Company shall be "Saint Thomas Surgery Center New Salem, LLC." The business of the Company shall be conducted under the name of the Company or such other name or names as may be designated from time to time by the Governing Board. The Governing Board shall take the actions required to comply with the Act and any assumed name act, fictitious name act or similar statute in effect in each jurisdiction or political subdivision in which the Company proposes to do business, and the Members agree to execute any document requested by the Governing Board in connection with that action.

ARTICLE III
Purpose

Section 3.1 Primary Business. The business of the Company is **(1)** to own, operate, improve, repair, maintain, manage, sublease, replace, rebuild, alter, remodel, restore, sell, lease, mortgage, hypothecate and otherwise use and deal with the Surgery Center, including the Surgery Center Property and other property, and **(2)** to engage in any and all activities related or incident thereto, including without limitation the acquisition, ownership, improvement, operation, sale, lease, sublease, mortgage or other use of or dealing with real, personal or mixed property, all in a manner consistent with and subject to Section 3.2 through 3.5 hereof.

Section 3.2 Tax Exempt Status of Affiliate. For so long as a Member or a direct or indirect owner of a Member, including Health System, is tax exempt under section 501(c)(3) of the Code, the Company and the Surgery Center will be operated and managed in a manner that furthers the charitable purposes of Health System and its tax-exempt Affiliates by promoting health for a broad cross-section of the community. Specifically, the Company and the Surgery Center will be operated and managed in a manner that:

(a) provides access to patient care services based on medical necessity, without regard to the patient's race, creed, national origin, gender, payor source or ability to pay;

(b) provides access to patient care services to individuals covered by Medicare or Medicaid; and

(c) will not, in the reasonable opinion of Health System, cause Health System or any of its tax-exempt Affiliates to act other than exclusively in furtherance of their respective tax exempt purposes or adversely affect the tax exempt status of Health System or any of its Affiliates under section 501 (c)(3) of the Code.

Section 3.3 Compliance with Ethical and Religious Directives. For so long as Health System or a direct or indirect owner of Health System is a Member, the Surgery Center shall be operated in a manner that is consistent with Health System's Mission and Core Values and the Roman Catholic moral tradition as articulated in such documents as the Ethical and Religious Directives for Catholic Health Care Services promulgated by the U.S. Council of Bishops.

Section 3.4 Precedence of Charitable Purposes. Notwithstanding any provision hereof or in any Management Agreement or the Act to the contrary, the duty of the Governing Board

and USP to operate and manage the Surgery Center in a manner that furthers the charitable and religious and community-based health care purposes of Health System and its tax-exempt Affiliates by promoting health for a broad cross-section of the community, overrides any duty the Governing Board and USP may have to operate and manage the Surgery Center for the financial benefit of the Company or the Members. In furtherance of this provision, Health System (acting on its own or through the JV board representatives) may from time to time formulate and implement (or directly supervise USP and any of the managers and officers of the Company in the formulation and implementation of) policies and procedures for operation of the Surgery Center and community outreach activities to be implemented by the Governing Board and USP (as manager), the Company and the Surgery Center to promote the public health needs of the community, including without limitation standards, policies and procedures regarding admission to the Surgery Center, indigent and charity care rendered through the Surgery Center, community education activities and other health services made accessible through the Surgery Center to the public.

Section 3.5 Other Operational Standards. The Surgery Center will **(A)** be operated and managed in a manner that complies with all legal and regulatory operating restrictions that are applicable to Health System (including requirements under the Health Insurance Portability and Accountability Act of 1996 and the regulations promulgated thereunder (HIPAA)), **(B)** adopt standards for the quality of patient care that are commensurate with the standards applicable to Health System, **(C)** adopt a conflict of interest policy acceptable to Health System, **(D)** have physician credentialing standards that meet or exceed NCQA requirements, **(E)** have all necessary licenses and maintain accreditation with The Joint Commission, Accreditation Association for Ambulatory Health Care or comparable accrediting organizations acceptable to Health System and **(F)** provide services to Medicare, Medicaid and other government health care program beneficiaries. Health System will have the right to audit (at its sole cost and expense) the compliance of the Surgery Center with these standards or any other legal requirements.

All Members are aware of the limitations on the actions of the Company as a result of the tax-exempt status and charitable and religious purposes of Health System, and each Member agrees that any decision of the Governing Board hereunder, or of USP pursuant to the Management Agreement, to comply with the charitable and religious purposes and tax-exemption requirements set forth above shall take precedence over any profit making motives or objectives of the Company or the Members, shall not be a breach of the duty of loyalty or a breach of any fiduciary duty to the Company or the Members, notwithstanding that any such decision is not in the best interest of the Company or the Members.

ARTICLE IV
Names and Addresses of Members

The names and business or residence addresses of the Members are as set forth in *Schedule A* attached hereto, as the same may be modified from time to time to reflect changes in the information set forth therein.

ARTICLE V
Principal Place of Business

The principal place of business of the Company shall be at the Surgery Center. The Governing Board may in its sole discretion establish additional administrative offices of the Company.

ARTICLE VI
Term

The term of the Company shall be from the date of the filing of the Company's Articles of Organization in accordance with the Act and shall continue in perpetuity, unless and until the Company is liquidated or terminated in accordance with this Agreement or applicable law.

ARTICLE VII
Capital Contributions and Capital Accounts

Section 7.1 Capital Contributions

(a) *Schedule A* reflects the Membership Units issued as of the date of this Agreement, and shall be modified to reflect the Membership Units transferred or issued after the date of this Agreement.

(b) In the event the Company has any authorized but unissued Membership Units, including Membership Units re-acquired by the Company pursuant to ARTICLE XV hereof or if this Agreement is amended in accordance with Section 19.1 hereof to increase the number of authorized Membership Units over and above the one hundred (100) initial authorized Membership Units, and the Company proposes to issue and sell any such authorized but unissued Membership Units, the purchasers of such Membership Units shall make Capital Contributions in consideration for such Membership Units in the amounts determined by the Governing Board in its sole discretion to be the fair market value of such Membership Units.

(c) Without creating any rights in favor of any third party, after the initial Capital Contributions described in Section 7.1(a) hereof and Section 7.1(b) hereof have been made:

(i) If the Governing Board determines that additional capital is needed by the Company and obtaining a loan from an independent lender is not feasible or advisable, the Company may request that the Members make one or more additional Capital Contributions to fund the Company's cash needs if and to the extent additional Capital Contributions are approved by JV and Physician Members who hold a majority of the outstanding Membership Units then held by Physician Members. If such additional Capital Contributions are first approved by the Governing Board pursuant to Section 14.1(b)(v)(I) hereof, the Governing Board shall notify the Members of the reasons for a proposed call for additional Capital Contributions, which notice shall include the amount of funds requested and the purpose therefor. If such additional Capital Contributions are approved by the Members in accordance with this Section 7.1(c)(i), then subject to Section 7.1(c)(ii) hereof, the Members shall contribute the amount called for within thirty (30) days after notice is given thereof. If a Member elects not to make all or a portion of any such Capital Contribution, such Member's interest

in the Company may be diluted (as described in Section 7.1(c)(ii) hereof), but the Member will not be in breach of such Member's obligations to the Company under this Agreement.

(ii) If any Member shall decide not to contribute within the prescribed time period all or any portion of any Capital Contribution requested pursuant to Section 7.1(c)(i) hereof, the Company may permit such of the Members that have made their additional Capital Contributions, in proportion to their respective pro rata ownership of Membership Units or in such other percentages as they may agree, to advance the unfunded Capital Contributions. If a Capital Contribution is requested pursuant to Section 7.1(c)(i) hereof and any Member does not contribute such Member's pro rata share, then each Member that does make such an additional Capital Contribution pursuant to Section 7.1(c)(i) hereof and/or this Section 7.1(c)(ii) shall be issued a number of Membership Units equal to the additional Capital Contribution made by such Member divided by the fair market value of the Membership Units, as determined by the Governing Board in its sole discretion.

(d) Any transferee shall be credited for purposes hereof with any Capital Contribution previously made by the prior owner or owners of such Membership Units attributable to such Membership Units. Except under the circumstances as described and provided for in Section 7.1(c), no Member or Interest Holder shall have any obligation to make any additional Capital Contributions.

Section 7.2 Limitation of Liability. The liability of each Member or Interest Holder to the Company shall be limited to the amount of such Member's or Interest Holder's Capital Contributions required by Section 7.1 hereof and, except as otherwise provided for in the Act, no Member or Interest Holder shall have any further personal liability to contribute money to, or in respect of, the liabilities or the obligations of the Company, nor shall any Member or Interest Holder be personally liable for any obligations of the Company, except as may be provided in the Act. This Section 7.2 shall not affect the independent obligation of any Member or Interest Holder pursuant to a written guarantee of, or other written commitment relating to, a Company obligation entered into by such Member or Interest Holder.

Section 7.3 Capital Accounts. A Capital Account shall be established for each Member or Interest Holder and shall be maintained in accordance with the provisions of Code section 704 and Regulations section 1.704-1(b)(2)(iv) or any successor provisions, notwithstanding any other provisions of this Agreement.

(a) The Capital Account of each Member or Interest Holder shall consist of and **(i)** be increased by **(y)** the cash Capital Contributions and the Gross Asset Value of any other property contributed by such Member or Interest Holder to the capital of the Company (net of liabilities secured by such contributed property that the Company is considered to assume or take subject to under section 752 of the Code), and **(z)** the amount of any Net Income allocated to such Member or Interest Holder, and **(ii)** be decreased by **(x)** the amount of money distributed to such Member or Interest Holder by the Company (exclusive of a guaranteed payment within the meaning of section 707(c) of the Code paid to such Member or Interest Holder), **(y)** the Gross Asset Value of any portion of any property distributed to such Member or Interest Holder by the Company (net of liabilities secured by such distributed property that such Member or Interest Holder is considered to assume or take subject

to under section 752 of the Code), and **(z)** the amount of any Net Loss charged to such Member or Interest Holder.

(b) To the extent an adjustment to the tax basis of any Company asset is made pursuant to Code sections 734(b) and 743(b), and such adjustment is required by Regulations section 1.704-1(b)(2)(iv)*(m)* to be taken into account in determining Capital Accounts, the Capital Accounts of the Members or Interest Holders shall be adjusted to reflect an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) which is specially allocated to the Members or Interest Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such section of the Regulations. In the event the Gross Asset Values of Company assets are otherwise adjusted pursuant to the terms of this Agreement, the Capital Accounts of the Members and Interest Holders shall be adjusted simultaneously to reflect the aggregate net adjustment as if the Company recognized gain or loss equal to the amount of such aggregate net adjustment and such gain or loss was allocated to the Members and Interest Holders pursuant to the appropriate provisions of this Agreement.

(c) The foregoing Capital Account definition and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Regulations section 1.704-1(b), and shall be interpreted and applied in a manner consistent with such Regulations.

(d) The transferee of all or a portion of a Unit(s) in the Company shall succeed to that portion of the transferor's Capital Account which is allocable to the portion of the Unit(s) transferred.

(e) The respective Capital Accounts of the Members and Interest Holders shall not bear interest.

Section 7.4 Negative Capital Accounts. No Member or Interest Holder shall have any liability to the Company or to any other Member or Interest Holder or to any other Person solely by reason of any deficit or negative balance in such Member's or Interest Holder's Capital Account and shall have no obligation to restore any such deficit or negative balance.

ARTICLE VIII
Distributions and Member Loans

Section 8.1 Distributions of Available Cash. Except as otherwise provided in Section 8.3, or elsewhere herein, Available Cash shall be distributed to the Members and Interest Holders according to the number of Membership Units owned by each such Member or Interest Holder (determined in accordance with Section 15.8 hereof as to any Membership Units that have been transferred) as compared to the total number of Membership Units outstanding as of the first (1st) day of the calendar month immediately preceding the calendar month in which the distribution is made. The Company shall make distributions of Available Cash at such intervals or at such times as the Governing Board shall determine, which shall normally be monthly, to the extent of the Available Cash (if any) at the end of each calendar month. In order to comply with the Health Laws, each Physician Entity agrees that it will not distribute the proceeds of any distributions made by the Company to such Physician Entity to any party other than its Physician Entity Owners, who shall share in any such cash distributions solely based upon their respective percentage ownership interests in such Physician

Entity, and the allocation of such cash distributions shall in no event be based on the volume of patient referrals made by such owners to the Surgery Center.

Section 8.2. Treatment of Unwithdrawn Distributions. If any Member or Interest Holder does not withdraw the whole or any part of his, her or its share of any cash distribution, such Member or Interest Holder shall not be entitled to receive any interest thereon unless such amount is deemed to be a loan in accordance with Section 8.3. Any such cash that is not withdrawn by a Member or Interest Holder shall not result in an increase in such Member's or Interest Holder's share of the capital, Net Income or Net Loss of the Company without the express written consent of the Governing Board.

Section 8.3. Loans to the Company. Notwithstanding the foregoing, if any Member or Interest Holder, with the consent of the Governing Board, advances any funds, agrees not to receive any distributions to which such Member or Interest Holder would otherwise be entitled or makes any other payment to or on behalf of the Company that is not required pursuant to the provisions hereof, to cover operating or capital expenses of the Company which cannot be paid out of the Company's operating revenues (such advances or payments being referred to herein as a "Member Advance"), such Member Advance shall be deemed a loan to the Company by such Member or Interest Holder, bearing interest from the date such Member Advance is made until such Member Advance is repaid at a market interest rate and on other loan terms equivalent to what an independent lender would impose, as determined by the Governing Board. Notwithstanding Section 8.1 above, unless otherwise agreed by the Member or Members making any Member Advance, all distributions of Available Cash shall first be distributed to the Members or Interest Holders making such Member Advances until all such Member Advances have been repaid to such Members or Interest Holders, together with interest thereon as above provided and, thereafter, the balance of such distributions, if any, shall be made in accordance with the terms of Section 8.1 above. If distributions are insufficient to repay all such Member Advances as provided above, the funds available from time to time shall first be applied pro rata to repay and retire the oldest Member Advances first and, if any funds thereafter remain available, such funds shall be applied in a similar manner to remaining Member Advances in accordance with the order of the dates on which they were made. As to Member Advances made on the same date, each such Member Advance shall be repaid in the proportion that such Member Advance bears to the total Member Advances made on said date.

Section 8.4. Distributions of Tax Refunds. Notwithstanding any other provision of this Agreement to the contrary, all amounts received by the Company as a refund of sales or property taxes as a result of the tax exempt status of Health System shall be paid 100% to JV (for the benefit of Health System) within 10 days of the receipt of the refund. Any distributions under this Section 8.4 shall not reduce JV's distributions under any other Section of this Agreement. Any taxable income resulting pursuant to this Section 8.4 shall be allocated to JV in proportion to the amount of the tax refunds distributed to it. Any expense attributable to accounting for and the preparation and filing of the refund request for taxes paid by the Company shall be economically borne by and allocated to JV, based on the refund request. The allocations and distributions set forth in this Section 8.4 are intended to maintain Capital Accounts in proportion to the Members' respective ownership of Membership Units and shall be interpreted consistently with such intent. In addition, in the event there is a reduction of taxes paid by the Company as a result of the tax exempt status of a direct or indirect Member (instead of a tax refund), distributions and allocations of income and expense directly related to such tax reduction shall be made in a manner consistent with this Section 8.4.

Section 8.5. Recharacterization of Fees and Guaranteed Payments. Notwithstanding anything herein to the contrary, if any fees, interest or other amounts paid or payable to JV or its Affiliates are deducted by the Company for federal income tax purposes in reliance on Sections 707(a) or 707(c) of the Code (or would so be if the payee were a Member) or any rental payments made by the Company to JV or its Affiliates are deducted by the Company for federal income tax purposes and those fees, interest, rent or other amounts are disallowed as deductions to the Company and are recharacterized as Company distributions, then there will be allocated to JV (as applicable), before the allocations otherwise provided in this Article VIII, an amount of gross income for the fiscal year in which the fees, interest, rent or other amounts are treated as Company distributions in an amount equal to the fees, interest, rent or other amounts treated as distributions.

Section 8.6 Withholding Taxes

(a) Authority to Withhold; Treatment of Withheld Tax. Notwithstanding any other provision of this Agreement, each Member and Interest Holder hereby authorizes the Company to withhold and to pay over, or otherwise pay, any withholding or other taxes payable by the Company or any of its Affiliates (to the extent required pursuant to the Code or any provision of United States federal, state or local or non-U.S. tax law) with respect to such Member or Interest Holder or as a result of such Member's or Interest Holder's participation in the Company (including, without limitation, pursuant to Section 10.4(d) hereof). If and to the extent that the Company shall be required to withhold or pay any such withholding or other taxes, such Member or Interest Holder shall be deemed for all purposes of this Agreement to have received a payment from the Company as of the time such withholding or other tax is required to be paid, which payment shall be deemed to be a distribution of Available Cash pursuant to Section 8.1 hereof with respect to such Member's or Interest Holder's Units to the extent that such Member or Interest Holder (or any successor to such Member's and Interest Holder's Units) would have received a distribution but for such withholding. To the extent that the aggregate of such payments to a Member or Interest Holder for any period exceeds the distributions that such Member or Interest Holder would have received for such period but for such withholding, the Governing Board shall notify such Member or Interest Holder as to the amount of such excess and such Member or Interest Holder shall make a prompt payment to the Company of such amount. Any withholdings by the Company referred to this Section 8.6(a) shall be made at the maximum applicable statutory rate under the applicable tax law unless the Governing Board shall have received an opinion of counsel or other evidence, satisfactory to the Governing Board, to the effect that a lower rate is applicable, or that no withholding is applicable.

(b) Withholding from Distributions of Property. If the Company makes a distribution in kind and such distribution is subject to withholding or other taxes payable by the Company on behalf of any Member or Interest Holder, such Member or Interest Holder shall make a prompt payment to the Company of the amount required to be withheld.

(c) Withholding from Distributions to the Company. In the event that the Company receives a distribution from or in respect of which tax has been withheld, the Company shall be deemed to have received cash in an amount equal to the amount of such withheld tax, and each Member and Interest Holder shall be deemed to have received as a distribution of Available Cash pursuant to Section 8.1 hereof the portion of such amount that is attributable to such Member's and Interest Holder's Units as equitably determined by the Governing Board.

ARTICLE IX
Allocations of Income, Gain, Loss, Deduction and Credit

Section 9.1 Allocations of Net Income, Loss, Gain, Etc. Except as otherwise provided in this Article IX, all items of Net Income and Net Loss for any Fiscal Year shall be allocated among the Members and Interest Holders pro rata in accordance with their proportionate ownership of Membership Units (determined in accordance with Section 15.8 as to any Membership Units that have been transferred). Notwithstanding the foregoing, the Company's gross income shall be allocated to Health System in an amount equal to any tax refunds distributed to Health System under Section 8.4 for the Fiscal Year in which the distribution occurs.

Section 9.2 Savings Clause Upon Liquidation. The parties hereto intend that distributions under Section 17.4 hereof arising from the dissolution of the Company and accompanying liquidation of the Company's assets shall be made to the Members and Interest Holders according to Section 8.1 hereof. Therefore, in order that such distributions comply with the requirements of Regulations section 1.704-1(b)(2)(ii)*(b)(2)* that they be made in accordance with the positive Capital Account balances of the Members and Interest Holders, Net Income or Net Loss (as the case may be) attributable to such liquidation (and, if necessary, items of income, gain, losses or deductions from other sources) shall be allocated according to any reasonable method selected by the Tax Matters Person (but subject to Section 9.3 hereof and Section 9.7 and the remainder of this Section 9.2), in such a manner that, when distributions are made to the Members and Interest Holders according to the positive balances of their Capital Accounts as required by Regulations section 1.704-1(b)(2)(ii)*(b)(2),* such distributions shall be in accordance with the first sentence of this Section 9.2. In making the allocations provided in this Section 9.2, Capital Accounts shall be determined **(a)** prior to any such allocation and as of the close of business on the last day of the Fiscal Year in which such liquidation occurs; **(b)** after taking into account all distributions actually made or due to Members and Interest Holders under Section 8.1 hereof; and **(c)** after making all other allocations under this ARTICLE IX through such date.

Section 9.3 Treatment of Contributed Property. Notwithstanding anything contained in this Article IX to the contrary, solely for federal and (if applicable) state income tax purposes and not as a credit or charge to the Capital Account of a Member or Interest Holder, if any Member or Interest Holder contributes any property to the Company that has a Gross Asset Value that is in excess of or less than its adjusted basis for federal income tax purposes at the time of such contribution, then all gain, loss and deduction with respect to the contributed property shall be allocated among the Members so as to take account of the variation between the adjusted basis of such property and its initial Gross Asset Value as required under Code Section 704(c) and the Regulations thereunder. This Section 9.3 is intended to comply with Code Section 704(c) and the Regulations thereunder and shall be interpreted consistently with said Code Section 704(c) and Regulations. The Tax Matters Person shall have the power to make any election that the Tax Matters Person deems necessary or appropriate under Regulations section 1.704-3.

Section 9.4. Allocations Upon Transfer of Interests. Upon the transfer of all or any part of an Economic Interest, Net Income and Net Loss shall be allocated between the transferor and transferee as they may agree, provided such method is in conformity with this Agreement and the methods prescribed by Section 706 of the Code and Regulations Section 1.706-1(c)(2)(ii). Any transferee of an Economic Interest shall succeed to the Capital Account of the transferor Interest

Holder to the extent it relates to the transferred Economic Interest; provided, however, that if such transfer causes a termination of the Company pursuant to Section 708(b)(1)(B) of the Code, the Capital Accounts of all Interest Holders, including the transferee, shall be re-determined as of the date of such termination in accordance with Regulations Section 1.704(b). Subject to the provisions of Regulations Section 1.704-1(b), adjustments to the adjusted tax basis of Company property under Sections 734, 743 and 732(d) of the Code shall not be reflected in the Capital Account of the transferee Interest Holders or on the books of the Company, and subsequent Capital Account adjustments for distributions, depreciation, amortization and gain or loss with respect to such property shall disregard the effect of such basis adjustment. As provided in Section 9.2, a disparity between the tax basis of Company property and the basis of such property on the Company's books may result from a basis adjustment pursuant to Code Section 743 and, in the event such a disparity occurs, the allocations required by Code Section 704(c) and the Regulations will apply.

Section 9.5. Reliance on Accountants. The Tax Matters Person may rely upon, and shall have no liability to the other Members or the Company if it does rely upon, the opinion of accountants retained by the Company from time to time with respect to all matters (including disputes with respect thereto) relating to computations and determinations required to be made under this Article IX or other provisions of this Agreement.

Section 9.6. Amendment of Allocation Provisions. Notwithstanding anything contained in this Article IX to the contrary, if the Company is advised by its counsel or accountants that the allocations provided by this Article IX are unlikely to be respected for federal income tax purposes, the Tax Matters Person is granted the authority, without any approval or consent of the Members, to amend the allocation provisions of this Agreement, on advice of said counsel or accountants, to the minimum extent necessary to comply with the applicable principles of the Code and the Regulations thereunder.

Section 9.7 Regulatory Allocation Provisions

(a) Minimum Gain Chargeback. Notwithstanding any other provision of this ARTICLE IX, if there is a net decrease in "partnership minimum gain" (as defined in Regulation section 1.704-2(d)) for any Fiscal Year, determined in accordance with Regulations section 1.704-2(j)(2)*(i)*, each Member or Interest Holder shall be allocated items of Company gross income and gain for such Fiscal Year (and, if necessary, subsequent Fiscal Years) in proportion to, and to the extent of, the amount of such Member's or Interest Holder's share of the net decrease in such partnership minimum gain for such Fiscal Year determined in accordance with Regulations section 1.704-2(g). This Section 9.7(a) is intended to comply with the minimum gain chargeback requirement of Regulations section 1.704-2(f) and shall be interpreted consistently therewith.

(b) Partner Minimum Gain Chargeback. Notwithstanding any other provision of this ARTICLE IX except Section 9.7(a) hereof, if there is a net decrease in "partner minimum gain" (as defined in Regulation section 1.704-2(i)(3)) attributable to "partner nonrecourse debt" (as defined in Regulations section 1.704-2(b)(4)) for any Fiscal Year, each Member or Interest Holder who has a share of such partner minimum gain attributable to such partner nonrecourse debt, determined in accordance with Regulations section 1.704-2(i)(5), shall be allocated items of Company gross income and gain for such Fiscal Year (and if necessary, subsequent Fiscal Years) in an amount equal to such Member's or Interest Holder's share of the net decrease in partner minimum gain

attributable to such partner nonrecourse debt, determined in accordance with Regulations section 1.704-2(i)(4). The items to be so allocated shall be determined in accordance with Regulations section 1.704-2(i)(4) and section 1.704-2(j)(2)*(ii)*. This Section 9.7(b) is intended to comply with the minimum gain chargeback requirement of Regulations section 1.704-2(i)(4) and shall be interpreted consistently therewith.

(c) Qualified Income Offset. In the event that any Member or Interest Holder unexpectedly receives any adjustments, allocations or distributions described in Treasury Regulations § 1.704-1(b)(2)(ii)(*d*)(*4*), (*5*) or (*6*), items of Company income and gain shall be specifically allocated to each such Member or Interest Holder in an amount and manner sufficient to eliminate, to the extent required by the Regulations, the Adjusted Capital Account Deficit of such Member or Interest Holder as quickly as possible, *provided* that an allocation pursuant to Section 9.7(c) shall be made if and only to the extent that such Member or Interest Holder would have an Adjusted Capital Account Deficit after all other allocations provided for in this ARTICLE IX have been tentatively made as if this Section 9.7(c) were not in this Agreement. The foregoing provision is intended to comply with Regulations section 1.704-1(b)(2)(ii)(*d*) and shall be interpreted and applied in a manner consistent with such Treasury Regulations.

(d) Gross Income Allocation. In the event that any Member or Interest Holder has an Adjusted Capital Account Deficit at the end of any Fiscal Year, then each such Member or Interest Holder shall be specially allocated items of Company income and gain as quickly as possible, *provided* that an allocation pursuant to this Section 9.7(d) shall be made only if and to the extent that such Member or Interest Holder would have an Adjusted Capital Account Deficit after all other allocations provided for in this ARTICLE IX have been tentatively made as if this Section 9.7(d) were not in this Agreement.

(e) Nonrecourse Deductions. Any "nonrecourse deductions" (as defined in Regulations section 1.704-2(b)(1)) for any Fiscal Year shall be allocated to the Members and Interest Holders according to their proportionate Unit ownership.

(f) Partner Nonrecourse Deductions. Any "partner nonrecourse deductions" (as defined in Regulations section 1.704-2(i)) shall be specially allocated to the Members and Interest Holders that bears the economic risk of loss with respect to the "partner nonrecourse debt" (as defined in Regulations section 1.704-2(b)(4)) to which such partner nonrecourse deductions are attributable in accordance with Regulations section 1.704-2(i)).

(g) Code Section 754 Adjustment. To the extent an adjustment to the adjusted tax basis of any Company asset pursuant to Code section 734(b) or section 743(b) is required, pursuant to Regulations section 1.704-1(b)(2)(iv)(*m*)(*2*) or Regulations section 1.704-1(b)(2)(iv)(*m*)(*4*), to be taken into account in determining Capital Accounts as the result of a distribution to a Member or Interest Holder in complete liquidation of its interest in the Company, the amount of such adjustment to the Capital Accounts shall be treated as an item of gain (if the adjustment increases the basis of the asset) or loss (if the adjustment decreases such basis) and such gain or loss shall be specially allocated to the Members and Interest Holders in a manner consistent with the manner in which their Capital Accounts are required to be adjusted pursuant to such Regulations section.

(h) Adjustments After Special Allocations. Any special allocations of items of income, gain, loss or deduction pursuant to Section 9.7(a) hereof through Section 9.7(g) hereof, inclusive, shall be taken into account in computing subsequent allocations of Net Income and Net Loss pursuant to this ARTICLE IX, so that the net amount of any items so allocated and the Net Income, Net Loss and all other items allocated to each Member and Interest Holder pursuant to this ARTICLE IX shall, to the extent possible, be equal to the net amount that would have been allocated to each such Member or Interest Holder pursuant to the provisions of this ARTICLE IX if the foregoing provisions of this Section 9.7 had not applied.

ARTICLE X
Books of Account, Records and Reports

Section 10.1 Books and Records; Inspection. Proper and complete records and books of account shall be kept by the Company in which shall be entered fully and accurately all transactions and other matters relative to the Company's business as are usually entered into records and books of account maintained by persons engaged in businesses of like character. The Company's books and records shall be prepared in accordance with generally accepted accounting principles, consistently applied, and shall be kept on the accrual basis. The books and records shall be maintained at the Company's principal place of business and shall be open to the reasonable inspection and examination of the Members or their duly authorized representatives during reasonable business hours upon at least three (3) business days advance notice.

Section 10.2 Tax Information. After the end of each Fiscal Year, the Company shall send each person who was a Member or Interest Holder in the Company at any time during the Fiscal Year then ended all Company tax information as shall be necessary for the preparation by such Member or Interest Holder of his, her or its federal income tax return. Further, on request by any Member, the Company will furnish such Member or Interest Holder with copies of all federal, state and local income tax returns or information returns, if any, which the Company is required to file; however, the cost thereof shall be borne by the requesting Member or Interest Holder.

Section 10.3 Annual and Quarterly Financial Statements. After the end of each Fiscal Year and each fiscal quarter, the Company shall make available to each Person who was a Member or Interest Holder in the Company as of the last day of such Fiscal Year or fiscal quarter, as the case may be, and who so requests in writing, an unaudited balance sheet as of the end of such period and a statement of income for such period, each of which shall be prepared on an accrual basis in accordance with generally accepted accounting principles consistently applied; provided, however, that at the request of the Governing Board such annual financial statements shall be audited by an independent accounting firm selected by the Governing Board. All independent accounting firm costs incurred in connection with auditing the Company's financial statements and/or the preparation of its tax returns shall be borne by the Company.

Section 10.4 Tax Elections and Audits

(a) Except as otherwise provided in this Agreement, all elections required or permitted to be made by the Company under the Code or state tax law shall be timely determined and made by the Tax Matters Person. Each Member and Interest Holder, by such Person's execution of this Agreement as a deed, hereby grants the Tax Matters Person an irrevocable power of attorney to make

any U.S. federal, state or local income tax election as may be required or appropriate to cause the Company to be classified as a "partnership" for U.S. federal, state or local income tax purposes, or to maintain such classification, and no Member or Interest Holder shall make any election to the contrary.

(b) For all Fiscal Years beginning before January 1, 2018, JV shall be the "tax matters partner" of the Company as defined in Code section 6231(a)(7) prior to amendment by the BBA (the "Tax Matters Partner") and shall have all the powers and obligations of a tax matters partner pursuant to the Code and shall act in a similar capacity under any applicable non-U.S., state or local tax laws. The Tax Matters Partner shall keep the Members and Interest Holders informed of all administrative and judicial proceedings relating to the Company. All reasonable expenses incurred by the Tax Matters Partner while acting in the capacity of such shall be paid or reimbursed by the Company.

(c) For all Fiscal Years beginning on or after January 1, 2018, either JV or such Person as may be designated by JV from time to time (whether or not such Person is a Member or Interest Holder) shall be designated as, and shall serve as, the "partnership representative" (the "Partnership Representative"), as defined in Code section 6223 and the Company, the Governing Board, and the Members and Interest Holders shall complete any necessary actions (including executing any required certificates or other documents) to effect such designation. The Partnership Representative shall keep the Members and Interest Holders (including Persons who were Members and Interest Holders in the "reviewed year" (as defined in Code section 6225(d)) informed of all administrative and judicial proceedings relating to the Company. The Partnership Representative may make any elections available to be made as Partnership Representative, including, without limitation, the election described in Code section 6226(a)(1) and the election described in Code section 6221(b) (the "Pass-Through Election"). In the event a Pass-Through Election is made, the Partnership Representative, on behalf of the Company, shall determine each current and former Member's and Interest Holder's share of adjustments (as contemplated by Code section 6226(a)(2)), in a manner consistent with Section 8.6 hereof, based on the allocations that would have been made to each such Person in the reviewed year (and any subsequent year) if the adjustments were taken into account by the Company in such year(s), subject to any future guidance promulgated under the Code.

(d) In the event the Company is liable for any imputed underpayment (within the meaning of Code section 6225) paid (or payable) by the Company as a result of an adjustment with respect to any Company item, including any interest or penalties with respect to any such adjustment (collectively, an "Imputed Underpayment Amount") with respect to items of Company income, gain, loss, deduction or credit that should have been allocated to a Person for the applicable year, such Person shall promptly reimburse the Company for such amount and such reimbursement shall not be considered a Capital Contribution to the Company by such Person. The foregoing sentence shall apply even if the applicable Person is no longer a Member or Interest Holder of the Company at the time the Company becomes liable for such Imputed Underpayment Amount. Each such Person shall indemnify the Company for any amount of Imputed Underpayment Amount attributed to such Person, and such indemnification shall survive any such Person's cessation of status as Member or Interest Holder in the Company. In addition, at the option of the Company, the Company may treat any such Imputed Underpayment Amount attributed to any Member or Interest Holder as an amount of taxes required to be withheld or deducted from any amount distributed or allocated by the Company to such Member or Interest Holder in accordance with Section 8.6 hereof. Imputed Underpayment Amounts subject to the provisions of this Section 10.4(d) also shall include any imputed underpayment within the meaning of

Code section 6225 paid (or payable) by any entity treated as a partnership for U.S. federal income tax purposes in which the Company holds (or has held) a direct or indirect interest, other than through entities treated as corporations for U.S. federal income tax purposes, to the extent that the Company bears the economic burden of such amounts, whether by law or agreement.

ARTICLE XI
Fiscal Year

The fiscal year of the Company (the "Fiscal Year") shall end on the 31st day of December in each year.

ARTICLE XII
Company Funds

The funds of the Company shall be deposited in, and shall be subject to withdrawal from, such bank account or accounts, or invested in such interest bearing or non-interest bearing accounts, as provided in the Management Agreement or as otherwise designated by the Governing Board.

ARTICLE XIII
Status of Members; Meetings

Section 13.1 Limitation on Participation in Management. Except as required by the Act or as otherwise provided in this Agreement, no Member, solely by virtue of his, her or its status as a Member, shall participate in the management or control of the Company's business, transact any business for the Company or have the power to act for or bind the Company, said powers being vested solely and exclusively in the Governing Board (subject to the rights and duties of USP under the Management Agreement). No Interest Holder shall have any right to vote or otherwise participate in the management or control of the Company's business.

Section 13.2 No Personal Liability. Except as required by the Act, no Manager, Member or Interest Holder shall have any personal liability whatsoever, whether to the Company, to any of the Members or to the creditors of the Company, for the debts of the Company or any of its losses beyond the amount agreed to be contributed by him, her or it to the capital of the Company as set forth in this Agreement. The preceding sentence shall not, however, be construed to limit or prohibit, in any respect, the use by the Company of any undistributed funds of the Company (regardless of whether previously allocated to the account of any Member or Interest Holder) for the payment of Company obligations. Upon payment of the Capital Contributions for a Membership Unit as set forth in Section 7.1, such Membership Unit shall be fully paid and nonassessable. Except as expressly required by Section 7.1 hereof and as provided in the Act, in no event will any Member or Interest Holder (or the successors in interest of a Member or Interest Holder) be required to make any capital or other contribution to the Company upon or following the dissolution of the Company by reason of the status of the Capital Account of such Member or Interest Holder (or his, her or its successors in interest).

Section 13.3 Admission of Additional Members. The Governing Board may admit additional Members to the Company. Any additional Members shall obtain Membership Units and will participate in the management, Net Income, Net Loss, gain, deduction, credit and distributions of the Company as provided in this Agreement. An Interest Holder may be admitted as a substitute Member only in accordance with Article XV.

Section 13.4 Termination of Membership Interest. Upon the transfer of the Membership Units of a Member in violation of Article XV, the interest of such Member shall be terminated and thereafter that Member shall be an Interest Holder only unless such Membership Units are purchased by the Company or any other third party in accordance with Article XV. Each Member acknowledges and agrees that such termination or purchase of such Member's interest as a Member of the Company upon the occurrence of any of the foregoing events is not unreasonable under the circumstances existing as of the date hereof.

Section 13.5 Voting Rights. Except as otherwise expressly provided in this Agreement or as required by the Act, the Members shall have no voting, approval or consent rights.

Section 13.6 Member Meetings

(a) A quorum shall be present at a meeting of Members if at least a Majority in Interest of the Members are represented at the meeting in person or by proxy. A duly authorized individual representative or officer of an entity shall act on behalf of such entity. With respect to any matter, other than the election of the Governing Board and other than a matter for which the affirmative vote of the holders of a specified portion of the Units is required by the Act or this Agreement, the affirmative vote of one or more Members holding a majority of the Units present at a meeting of Members at which a quorum is present shall be the act of the Members.

(b) A meeting of the Members shall be held at the place specified in the notice of the meeting or waiver of notice thereof. Members may participate in a meeting by means of conference telephone or similar communications equipment as described in Section 14.1(b)(vi).

(c) Upon the approval of the Members present at a meeting properly called, the chair of the meeting shall have the power to adjourn the meeting from time to time, without any notice other than announcement at the meeting of the time and place of the holding of the adjourned meeting. The time and place of the holding of the adjourned meeting shall be approved by a majority of the Members represented at the meeting. Upon the resumption of any adjourned meeting, any business may be transacted that might have been transacted at the meeting as originally called.

(d) An annual meeting (as distinguished from a special meeting) of the Members, for the appointment and election of Governing Board members and for the transaction of other business as may properly come before the meeting, shall be held at the place, on the date and at the time as the Governing Board shall fix and set forth in the notice of the meeting, which date shall be within 13 months after the date of organization of the Company or the last annual meeting of Members, whichever most recently occurred.

(e) Special meetings of the Members for any proper purpose or purposes may be called at any time by the Governing Board or any Member(s) holding at least 30% of the

outstanding Units. Only business within the purpose described in the notice (or waiver of notice) required by this Agreement may be conducted at a special meeting of the Members. The Members may establish a schedule for and purposes of regular meetings of the Members at any other properly called meeting.

(f) Written notice stating the place, day and hour of each annual and special meeting and, in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered in accordance with Article XVIII not less than 10 days before the date of the meeting by or at the direction of the Governing Board or Member(s) calling the meeting, to each Member entitled to vote at the meeting. A separate notice shall not be required for meetings scheduled by agreement of the Members, notice of which schedule and purposes is given to the Members in accordance with this Section 13.6(f) prior to the first such meeting. Notice satisfying the time periods set forth in this Section 13.6(f) for a meeting shall not be required if all Members execute a written waiver of notice for such meeting or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior to its commencement, the lack of notice to such Member. All such waivers, consents and approvals shall be filed with the Company records or made a part of the minutes of the meeting.

(g) The date on which notice of a meeting of Members called by the Governing Board is given shall be the record date for the determination of the Members entitled to notice of or to vote at the meeting, including any adjournment thereof.

(h) A Member may vote either in person or by proxy executed in writing by the Member or by such Member's duly authorized officer or attorney-in-fact. No proxy will be valid after 30 days from the date of its execution unless expressly provided in the proxy. A proxy will be revocable unless expressly provided therein to be irrevocable and unless made irrevocable by law. Each proxy is to be filed with the Secretary of the Company prior to or at the time of the meeting.

(i) All meetings of the Members shall be presided over by the chairman of the meeting, who shall be the Chairman of the Governing Board, unless absent, in which case the chairman shall be the President of the Company or, if the President is also absent, shall be determined by vote of a majority of the Units present at the meeting. The chairman of any meeting of Members shall determine the order of business and the procedure at the meeting, including the regulation of the manner of voting and the conduct of discussion, as the chair shall deem appropriate.

(j) Any action required or permitted to be taken at any meeting of Members may be taken without a meeting, without prior notice and without a vote, if a consent or consents in writing, setting forth the action so taken, shall be signed by Members holding that percentage of Units necessary to authorize the action. Prompt notice of the taking of any action by Members without a meeting by less than unanimous written consent shall be given to those Members who did not consent in writing to the action.

Section 13.7 Certification Requirements. Each Physician Member (including each Physician Entity Owner) agrees to execute, certify, and submit to the Company, within 30 days after written request by the Governing Board or officer acting at the direction of the Governing Board, an Eligibility Affirmation Statement and/or a written statement or similar certification, supported by such documentation as may be reasonably requested, setting forth information and representations as to

qualifications and eligibility to own interests in the Company (or with respect to the Physician Entity Owners, information and representations as to remaining a Qualified Physician Entity Owner) and remain a Qualified Member, compliance with this Agreement (including without limitation compliance with the Physician Member Eligibility Requirements) and applicable law, and similar matters as the Governing Board may request from time to time. Without limiting the foregoing, each Physician Member, and each person required to submit an Eligibility Affirmation Statement (including the Physician Entity Owners), shall provide within 30 days after written request such supporting information related to the Physician Member Eligibility Requirements as may reasonably be requested by the Company. Failure to complete and submit any such statement, certification and/or supporting documentation and information on a timely basis following request, or any other failure to comply with this Section 13.7, constitutes a breach of this Agreement giving rise to purchase or redemption rights under Section 15.9 of this Agreement, without limiting any other rights or remedies available to the Company.

ARTICLE XIV
Powers, Rights and Duties of the Managers

Section 14.1 Management by Governing Board; Delegation

(a) Governing Board as the Managers. Except for situations in which the approval of the Members is required by this Agreement or by the Act, and subject to the rights and duties of USP set forth herein and in the Management Agreement, the business, property and affairs of the Company shall be managed under the direction of the Governing Board as described in Section 14.1(b) hereof and any officers of the Company elected by the Governing Board, as described in Section 14.1(c) hereof. Said Governing Board members shall be the "managers" of the Company, as such term is defined in the Act.

(b) Governing Board

(i) Number; Appointment. The Governing Board shall consist of five (5) members (who need not be Members), two (2) of whom shall be appointed by JV and three (3) of whom shall be elected by the Physician Members (voting as a group). JV's initial representatives on the Governing Board shall be Corey Ridgway and _____; and the Physician Members initial representatives on the Governing Board shall be _____. One of the Governing Board members will be elected (by a majority vote of the Governing Board) as the Chairman of the Governing Board.

(ii) Voting Power. Each Governing Board member shall vote according to the percentage interest in the Company held by the Member or (in the case of the Governing Board members elected by the Physician Members) group of Members that appointed or elected such Governing Board member (with such percentage ownership interest to be determined by dividing the number of Units held by that Member or group of Members by the total number of outstanding Units), divided by the number of Governing Board members that the Member or group of Members appointed or elected. For example, since the Physician Members have the right to elect three members of the Governing Board, each such Governing Board member elected by the Physician Members shall have 33.3% of the voting power attributable to the Physician Members as a group. If any member of the Governing Board is not present at a meeting of the Governing Board, the voting

power attributable to such absent member shall automatically be allocated to the other member or members of the Governing Board appointed or elected by the same Member or group of Members who appointed or elected the absent member of the Governing Board.

(iii) Election of Physician Member Representatives. Commencing on January 1, 2018 (the "2018 Election") and continuing thereafter, elections of new Governing Board representatives of the Physician Members shall be held annually at a time and place designated by the Governing Board. In the elections of Governing Board members by the Physician Members, each Physician Member may vote for each open position (without cumulative voting) and the candidates receiving votes from Physician Members whose aggregate Membership Units are the greatest shall be elected. The Governing Board members elected by the Physician Members shall be elected for two-year terms, except that the Governing Board member elected in the 2018 Election by the Physician Members who receives the highest number of votes shall be elected for a three-year term.

(iv) Removal and Replacement. Each member of the Governing Board shall be subject to removal from the Governing Board by the party that appointed such Governing Board member or, in the case of a Governing Board member elected by the Physician Members, by the vote of Physician Members who own a majority of the Membership Units then owned by the Physician Members. Upon the removal, resignation or death of any Governing Board member, a replacement member shall be appointed or elected by the Member or Members that appointed or elected such departed Governing Board member.

(v) Vote Required for Actions. Except as otherwise expressly provided the Management Agreement or by the Act, the Governing Board shall have the right to make decisions with respect to the Surgery Center's operations. Any actions requiring approval of the Governing Board shall require approval by vote, or by action without a meeting (as described in Section 14.1(b)(vii) hereof), by a majority of the voting power (as described in Section 14.1(b)(ii) hereof) of the elected and acting members of the Governing Board; *provided, however*, the following actions shall require approval by at least three (3) members of the Governing Board (*i.e.* at least one (1) of the Physician Members' representatives on the Governing Board):

(A) a sale, merger or consolidation of the Company or conversion of the Company into a different form of entity or a sale of all or substantially all of the assets of the Company, or the participation by the Company in an exchange of interests or other type of business combination with any other entity, or any recapitalization or other change in the capital structure of the Company;

(B) the admission of any new Members to the Company (except with respect to any new Member to whom the JV or any of its Affiliates is permitted to transfer its Units without consent of the Members or the Governing Board);

(C) approval of any contracts or modifications or terminations of any contracts between the Company and any member of the medical staff of the Surgery Center, or (except as otherwise permitted by this Agreement, including Section 14.8 hereof, or the Management Agreement) any

Member or Affiliate of any Member (including for purposes hereof the Physician Entity Owners);

(D) any decision to file a petition requesting or consenting to an order for relief under the federal bankruptcy laws, or other actions with respect to the Company as a result of insolvency or the inability to pay debts generally as such debts become due;

(E) requesting Members to make additional capital contributions to the Company (subject to Section 7.1(c)(i) hereof);

(F) approval of any amendment, modification or termination in whole or in part of the Management Agreement;

(G) the commencement, settlement or dismissal of any material lawsuit or other material judicial or administrative proceeding (including any investigation) that is related, either directly or indirectly, to the Company;

(H) any change in the nature of the business of the Company or any decision to carry on any other business not directly related to the ownership and operation of the Surgery Center; and

(I) any decision to grant a waiver of any or all of the noncompetition provisions of Section 15.12 hereof, in whole or in part, as to any Physician Member or Interest Holder or any of its owners (if applicable), immediate family members, if applicable, or other Affiliates; any such waiver must be in writing and specifically refer to Section 15.12 hereof.

Notwithstanding the foregoing, in the event that Health System determines in good faith that the Governing Board has failed or may fail to cause the Company to conduct its activities so that the charitable and religious purposes of Health System take precedence over the profit making motives of the Company pursuant to Section 3.2 hereof through Section 3.5 hereof, inclusive, Health System shall be empowered and authorized to unilaterally require the Company and the Governing Board to take such actions, or to refrain from such actions, that are necessary or appropriate to preserve and protect Health System or any of its Affiliates' tax-exempt status. In addition, the approval of JV and a majority in interest of the Physician Members (*i.e.*, Physician Members who together hold a majority of Membership Units then held by such Physician Members) shall be required for the matters described in clauses (A), (B), (D), (E) and (I) above, or for dissolution of the Company pursuant to ARTICLE XVI hereof; *provided, further*, that any amendment to this Agreement shall be approved in accordance with ARTICLE XIX hereof.

(vi) Governing Board Meetings. Meetings of the Governing Board may be called by any member of the Governing Board. A schedule of regular meetings shall be established at the beginning of each year. Regularly scheduled meetings shall not require any advance notice. Any special meetings shall be held upon four days notice by mail or forty-eight (48) hours notice delivered personally or by telephone, e-mail or facsimile transmission. A notice of a special

meeting shall state the purpose of such special meeting. Notice of a meeting need not be given to any member of the Governing Board who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes thereof, whether before or after the meeting, or who attends the meeting without protesting, prior to its commencement, the lack of notice to such member. All such waivers, consents and approvals shall be filed with the Company records or made a part of the minutes of the meeting. Meetings of the Governing Board may be held at any place within or without the State of Tennessee that has been designated in the notice of the meeting or at such place as may be approved by the Governing Board. Governing Board members may participate in a meeting through use of conference telephone or similar communications equipment, so long as all Governing Board members participating in such meeting can hear one another. Participation in a meeting in such manner constitutes a presence in person at such meeting.

(vii) Action Without Meeting. Any action required or permitted to be taken by the Governing Board may be taken by the Governing Board members without a meeting if Governing Board members necessary to take such action at a duly called and held meeting at which all Governing Board members are in attendance consent in writing to such action. All such actions by written consent shall have the same force and effect as the requisite vote of the Governing Board members at a duly called and held meeting. Notice of any such actions taken in this manner shall be provided to the Governing Board members who were not a party to such written consent.

(viii) Compensation of Governing Board Members. Governing Board members shall not be entitled to any compensation for the performance of their duties in that capacity. The Company shall reimburse the Governing Board members for their out-of-pocket expenses incurred in attending Governing Board meetings or taking any actions specifically authorized by the Governing Board, including travel expenses associated with attendance of meetings by the Governing Board members appointed by JV. Additionally, the total aggregate value of meals provided by the Company to members of the Governing Board in any calendar year shall not exceed the amount set forth in the Non-Monetary Compensation Exception as the same shall be in effect in any calendar year as published by the Centers for Medicare and Medicaid Services CPI-U Updates. The Company shall keep a record of the aggregate value of such meals provided to the Governance Board and any and all other non-monetary compensation received by any individual member of the Governance Board. In the event that the Company determines that any member of the Governance Board has received in excess of the amount set forth in the Non-Monetary Compensation Exception set forth at 42 CFR 411.357(k) in any calendar year, such Governance Board member shall reimburse the Company in an amount equal to such excess not later than the end of the calendar year in which the excess compensation was received or within one hundred eighty (180) consecutive calendar days following the date the excess compensation was received, whichever is earlier.

(c) Officers. The Governing Board may elect officers of the Company and delegate duties and authority to such officers. If any officer is elected without an express statement of the duties and authority of such officer, the duties and authority of such officer shall be the same as those given to an equivalent officer of a Tennessee business corporation under the Tennessee Business Corporation Act. Initially, the following officers of the Company are elected: Corey Ridgway, President; _____, Vice President; Kathy Dougherty, Vice President; Daphne Walker, Vice President and Secretary; Jason Cagle, Vice President and Treasurer; Carol Koch, Assistant Treasurer; and Jenetha Moran, Assistant Secretary. Notwithstanding the foregoing, the officers of USP Parent or any of its Affiliates and persons with signatory authority pursuant to USP

Parent's corporate approval policy shall be deemed an authorized signatory of the Company for the purpose of executing any duly authorized contract, agreement, certificate or document.

(d) Management Agreement; Guaranty Fees. The Company and USP shall enter into the Management Agreement, and USP is hereby authorized to perform its duties and take the actions that are required or permitted under said agreement. In addition, if Health System, USP, USP Parent or any of their Affiliates agrees to guaranty any indebtedness or lease obligations of the Company with the approval or at the request of the Governing Board, then the Physician Members shall be offered the opportunity to provide their personal guarantees of a pro rata portion of such indebtedness or lease obligation, and each guarantor shall be entitled to a guaranty fee that is consistent with fair market value, as determined by the mutual agreement of USP and Health System, unless all Members (or their Affiliates) agree to provide a similar, pro rata guaranty (or indemnification relating to such guaranty).

Section 14.2 Power and Authority. Without limiting the generality of Section 14.1 hereof, but subject to the express limitations set forth elsewhere in this Agreement, the Governing Board shall have all necessary powers to manage and carry out the purposes, business, property and affairs of the Company and to do on behalf of the Company all things which, in the Governing Board's sole judgment, are necessary, proper or desirable to carry out the aforementioned duties and responsibilities.

Section 14.3 Devotion of Time. No Governing Board member is obligated to devote all of his or her time or business efforts to the affairs of the Company. The Governing Board members shall devote such time to the Company business as they shall deem appropriate for the operation of the Company. Nothing in this Agreement shall preclude the employment of any agent, third party or Affiliate to provide services in respect of the Company's properties or business, subject to the control of the Governing Board or USP under the Management Agreement, as applicable.

Section 14.4 Liability of Governing Board Members. No Governing Board member shall be liable to the Company or to any Member or Interest Holder for any loss or damage sustained by the Company, any Member or Interest Holder, unless the loss or damage shall have been the result of fraud, deceit, gross negligence, reckless or intentional misconduct or a knowing violation of law by the Governing Board member. The Governing Board members shall perform their managerial duties in good faith, in a manner they reasonably believe to be in the best interests of the Company, its Members and Interest Holders. No Governing Board member that so performs the duties of a Governing Board member shall have any liability by reason of being or having been a Governing Board member of the Company or having performed any such duty.

Section 14.5 Reliance on Agents. In performing their duties, the Governing Board members shall be entitled to rely on information, opinions, reports or statements, including financial statements and other financial data, of attorneys, accountants and other employees or agents of the Company who the Governing Board member reasonably believe to be reliable and competent in the matters presented.

Section 14.6 Indemnification and Insurance

(a) Indemnification. To the fullest extent permitted by law, the Company will indemnify each Member (but not relating to such Member, or any Physician Entity Owner, in his or her capacity as a physician performing medical procedures), its Affiliates, the members, owners, directors, officers, employees and agents of each Member and its Affiliates, each officer of the Company, each Governing Board member and the Liquidator (each an "Indemnified Party" and collectively the "Indemnified Parties"), and defend, save and hold each Indemnified Party harmless, from and in respect of, all **(i)** fees, costs and expenses incurred in connection with or resulting from any claim, action or demand against an Indemnified Party (including any claim, action or demand arising under common law or statute), including attorneys' fees, that arise out of or in any way relate to the Company or its subsidiaries, or their respective properties, business or affairs, or that arise by reason of any of them being a Governing Board member, officer, employee or agent of a Member or the Company (*provided that*, in such capacity, such person was performing services on behalf of the Company) or a director, officer or employee of any Affiliate of a Member (whether or not such person continues to serve in such capacity at the time such claim, action or demand is brought or threatened), and **(ii)** all claims, actions and demands and any losses or damages resulting therefrom (including all claims, actions and demands arising under common law or statutes), including amounts paid in settlement or compromise of any claim, action or demand; *provided, however*, that this indemnity will not extend to conduct by an Indemnified Party if it is determined by a court of competent jurisdiction that the person acted so as to be liable for actual fraud, willful misfeasance, gross negligence or reckless disregard of the duties involved in the conduct of such person's office, which liability will survive the person's ceasing to serve in such capacity and any dissolution of the Company. It is the intent of the parties hereto that the indemnification terms and conditions of the Management Agreement shall govern the Company's indemnification obligations with respect to USP's duties and responsibilities under the Management Agreement. The foregoing is intended to satisfy the requirements of the Act that indemnification be authorized prior to indemnifying any person. The foregoing right of indemnification will be in addition to any rights to which the Indemnified Parties may otherwise be entitled and will inure to the benefit of the executors, administrators, personal representatives, successors or assigns of each Indemnified Party.

(b) Expenses. The Company shall pay the expenses incurred by an Indemnified Party in defending a civil or criminal action, suit or proceeding, other than an action brought by the Company, upon receipt of an undertaking by the Indemnified Party to repay payments made by the Company if the Indemnified Party is determined not to be entitled to indemnification therefor as provided herein. The Governing Board will have the power on behalf of the Company to indemnify, on terms generally consistent with this Section 14.6, any other person who serves at the request of a Member as a director, officer or employee of, or consultant to, an Affiliate of the Company or a Member, against any liabilities that may be incurred by reason of the person's being an officer or employee of, or consultant to, an Affiliate of the Company or a Member. Any right of indemnity granted under this Section 14.6 may be satisfied only out of the assets of the Company and no Member will be personally liable with respect to any claim for indemnification.

(c) Insurance. The Company will have the power to purchase and maintain insurance in reasonable amounts on behalf of the Company and the Indemnified Parties against any liability incurred by them in their capacities as such, whether or not the Company has the power to indemnify them against such liability. The Company may purchase and maintain insurance for the

protection of any Indemnified Party against similar liabilities, whether or not the Company has the power to indemnify such person against such liabilities.

Section 14.7 Competing Activities

(a) Neither this Agreement nor the Management Agreement shall preclude or limit, in any respect, the right of JV, Health System, USP, USP Parent or any Affiliate of JV, Health System, USP or USP Parent, or any shareholder, member, owner, officer or director of JV, Health System, USP or USP Parent or any of their respective Affiliates (each, an "Affiliated Person") to engage or invest in any business activity of any nature or description, including those which may be the same as or similar to the business of the Company or the Surgery Center and in direct competition therewith;

(b) Any such activity may be engaged in by any Affiliated Person independently or with others, and may include the ownership and/or operation of other hospitals, surgical facilities or related medical facilities for such Affiliated Person's own account or the account of others, including any partnership, limited liability company or other entity organized by the Affiliated Person;

(c) Neither the Company nor any Member or Interest Holder shall have any right, by virtue of this Agreement or the relationship created hereby, in or to such other ventures or activities, or to the income or proceeds derived therefrom, and the pursuit of such ventures, even if competitive with the business of the Company, shall not be deemed wrongful or improper;

(d) Each Affiliated Person shall have the right to take for its own account (individually or as a trustee) or to recommend to others any investment opportunity; and

(e) This Section 14.7 shall not affect any noncompetition or other covenant to which any Affiliated Person is subject pursuant to any other agreement to which such Affiliated Person is a party.

Section 14.8 Contracts with Related Parties. Except as otherwise specified herein, the Company shall not enter into any contract, agreement, lease or other arrangement with a Member or any of its Affiliates unless such contract, agreement, lease or other arrangement has been approved by the Governing Board; *provided, however*, that anything in this Agreement or the Act to the contrary notwithstanding, **(a)** the Company is authorized to engage in any transaction that involves a Member or any of its Affiliates providing services, equipment or supplies to the Company for a consideration for such services, equipment or supplies that is no greater than the amount for which the Company could obtain such services, equipment or supplies from an independent party, as reasonably determined by JV, and **(b)** the Company may, at the discretion of USP, participate in any of the joint purchasing arrangements to which any of the Members is a party.

Section 14.9 Section 754 Election. In the event of a transfer of all or part of a Membership Unit as described in Code section 743, the Company may elect, pursuant to section 754 of the Code, or corresponding provision of subsequent law, to adjust the basis of the Company's property as provided by section 734 or section 743 of the Code. Each of the Members will upon request supply the information necessary to properly give effect to any such election.

Section 14.10 No Intent to Induce Referrals. It is not the purpose of this Agreement, the Management Agreement or any other related agreement to induce or encourage the referral of patients by any Member or Affiliate of any Member to the Surgery Center, and no payment or distribution under any such agreement is in return for the referral of patients or other business to the Surgery Center. Without limiting the generality of the preceding sentence, JV agrees, and will cause Health System to agree, that, for such time that it is a direct or indirect owner of the Company and for a period of one hundred eighty (180) days thereafter, it will:

(a) not take any actions to require or encourage any physicians employed, controlled or affiliated in any way with Health System or its Affiliates ("Affiliated Physicians") to refer patients to the Surgery Center or any of the Physician Members;

(b) not track referrals made by Affiliated Physicians to the Surgery Center or any of the Physician Members;

(c) not pay compensation to any Affiliated Physician, whether pursuant to employment or personal services contracts, that is not consistent with fair market value or that is determined in a manner that is related directly or indirectly to the volume or value of **(i)** referrals by the Affiliated Physician to the Surgery Center or the Physician Members or **(ii)** business otherwise generated by the Affiliated Physician for the Surgery Center or the Physician Members;

(d) inform Affiliated Physicians of the foregoing measures in paragraphs (a) through (c) above, inclusive, on an annual basis;

(e) certify to the Company as to Health System's and its Affiliates' compliance with the foregoing measures in paragraphs (a) through (d) above, inclusive, on an annual basis, in a form reasonably prescribed by the Governing Board; and

(f) not report any costs associated with the operation of the Surgery Center or the Company or any expenses incurred in providing services to the Surgery Center or the Company in any claim for payment submitted to a federal health care program or on Health System's or any Affiliate's federal health care program cost reports (except to the extent, if any, that federal programs require such costs to be reflected as non-reimbursable costs).

ARTICLE XV
Transfer of Interests by Members

Section 15.1 General Prohibition. Except for sales or transfers **(a)** that are made pursuant to Section 7.1 hereof, **(b)** that are otherwise approved by the Governing Board or **(c)** that are otherwise provided for in this ARTICLE XV, and notwithstanding any provision contained in the Act to the contrary, no Member or Interest Holder shall have the right to transfer his or her Membership Units and no Member shall have the right to have a transferee admitted as a substituted Member in respect of such Membership Units without, in either instance, obtaining the prior written consent of the Governing Board, which may be withheld in its sole and absolute discretion. Any transfer permitted hereunder may be made only to a Qualified Member. If a Member becomes aware of an event that would trigger an option to purchase such Member's Membership Units pursuant to any provision of this

ARTICLE XV, such Member shall promptly notify the Governing Board in writing that such event has occurred. This Section 15.1 shall not apply to the JV or any of its Affiliates.

Any liquidation by any Physician Entity and the pro rata transfer of its Membership Units to its Physician Entity Owners (as applicable) shall not be subject to the provisions of this ARTICLE XV, except for Section 15.10(c) hereof.

Section 15.2 Right of First Refusal. A Member may not, without the prior consent of the Governing Board (which consent may be withheld at the Governing Board's sole discretion), sell, assign or transfer the whole or any part of his or her Membership Units to any Person. In addition, before any such Membership Unit is assigned, sold or transferred, the assigning Member shall first provide the Company with written notice of the proposed transferee and the material terms and conditions of the proposed transfer and offer the Company (or, upon the determination of the Governing Board, the Physician Members pro rata by interest held; *provided* that such transfer must be in exchange for consideration consistent with the fair market value of the Membership Units transferred) and, if the Company declines such offer, JV (or its designee) the right to acquire such interest, in whole or in part, on the same terms and for the same price (fairly apportioned if less than the entire interest is purchased) that the assigning Member offers or proposes to offer such Membership Units. The Company and JV may assign any right to purchase Units that arises under this ARTICLE XV to any other Qualified Member which is not a Physician Member; *provided* that such transfer must be in exchange for consideration consistent with the fair market value of the Membership Units transferred. If the Company (or the Physician Members or Qualified Members designated by the Governing Board) does not elect to acquire the entire interest offered within twenty (20) days after their receipt of the offer, and if JV (or its designee) does not elect to acquire the entire interest offered within fifteen (15) days after the expiration of said twenty (20) day period, the part that they do not acquire may be sold by the Member upon the same terms and for the same price offered to the Company and JV at any time within ninety (90) days after the expiration of such fifteen (15) day period only if the Governing Board has approved of the proposed transferee; *provided, however*, that this sentence shall not apply to options to purchase Units that arise under any other provision of this ARTICLE XV, it being acknowledged that any such option shall remain continuously in effect from the date the option arises unless and until the affected Member's Units are purchased as a result of an exercise of such option. In addition to the foregoing, any Member who desires to transfer his or her Membership Units shall arrange for the transferee to be bound by the provisions of this Agreement, as it may then be amended, by having such transferee execute two (2) counterparts of an instrument of assignment satisfactory in form to the Company and by delivering the same to the Company together with any other information that may be required by counsel to the Company to determine whether the proposed transfer complies with applicable federal and state securities or other laws or regulations. It is understood that the transferee shall be required to pay any and all reasonable filing and recording fees, legal fees, accounting fees and other charges and fees incurred by the Company and its counsel as a result of any such transfer. This Section 15.2 shall not apply to JV or any of its Affiliates.

Section 15.3 Sale to JV or the Company. Notwithstanding anything herein to the contrary, any Member may sell such Member's Units at any time to JV or to the Company at a price and upon such terms as may be agreed to by such parties; *provided, however*, that in no event shall the foregoing be deemed to be a "put right" of any Member or an affirmative obligation on the part of JV or the Company to purchase or negotiate the sale of any Membership Units, but instead shall be

deemed to be an optional negotiation and purchase and sale of Membership Units to the extent mutually desired and as mutually agreed to by said parties.

Section 15.4 Disposition Upon Termination of Marriage. If the marital relationship of a Member is terminated by divorce or the death of the Member's non-Member spouse (with the intent being that the death of a Member's spouse who was also a Member shall be governed by Section 15.9(a)) and such Member does not succeed to his or her spouse's interest (if any) in their Membership Units, such Member shall have the option to purchase all of his or her spouse's interest in such Membership Units, and such spouse or the executor or administrator of the spouse's estate shall be obligated to sell such Membership Units. The price at which such Membership Units shall be purchased shall be an amount equal to the Agreed Value (as defined in Section 15.11 below), which shall be payable in cash. Such option must be exercised within 90 days after such death or divorce. If the Member fails to exercise such option within said 90 day period (including without limitation any failure resulting from a determination that the preceding provisions of this Section 15.4 are not enforceable against the Member's spouse or estate), such failure shall constitute an offer by the Member and his or her spouse or estate to sell all of their Membership Units at the Agreed Value, and the provisions of Sections 15.2 and 15.10 shall apply to such offer. The date of the offer shall be the 91st day after such death or divorce.

Section 15.5 Involuntary Disposition. Prior to or upon any involuntary disposition of any Membership Units by a Member, the Member who owns such Membership Units or his or her representative shall send written notice thereof to the Company by certified or registered mail, return receipt requested, disclosing in full the nature and details of such involuntary disposition, and such notice shall be deemed to be an offer by such Member to sell such Membership Units for the Agreed Value, and the provisions of Sections 15.2 and 15.10 shall apply to such offer. Failure to send any such notice shall not affect the applicability or operation of the other provisions of this Article XV. The various options to purchase the Membership Units pursuant to this Article XV shall continue following any transfer or disposition of the Membership Units, whether pursuant to this Agreement or otherwise.

Section 15.6 Transfers Affecting Tax Status. Anything contained herein to the contrary notwithstanding, without the prior approval of the Governing Board, no Member may assign the whole or any part of his or her Membership Units, and no attempted or purported transfer or assignment of any Membership Units (whether or not such assignee or transferee is admitted as a Member) shall be effective if it prejudices or affects, or would prejudice or affect, the continuity of the Company for purposes of Section 708 of the Code. The Company is expressly authorized to enforce this provision by notifying the Members that all transfers or assignments will be suspended for a period of up to 12 months whenever interests totaling 49% or more in interest of the Company have been effectively transferred in any 12 month period. Prior to any such transfer or assignment becoming effective, the Governing Board may require an opinion of counsel to the effect that, except as may result from any basis adjustment made pursuant to Section 14.9 above, the transfer will not adversely affect the Company or any of the nontransferring Members, and such transferor or assignor shall be responsible for paying said counsel's fee for the opinion. This Section 15.6 shall not apply to JV or any of its Affiliates.

Section 15.7 Compliance with Securities Laws.

(a) All Members acknowledge that the Membership Units have not been registered under (a) the Securities Act of 1933, as amended (the "1933 Act"), in reliance on the exemptions afforded by Section 3(a)(11) and Section 4(2) of the 1933 Act, or (b) the securities laws of the State of Tennessee (the "State Securities Laws") in reliance on an exemption afforded by the Uniform Limited Offering Exemption or other similar exemption adopted pursuant to the State Securities Laws. Therefore, to preserve said exemptions and notwithstanding anything contained herein to the contrary, the Members hereby agree that interests in the Company shall be nontransferable and nonassignable except in compliance with the registration provisions of the 1933 Act and the State Securities Laws, or an exemption or exemptions therefrom, and any attempted or purported transfer or assignment in violation of the foregoing shall be void and of no effect. As an additional condition precedent to any assignment or other transfer of any interest in the Company, the Company may require an opinion of counsel reasonably satisfactory to the Company that such assignment or transfer will be made in compliance with the registration provisions of the 1933 Act and the State Securities Laws or exemptions therefrom, and such transferor or assignor shall be responsible for paying said counsel's fee for the opinion. The foregoing shall not limit the restrictive legend set forth at the beginning of this Agreement.

(b) No transfer will be permitted if the Governing Board determines that the transfer will (i) adversely affect the status of investments in the Company with respect to any Health Laws or (ii) subject the Company to reporting, filing or other requirements the Governing Board deems financially or administratively burdensome. In making such determination, the Governing Board may conclusively rely upon written advice from its counsel.

Section 15.8 Effective Date of Transfer; Substitution of Assignees as Members. Unless otherwise agreed by the assignor, the assignee and the Company, each assignment or transfer of Membership Units shall be effective as follows: (a) if the Governing Board actually receives an instrument of assignment that is satisfactory in form to the Governing Board and is duly executed by the assignor and the assignee, during the first 15 days of any calendar month, the assignment shall be effective as of the first day of such calendar month; and (b) if such an instrument of assignment is actually received by the Governing Board during the remainder of such calendar month, the assignment shall be effective as of the first day of the next calendar month; however, no attempted assignment or transfer shall be effective or recognized by the Company or the Members until all the requirements of this Article XV have been satisfied. If and when the consent of the Governing Board to the admission of such transferee is secured and the other requirements of this Article XV are satisfied, the transferee shall be admitted as a substituted Member as to the Membership Units thus transferred, and each Member hereby consents to such admission. Unless and until any transferee is admitted as a substituted Member, his or her status and rights shall be limited to the rights of an Interest Holder. Upon the effectiveness of an assignment of a Membership Unit and the consent of the Governing Board to the admission of the assignee as a Member under this Section 15.8, the Company shall execute, file and record with the appropriate governmental agencies such documents (including amendments to this Agreement), if any, as are required to accomplish the admission of the transferee as a substituted Member. Any person admitted as a Member shall be subject to and bound by all the provisions of this Agreement as if originally a party to this Agreement.

Section 15.9 Options to Purchase

(a) In the event of the death, Retirement, mental incompetency or legal disability of a Member (or an Interest Holder) (other than any Physician Entity), the Company (or, upon the determination of the Governing Board, the Physician Members pro rata by interest held) shall have the option and, if the Company does not exercise such option, JV (or its designee) shall have the option to purchase such Member's Membership Units pursuant to the provisions of Section 15.2 as if such Member had made an offer to sell his or her Membership Units at a price equal to the Agreed Value of said Membership Units, determined as of the date such option is exercised.

(b) If any Physician Member (including for this purpose the sole owner of any Physician Entity, but excluding any other Physician Entity with more than one physician owner, it being agreed that such other Physician Entities shall not be subject to this Section 15.9(b), but shall instead be subject to Section 15.9(c) below) at any time ceases either to (i) maintain his or her credentials to provide services at the Surgery Center or (ii) meet the Physician Member Eligibility Requirements, as evidenced by the Physician Member's failure or inability to execute and deliver an Eligibility Affirmation Statement in the form attached hereto as *Schedule B* as required by Section 13.7, then in each such case, such Physician Member shall be deemed to have made an offer to sell all of his or her Membership Units. Upon the occurrence of any such event, the Company (or its designee) and JV (or its designee) shall have the right to purchase such Physician Member's Membership Units pursuant to the provisions set forth in Section 15.2 as if such Physician Member had made an offer to sell his or her Membership Units for a purchase price equal to the Agreed Value.

(c) Each Physician Entity represents that each of its Physician Entity Owners is a Qualified Physician Entity Owner and shall certify on an annual basis that each such Physician Entity Owner continues to be a Qualified Physician Entity Owner. The Company shall have the right to verify compliance by each such Physician Entity Owner. The Physician Entity will request that each Physician Entity Owner execute and deliver to the Company (by or through the Physician Entity) an Eligibility Affirmation Statement in accordance with this Agreement. The Physician Entity will immediately notify the Company in the event of a buyback event described in this Article XV has occurred with respect to any of its Physician Entity Owners (the "Non-Compliant Physician Entity Owner") and within ten (10) days shall either (i) purchase and/or cause one or more of its Qualified Physician Entity Owners to purchase the interest in the Physician Entity of a Non-Compliant Physician Entity Owner (in which event the provisions below shall apply), both of which shall be in accordance with the provisions of the Physician Entity Governing Documents, provided that the closing of said buyout of such Non-Compliant Physician Entity Owner's interest in the Physician Entity shall occur within sixty (60) days, or (ii) distribute the Membership Units then held by the Physician Entity to its Qualified Physician Entity Owners. If the Physician Entity fails to take either of the actions described in the preceding sentence within the prescribed period, then at the election of JV, either (x) the Physician Entity shall be deemed to have made an offer to sell its Membership Units to the Company and JV at the Agreed Value of said Membership Units calculated as of the date written notice is provided that such right will be exercised pursuant to the provisions of Sections 15.2 and 15.10 hereof, (y) the Physician Entity shall be deemed to have distributed the Membership Units then held by the Physician Entity to its Qualified Physician Entity Owners or (z) except as prohibited by applicable laws, JV shall have the right to purchase the Non-Compliant Physician Entity Owner's interest in the Physician Entity at the same price as set forth in the Physician Entity Governing Documents, provided that, in such event, JV shall become an economic interest holder in the Physician Entity (i.e., JV shall

not have voting rights or any other rights of an owner of the Physician Entity). In the event that JV purchases the Non-Compliant Physician Entity Owner's interest in the Physician Entity pursuant to the preceding clause (z) the Physician Entity shall, within thirty (30) days of such purchase, but effective immediately after the buyout of the Non-Compliant Physician Entity Owner, automatically redeem the interest of JV in the Physician Entity in exchange for either, at JV's election, (x) a number of Membership Units equal to the ownership percentage in the Physician Entity represented by the redeemed interest multiplied by the number of Membership Units then held by the Physician Entity or (y) cash in an amount equal to the purchase price paid by JV for said interest in the Physician Entity.

In the event that (x) any Physician Entity Owner at any time becomes a Non-Compliant Physician Entity Owner or is otherwise subject to a buyback right in favor of the Physician Entity or the Physician Entity Owners pursuant to the Physician Entity Governing Documents, (y) the Physician Entity redeems such Physician Entity Owner's interest in the Physician Entity and/or causes one or more of its Qualified Physician Entity Owners to acquire such interest as described above and/or JV purchases such Physician Entity Owner's interest in the Physician Entity as described above, and (z) as a result of such redemption, acquisition or otherwise, the Physician Entity has fewer than the number of owners it had at the time it acquired its Membership Units (the "Minimum Physician Entity Owners") who are Qualified Physician Entity Owners and the Physician Entity does not add a New Acceptable Physician Entity Owner within six (6) months from the time it has fewer than the Minimum Physician Entity Owners who are Qualified Physician Entity Owners, then at the end of such six (6) month period the Physician Entity shall be deemed to have made an offer to sell to the Company and JV, for a purchase price equal to the Agreed Value (calculated as of the date written notice is provided that such right will be exercised), a number of Membership Units equal to the number of Membership Units then held by the Physician Entity multiplied by the percentage ownership interest in the Physician Entity owned by the redeemed or acquired Physician Entity Owner. Any such offer to sell Membership Units by the Physician Entity shall be governed by the provisions of Section 15.2 and 15.10 hereof. If in the future the Physician Entity has additional owners who acquire an interest in the Physician Entity in compliance with this Agreement and meet the Physician Member Eligibility Requirements but are not listed on Schedule E attached hereto, the Physician Entity may, subject to the prior written consent of JV, add such new owners as "New Acceptable Physician Entity Owners" for purposes hereof.

(d) In addition to the rights set forth in subsections (a) - (c) of this Section 15.9, if at any time JV, with the consent of a majority in interest of the Physician Members (i.e., Physician Members who together hold a majority of Membership Units then held by such Physician Members), elects to purchase a Member's Membership Units, the Company (or its designee) and JV (or its designee) shall have the right to purchase such Membership Units pursuant to the provisions of Section 15.2 as if such Member had made an offer to sell his or her Membership Units for a purchase price equal to the Agreed Value of such Membership Units.

(e) In the event of breach of this Agreement by a Physician Member in a manner not otherwise addressed by this Article XV, the Company (or its designee) and then JV (or its designee) shall have the option to purchase the breaching Physician Member's Units, following notice from the Company and a reasonable period (not fewer than ten (10) days, as specified in the notice of breach) to cure, pursuant to the provisions of Section 15.2 as if such Physician Member had made an offer to sell his or her Membership Units at a price equal to the Agreed Value of such Units.

(f) The closing of any transaction pursuant to this Section 15.9 shall take place, the purchase price shall be paid and the selling Member's Membership Units shall be transferred and assigned in accordance with the terms and provisions of Section 15.10.

(g) This Section 15.9 shall not apply to JV or any of its Affiliates (other than respect to their respective purchase rights hereunder).

Section 15.10 Repurchase Procedures

(a) Except as expressly set forth in Section 15.13, the purchase price for Membership Units to be acquired pursuant to this Article XV shall be payable in cash to the transferor of such Membership Units.

(b) The closing of the sale shall be held at the principal place of business of the Company within 30 calendar days after the date JV or the Company, as the case may be, exercises its right to purchase such interest. At the closing of the sale, the buyer shall pay the purchase price to the seller and the seller (or his or her legal representative) shall convey the Membership Units to be sold, free and clear of all encumbrances, by executing and delivering a form of Assignment of Membership Units provided by the Company; provided, however, that in the event the seller fails to execute and deliver such an Assignment of Membership Units, the Membership Units to be transferred shall be deemed transferred for all purposes on the date the buyer tenders payment therefor to the Company (or in the event JV or the Company is the buyer, the date JV or the Company (as the case may be) notifies the seller that a check or, if applicable, shares of USP Parent for such purchase price is available upon delivery of an executed Assignment) and the seller shall have no further interest in the Company, other than the right to receive such purchase price (without interest) upon execution and delivery of an appropriate Assignment form as required herein. All costs and expenses of said transfer, including any legal fees of the Company, shall be borne and paid by the selling party, and the Company is authorized to apply any other obligations payable to the selling party to the payment or reimbursement of such costs and expenses.

(c) In the event any Physician Entity distributes the Membership Units then held by such Physician Entity to its Physician Entity Owners, the Membership Units to be transferred shall be deemed transferred for all purposes regardless of whether an appropriate Assignment of Membership Units form was executed and delivered, and the Physician Entity Owners, as the case may be, shall automatically be bound by all of the terms and conditions of this Agreement and, except as otherwise expressly set forth herein, shall assume all rights, duties, liabilities and obligations of "Physician Members" under this Agreement.

Section 15.11 Agreed Value. The "Agreed Value" of any Member's Membership Units in the Company shall mean the greater of (a) the book value attributable to such Membership Units, where book value is total assets less total liabilities of the Company, as set forth in the most recent of the Company's regularly prepared financial statements and shall be determined in accordance with generally accepted accounting principles consistently applied (the "Net Book Value"), or (b) if sufficient credible documentation is available to perform such calculation the sum of (i) the amount originally paid by the Member for such Membership Units, plus (ii) any additional capital contributed to the Company attributable to such Membership Units (such as through a capital call), plus (iii) the Member's Net Income allocated to such Membership Units, minus (iv) the Member's Net Losses

allocated to such Membership Units, minus (v) the Member's distributions allocated to such Membership Units (the "Member's Net Investment"). If sufficient credible documentation is not made available to the Company for the purposes of performing the calculation set forth in clause (b) above, then the Agreed Value shall be the amount determined pursuant to clause (a) above. Notwithstanding the foregoing, if the JV or the Company is the buyer, then at the sole discretion of such buyer, the Agreed Value shall not exceed the "Appraised Value" for such Units. The "Appraised Value" shall mean a price per Unit equal to the fair market value of the Company divided by the number of Units issued and outstanding at the end of the last month immediately preceding the month when the notice of intent to purchase is delivered. As used herein, the "fair market value" of the Company will be the value of the Company determined by an independent appraisal firm that is approved by the Governing Board and the costs of which shall be borne by the Company. Any questions with respect to accounting procedures or valuation not controlled by this Agreement shall be resolved by the independent accountants then engaged by the Company.

Section 15.12 Physician Member Non-Competition Covenant

(a) Each Physician Member (for purposes of this Section 15.12, the term Physician Member shall also include any Physician Entity Owner) agrees that, so long as such Physician Member owns any Membership Units and for a two year period following such Physician Member's disposition of all of his or her Membership Units, neither such Physician Member nor any of its owners (if applicable), immediate family members (if applicable) or other Affiliates will, directly or indirectly, either (i) enter into an employment relationship with any employer that prevents the employee from performing procedures at or owning any financial interest in the Surgery Center or (ii) engage anywhere within a ten (10) mile radius of the Surgery Center in (A) the development, management or ownership of ambulatory surgery centers, endoscopy centers, pain treatment facilities or hospitals, (B) providing administrative, employee, leasing or consulting services to any ambulatory surgery center, endoscopy center, pain treatment facility or comparable facility or hospital (including any hospital affiliate or hospital affiliated medical practice group, or any medical group, IPA or other entity that owns an interest in any such facility) or (C) any other business that would be competitive with the business conducted by the Company or the Surgery Center (including without limitation doctors' offices or any other facility where surgical, endoscopy or pain procedures customarily performed in hospitals or licensed outpatient surgical centers are performed) or acquire or retain any "financial interest" (as defined below) in any business which is so engaged; *provided, however,* that (i) no Physician Member shall be restricted from performing surgery at any other facility or otherwise practicing medicine in a private practice which may utilize such competing facilities in which the Physician Member does not have an ownership interest from time to time, (ii) no Physician Member shall be prevented from participating on any hospital medical staff committee, office or board so long as no compensation (other than customary fees for membership on general oversight or quality assurance committees) is paid to such Physician Member for services directly related to any such hospital's outpatient surgery or endoscopy facility or program, (iii) this Section 15.12 shall not apply to any ownership interest held by a Physician Member in a competing facility that is disclosed in writing to and approved by the Company prior to the Company's acceptance of a subscription for Membership Units from such Physician Member, (iv) this Section 15.12 shall not apply to the continuation of the practice of any Physician Member who is a surgeon personally performing surgical procedures in his or her office (A) for which no separate facility fee, technical component or "payment differential" (i.e., a professional fee that is in excess of the professional fee the physician would have received had the

procedure been performed in the Surgery Center) is paid or charged, (B) that are the types and scope of procedures that have been performed in such Physician Member's office during the 12 month period prior to such Physician Member's initial acquisition of any Membership Units or interests in the Physician Entity, as applicable, and (C) that are not procedures that were performed in the Surgery Center by such physician during the 12 month period prior to such physician's initial acquisition of any Membership Units or interests in the Physician Entity, as applicable, and (v) this Section 15.12 shall only apply to Physician Members.

(b) For purposes of this Agreement, "financial interest" shall include (i) interests held by family members or trusts for the benefit of any Member or family member and (ii) any financial relationship with a competing entity, whether as an employee, agent, director, security holder (except for investments made through mutual funds or the ownership of any outstanding shares of a public entity traded on an established stock exchange (including without limitation the Nasdaq stock market) at an original cost of not more than $25,000), creditor, consultant or otherwise.

(c) If any Physician Member violates the non-competition covenant set forth in this Section 15.12, such Physician Member shall thereupon be deemed to have made an offer to sell his, her or its Membership Units at a price equal to the lesser of: (i) the Member's Net Investment (as the Member's Net Investment would be determined for purpose of Agreed Value); or (ii) 50% of the Net Book Value of the Member's Units (as the Net Book Value would be determined for purposes of Agreed Value), which offer shall be governed by the terms of Sections 15.2 and 15.10 hereof. In addition, upon breach of any provision of this Section 15.12, the Company will be entitled to injunctive relief, since the remedy at law would be inadequate and insufficient, and the Company will be entitled to such monetary damages as it can show it has sustained by reason of such breach.

(d) If any provision in this Section 15.12, or any part thereof, is held to be unenforceable because of the duration of such provision or the area covered thereby, the parties agree that the court making such determination will have the power to reduce the duration and/or area of such provision, and/or to delete specific words or phrases, and in its reduced form such provision will then be enforceable and will be enforced.

(e) The non-competition covenants in this Section 15.12 shall not apply to JV or any of its related or affiliated organizations (including Health System, USP and USP Parent).

(f) Each Physician Entity agrees that it shall require its owners, through the Physician Entity's Governing Documents, to abide by the noncompetition covenants set forth in this Section 15.12.

Section 15.13 Repurchase Obligation Upon Change in Law. If any law is passed or regulation or government ruling adopted after the date of this Agreement which the Company's outside counsel advises the Company prohibits or has the effect of prohibiting a referring physician from being a Physician Member, the Company and the affected Physician Member agree to use their commercially reasonable efforts to restructure the referring physician's relationship with the Company in such a manner that will avoid such illegality and, to the extent practicable, will preserve the existing financial and business relationships among them. If despite such efforts no such restructuring is agreed upon, the Company agrees to purchase, and the Physician Member agrees to sell, the Membership Units held by such Physician Member for a purchase price equal to the Agreed Value of such interest. The

purchase price will be payable in cash or, at the option of the Company at least 25% in cash and the balance with the Company's (or at the option of the Company with the approval of JV, the JV's) promissory note, which note shall be payable in three equal annual installments and shall bear interest at the "prime rate" from time to time published in *The Wall Street Journal* in effect at the purchase date.

Section 15.14 Ownership of Membership Units for Certain Purposes. In case any Membership Units (other than Membership Units held by JV or any of its Affiliates) are held by an entity or by two or more persons as joint tenants or tenants in common or pursuant to any other joint ownership arrangement, the Governing Board shall designate the individual(s) who shall be treated as the owner of such Membership Units for purposes of determining the rights of the Company and the other Members under this Article XV and all voting rights attributable to such Membership Units.

Section 15.15 Continuation. The Company will continue until it is terminated pursuant to this Agreement or the Act. The Members expressly agree that no change, substitution or withdrawal of any Member will result in termination or winding up of the Company.

Section 15.16 Covenants of Physician Entity Regarding Governing Documents. Each Physician Entity represents, warrants and covenants that its Governing Documents as in effect on the date of initial acquisition of any Membership Units include, and at all times a Physician Entity is a member of the Company will include, repurchase or buyback rights in favor of the Physician Entity or the owners of such Physician Entity equivalent to those set forth in Article XV of this Agreement for the Company and JV, and do not contain any provisions inconsistent with this Agreement, and that such Governing Documents include specifically, but without limitation, (i) the requirement that distributions to owners of the Physician Entity be distributed pro rata based on ownership interests in the Physician Entity pursuant to Section 8.1 of this Agreement and (ii) the covenant contained in Section 15.12 of this Agreement. As a condition to its ownership of Membership Units, each Physician Entity agrees (i) to provide a current copy of its Governing Documents to JV upon request, (ii) not to amend its Governing Documents to be inconsistent with the foregoing or with any other provisions of this Agreement without the prior written approval of JV and (iii) to provide a certified copy of any amendments to its Governing Documents promptly after adoption to confirm that such amendment is compliant with the foregoing. If any Physician Entity fails to comply with the requirements of this Section 15.16, such Physician Entity shall be in breach of this Agreement, giving the Company and JV the right, without limitation of remedies, to purchase or redeem the Units of the defaulting Physician Entity pursuant to the provisions of Section 15.2 and 15.10 as if such Physician Entity had made an offer to sell its Membership Units at a price equal to the Agreed Value of such Units.

Section 15.17 Preemptive Rights. Notwithstanding anything in this Agreement to the contrary, JV shall have the absolute right to own at any time and at all times, at a minimum, at least 50.1% of the then issued and outstanding Membership Units (the "Minimum JV Interest"). If at any time JV does not own at least the Minimum JV Interest, other than as a result of a disposition of Units by JV to any third party (including its Affiliates), then JV shall purchase, and the Members and the Company shall be deemed to have authorized and shall issue to JV, sufficient Units, from time to time, as necessary to cause the Membership Units owned by JV to equal the Minimum JV Interest. If JV purchases Membership Units pursuant to this provision, the purchase price of such Units shall be commensurate with the price of any contemporaneous sales or purchases of Units by the Company or, if no such sales or purchases are being made by the Company contemporaneously, at the Appraised

Value of such Units at such time. Membership Units shall be deemed to have been authorized and shall be issued at any time if and as necessary to accommodate maintenance of the Minimum JV Interest, notwithstanding any contrary term or provision of this Agreement, even if such issuance would cause the total number of issued Units to exceed the number originally established by this Agreement. No approval of any Member or member of the Governing Board shall be required as a precondition to authorization or issuance of the Membership Units in accordance with this Section 15.17.

Section 15.18 Certain Covenants of Members Regarding Sales by Physician Entities. Each Physician Entity covenants that it will not admit additional members or issue any new equity securities, reissue any equity securities held in treasury or authorize the transfer of any equity securities, (i) unless such additional member satisfies the Physician Member Eligibility Requirements and (ii) without the prior consent of the Governing Board, which consent shall not be unreasonably withheld, delayed or conditioned. Any sales of interests in a Physician Entity to a physician investor will be at fair market value at the time of sale (as determined by the governing body of the Physician Entity and approved by the Governing Board) and will be conducted in compliance with all applicable securities laws, Health Laws and other laws and regulations.

ARTICLE XVI
Dissolution of the Company

Section 16.1 Dissolution Events. The happening of any one of the following events shall work an immediate dissolution of the Company:

(a) The bankruptcy of the Company;

(b) The sale or other disposition of all or substantially all the assets of the Company; or

(c) The vote of JV and a majority in interest of the Physician Members - *i.e.*, Physician Members who together hold a majority of Membership Units then held by such Physician Members - to dissolve.

Section 16.2 Deemed Bankruptcy of the Company. For purposes of this Agreement, the "bankruptcy" of the Company shall be deemed to have occurred upon the happening of any of the following:

(a) The filing of an application by the Company for, or the Company's consent to, the appointment of a trustee in bankruptcy or receiver of all or a substantial portion of its assets;

(b) The filing by the Company of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing its inability to pay its debts as they come due;

(c) The making by the Company of a general assignment for the benefit of creditors;

(d) The filing by the Company of an answer admitting the material allegation of, or its consenting to, or defaulting in answering a bankruptcy petition filed against it in any bankruptcy proceeding; or

(e) The entry by any court of competent jurisdiction of an order for relief of the Company under Chapter Seven of 11 U.S.C. (the Bankruptcy Code), the entry of an order, judgment or decree having a similar effect under any other applicable law or the entry of an order, judgment or decree appointing a trustee of the assets of the Company, and any such order, judgment or decree continuing unstayed and in effect for a period of sixty (60) days after such entry.

Section 16.3 Right of JV to Purchase Membership Units. Upon occurrence of an event requiring termination under Section 16.1 but prior to termination of the Company, JV shall have the right to purchase all of the Membership Units held by the other Members at their Appraised Value, which shall be determined on a current basis notwithstanding any prior appraisal or valuation conducted pursuant to this Agreement, and to continue the business of the Company. JV shall notify the other Members of its intention to purchase such Membership Units within 30 days following the occurrence of the event giving rise to termination of the Company. JV shall identify in its notice the appraiser which conducted the most recent prior valuation of the Company, and that appraiser shall be used for the termination appraisal. The closing of the purchase of the Membership Units shall take place on a day established by JV in a written notice to the other Members, in no event more than 60 days following the date of the completion of the termination appraisal. The purchase price shall be paid in cash and divided among the selling Members in accordance with their respective ownership of Membership Units.

ARTICLE XVII
Winding Up and Termination of the Company

Section 17.1 Winding Up; Appointment and Powers of Liquidator. If the Company is dissolved pursuant to Section 16.1 hereof, a liquidator or liquidating committee selected by the Governing Board or, if no such liquidator or liquidating committee is so selected, the Governing Board (the "Liquidator") shall commence to wind up the affairs of the Company and to liquidate and sell its assets. The Liquidator shall have sufficient business expertise and competence to conduct the winding up and termination of the Company and, in the course thereof, the power and authority to cause the Company to perform any contracts that the Company has theretofore or (subject to the limitations hereinafter set forth) may thereafter enter into. The Liquidator shall proceed with such liquidation in as expeditious a manner as is reasonably practicable. The Liquidator shall have full right and unlimited discretion to determine the time, manner and terms of sale or sales of Company property pursuant to such liquidation with due regard to the activity and condition of the relevant market and general financial and economic conditions. The Liquidator (if other than the Governing Board) appointed as provided herein shall be entitled to receive such compensation for its services as shall be agreed upon by the Liquidator and a Majority in Interest of the Members. The Liquidator may resign at any time by fifteen (15) days prior written notice and may be removed at any time, with or without cause, by written notice of removal signed by a Majority in Interest of the Members. Upon the death, dissolution, removal or resignation of the Liquidator, a successor and substitute Liquidator (who shall have and succeed to all the rights, powers and duties of the original Liquidator) shall be appointed within thirty (30) days thereafter by vote of a Majority in Interest of the Members, evidenced by written appointment and acceptance. The right to appoint a successor or substitute Liquidator in the manner

provided herein shall be recurring and continuing for so long as the functions and services of the "Liquidator" are authorized to continue under the provisions hereof, and every reference herein to the "Liquidator" will be deemed to refer also to any such successor or substitute Liquidator appointed in the manner herein provided. Except as expressly provided in this ARTICLE XVII, the Liquidator appointed in the manner provided herein shall have and may exercise, without further authorization or consent of any of the parties hereto or their legal representatives or successors in interest, all of the powers conferred upon the Governing Board under the terms of this Agreement (but subject to all of the applicable limitations, contractual and otherwise, upon the exercise of such powers) to the extent necessary or desirable in the good faith judgment of the Liquidator to carry out the duties and functions of the Liquidator hereunder for and during such period of time, not to exceed two (2) years after the date of dissolution of the Company, as shall be reasonably required in the good faith judgment of the Liquidator to complete the liquidation and dissolution of the Company as provided for herein, including, without limitation, the following specific powers:

(a) The power to continue to manage and operate any business of the Company during the period of such liquidation or dissolution proceedings, excluding, however, the power to make and enter into contracts which may extend beyond the period of liquidation.

(b) The power to make sales and incident thereto to execute deeds, bills of sale, assignments and transfers of assets and properties of the Company; *provided*, that the Liquidator may not impose personal liability upon any of the Members under any such instrument.

(c) The power to borrow funds as may, in the good faith judgment of the Liquidator, be reasonably required to pay debts and obligations of the Company or operating expenses, and to execute and/or grant deeds of trust, mortgages, security agreements, pledges and collateral assignments upon and encumbering any of the Company properties as security for repayment of such loans or as security for payment of any other indebtedness of the Company; *provided, however*, that the Liquidator shall not have the power to create any personal obligation on any of the Members to repay such loans or indebtedness other than out of available proceeds of foreclosure or sale of the properties or assets as to which a lien or liens are granted as security for payment thereof.

(d) The power to settle, release, compromise or adjust any claims asserted to be owing by or to the Company, and the right to file, prosecute or defend lawsuits and legal proceedings in connection with any such matters.

Section 17.2 Liquidator Appointed by Court. If within thirty (30) days following the date of dissolution or other time period provided in Section 17.1 hereof above a Liquidator or successor Liquidator has not been appointed in the manner provided therein, any interested party shall have the right to make application to the appropriate court in the county in which the Surgery Center is located for appointment of such Liquidator or successor Liquidator, and the said court shall be fully authorized to appoint and designate such Liquidator or successor Liquidator who shall have all the powers, duties, rights and authorities of the Liquidator herein provided.

Section 17.3 Reserves. After making payment or provision for payment of all debts and liabilities of the Company and all expenses of liquidation, the Liquidator may set up, for a period not to exceed two (2) years after the date of dissolution of the Company, such cash reserves as the

Liquidator may deem reasonably necessary for any contingent or unforeseen liabilities or obligations of the Company.

Section 17.4 Payment of Expenses; Distributions. Upon the winding up and termination of the business and affairs of the Company, its assets (other than cash) shall be sold, its liabilities and obligations to creditors and all expenses incurred in its liquidation shall be paid. Notwithstanding the provisions of Article VIII, the net proceeds from such sales (after deducting all selling costs and expenses in connection therewith), together with (no later than at the expiration of the two year period referred to therein) the balance of any reserve account referred to in Section 17.3 above, shall be distributed among the Members and Interest Holders in proportion to, and to the extent of, their respective positive balances in their Capital Accounts (after taking into account all Capital Account adjustments for the taxable year of liquidation and the allocations of Net Income and Net Loss, if any, resulting from the liquidation transactions in accordance with Article IX).

Section 17.5 Liquidation Financial Statement. Within a reasonable time following the completion of the liquidation of the Company's properties, the Liquidator shall supply to each of the Members and Interest Holders a statement which shall set forth the assets and the liabilities of the Company as of the date of complete liquidation, each Member's and Interest Holder's pro rata portion of distributions pursuant to Section 17.4, and the amount retained as reserves by the Liquidator pursuant to Section 17.3.

Section 17.6 No Recourse; In-Kind Distributions. Each Member and Interest Holder shall look solely to the assets of the Company for all distributions with respect to the Company and his or her Capital Contribution thereto (including the return thereof) and share of profits or losses thereof, and shall have no recourse therefor (upon dissolution or otherwise) against the Company, the Governing Board or the Liquidator. No Member or Interest Holder shall have any right to demand or receive property other than cash upon dissolution and termination of the Company. Except as provided herein, all Company property shall be sold upon liquidation of the Company or distributed in kind to the Members and Interest Holders, at the sole discretion of the Liquidator. Any such in kind distribution need not be made on a pro rata basis so long as the value of the assets and cash (if any) distributed to each Member and Interest Holder is in compliance with this Article XVII. In the event any Company property is distributed in kind, each Member and Interest Holder shall be deemed to have received his or her proportionate share of each asset so distributed, determined in accordance with his or her positive Capital Account balance, as adjusted to take into account any unrealized gains or losses at the time of distribution, as though such Company property had been sold immediately prior to its distribution for an amount equal to its fair market value, as reasonably determined by the Liquidator, and taking into account all distributions of proceeds pursuant to this Article XVII.

Section 17.7 Termination and Dissolution. Upon the completion of the liquidation of the Company and the distribution of all Company funds and assets, the Company shall terminate and the Governing Board or Liquidator, as the case may be, shall (and is hereby given the power and authority to) execute, acknowledge, swear to and record all documents required to effectuate the dissolution and termination of the Company.

Section 17.8 Technical Tax Termination. A technical tax termination under any applicable provisions of federal or state income tax laws shall not cause a dissolution of the Company. If the Company "terminates" for federal income tax purposes under Code section 708(b)(1)(B), the

following is deemed to occur: **(a)** the Company contributes all of its assets and liabilities to a new limited liability company in exchange for an interest in the new limited liability company; **(b)** immediately thereafter, the terminated Company distributes the interest in the new limited liability company to the purchasing Member or Members and the other remaining Members in proportion to their respective interests in the terminated company in liquidation of the Company; and **(c)** the business of the terminated Company is continued by the new limited liability company.

Section 17.9 Liquidation of Interests. A Member's or Interest Holder's interest in the Company shall be deemed liquidated for purposes of this Article XVII upon the liquidation of the Company or on the date of liquidation of the Membership or Economic Interest in the Company under Regulations Section 1.761-1(d). A liquidation for such purposes shall occur upon a termination of the Company under Code Section 708(b)(1) or upon the cessation of the Company as a going concern as defined in Regulations Section 1.704-1(b)(2)(ii)(g).

ARTICLE XVIII
Notices

To be effective, all notices, requests and demands under this Agreement must be in writing and must be given by (1) depositing same in the United States mail, postage prepaid, certified, registered or express, return receipt requested, (2) confirmed facsimile transmission, (3) overnight courier service with tracking capability or (4) delivering same in person and receiving a signed receipt therefor. For purposes of notice, the addresses of the Members and Interest Holders shall be as set forth on *Schedule A* attached to this Agreement (as the same may be modified from time to time to reflect issuances and transfers of Membership Units and address changes pursuant hereto) and the address of the Company shall be as set forth in Article V. Notices, requests and demands mailed in accordance with the foregoing shall be deemed to have been given and made three days following the date so mailed. All notices, demands and requests sent by facsimile shall be effective and deemed served on the date of the facsimile confirmation. All notices, requests and demands sent by overnight courier service shall be effective and deemed served on the day after being deposited with such overnight courier service. Notices, requests and demands made by personal delivery shall be deemed to have been given and made upon receipt. Any Member or Interest Holder may designate a different address to which notices, requests or demands shall thereafter be directed by written notice given in the manner hereinabove required and directed to the Company at its offices as hereinabove set forth.

ARTICLE XIX
Amendment of Operating Agreement

Section 19.1 Amendment; Restrictions. This Agreement may be modified or amended at any time by an approval in writing signed by JV and, so long as the Physician Members own at least twenty percent (20%) of the issued and outstanding Units, Physician Members who own a majority of the Membership Units then held by Physician Members; *provided, however*, that, without the express, written consent of each Member affected thereby, no such modification or amendment shall change any Member's right of limited liability.

Section 19.2 Amendment by Governing Board. The Governing Board shall have the authority to amend this Agreement without any vote or other action by the other Members **(a)** as

provided in Section 9.5 hereof, **(b)** for purposes of reflecting issuances or transfers of Membership Units and Economic Interests pursuant to ARTICLE XV hereof (including revising *Schedule A* to reflect any such issuances or transfers or to revise or correct any other information set forth in *Schedule A)*, **(c)** for purposes of forming, qualifying or continuing the Company as a limited liability company in all jurisdictions in which the Company conducts or plans to conduct business, **(d)** to cure any ambiguity, to correct or supplement any provision hereof that may be inconsistent with any other provision hereof, to clarify any provision of this Agreement, or to add or make any other provisions with respect to matters or questions arising under this Agreement (*provided* such change will not be inconsistent with the provisions of this Agreement), and **(e)** to the minimum extent deemed necessary or appropriate by the Governing Board to **(i)** bring the Company and this Agreement into compliance with any future federal or state laws or administrative regulations that are duly enacted and that restrict physician investment, or that define the conditions under which physicians may invest, in privately held health care companies (such as the Company) to which they refer patients, or **(ii)** allow the Company to avail itself of any future federal or state laws or administrative regulations that are duly enacted and that relate to the Company's status as a limited liability company under the Code or the Regulations; except that no such amendment may be adopted without compliance with Section 19.1 hereof if such modification or amendment would change the interest of such Member in the capital, profits, losses or cash distributions of the Company or his or her rights of contribution or withdrawal with respect thereto.

Section 19.3 Amendment of Articles of Organization. In the event this Agreement shall be amended pursuant to this ARTICLE XIX, the Company shall amend the Articles of Organization of the Company to reflect such change if it deems such amendment of the Articles of Organization to be necessary or appropriate.

ARTICLE XX
Power of Attorney

Each of the Members and Interest Holders does hereby irrevocably constitute and appoint JV, or its successor, his, her or its true and lawful attorney in fact and agent, to execute, acknowledge, verify, swear to, deliver, record and file, in such Member's or Interest Holder's name, place and stead, all instruments, documents and certificates which may from time to time be required by the laws of the United States of America, the State of Tennessee, or any political subdivision or agency thereof, to effectuate, implement and continue the valid existence of the Company, including without limitation the power and authority to execute, verify, swear to, acknowledge, deliver, record and file (1) all certificates and other instruments (including the Articles of Organization, counterparts of this Agreement and amendments thereto) which JV deems appropriate to form, qualify or continue the Company as a limited liability company in the State of Tennessee, (2) all instruments which JV deems appropriate to reflect any amendment to this Agreement made in accordance with the terms of this Agreement, (3) all conveyances and other instruments which JV deems appropriate to reflect the dissolution and termination of the Company pursuant to the terms of this Agreement, including the writing required by the Act to cancel the Company's Articles of Organization filed with the Tennessee Secretary of State and any other governmental agencies, (4) all instruments relating to the admission of any additional or substituted Member, and (5) a certificate of assumed name and such other certificates and instruments as may be necessary under the fictitious or assumed name statutes from time to time in effect in the State of Tennessee and all other jurisdictions in which the Company conducts or plans to

conduct business. Said agent and attorney in fact shall not, however, have the right, power or authority to amend or modify this Agreement when acting in such capacities, except to the extent authorized herein. The power of attorney granted herein shall be deemed to be coupled with an interest, shall be irrevocable, shall survive the death, dissolution, bankruptcy, incompetency or legal disability of a Member or Interest Holder and shall extend to the heirs, successors and assignees of such Member or Interest Holder; and may be exercised by said agent and attorney in fact for all Members and Interest Holders (or any of them) by listing all (or any) of the Members or Interest Holders required to execute any such instrument, and executing such instrument acting as attorney in fact for all (or any one) of them or in such other manner, including by facsimile signature, as said agent and attorney in fact may deem appropriate. Each Member and Interest Holder hereby agrees to be bound by any representations made by JV acting in good faith pursuant to such power of attorney, and each Member and Interest Holder hereby waives any and all defenses which may be available to contest, negate or disaffirm any action of JV taken in good faith under such power of attorney.

ARTICLE XXI
Legal Compliance

Section 21.1 Corporate Practice of Medicine. Nothing contained in this Agreement is intended to **(a)** constitute the use of a medical license for the practice of medicine by anyone other than a licensed physician, **(b)** aid the Company or any other entity in the practice of medicine when in fact the entity is not authorized to practice medicine or **(c)** do any other act or create any other arrangements in violation of the Tennessee Medical Practice Act.

Section 21.2 Health Laws. The Members enter into this Agreement with the intent of conducting their relationship in full compliance with applicable state, local and federal laws, including but not limited to the Health Laws. Notwithstanding any unanticipated effect of any of the provisions of this Agreement, no Member or any Person acting on behalf of the Company will intentionally conduct himself, herself or itself under the terms of this Agreement in a manner that would constitute a violation of the Health Laws.

Section 21.3 Referral Policy. Other than the requirement to become and remain a Qualified Member, nothing contained in this Agreement will require (directly or indirectly, explicitly or implicitly) any Member to refer or direct any patients or other business to the Surgery Center as a pre-condition to receiving the benefits set forth in this Agreement or distributions under this Agreement or in establishing the valuation of a Membership Unit.

ARTICLE XXII
Miscellaneous

Section 22.1 Waiver of Partition Rights; Other Waivers. The Members and Interest Holders agree that the Company's properties are not and will not be suitable for partition. Accordingly, each of the Members and Interest Holders hereby irrevocably waives any and all rights that he, she or it may have to maintain any action for partition of any of the Company's property. In addition, with respect to any decision of the Managers or Members for a waiver of any provisions of this Agreement as to any Person, the Person for who the waiver is sought shall have no vote with respect to said waiver.

Section 22.2 Entire Agreement. This Agreement constitutes the entire agreement among the parties relating to the subject matter hereof and supersedes any prior agreement or understanding among them. This Agreement may not be modified or amended in any manner other than as set forth herein.

Section 22.3 Governing Law. This Agreement and the rights of the parties hereunder shall be governed by and interpreted in accordance with the laws of the State of Tennessee without regard to its conflict of laws principles.

Section 22.4 Successors and Assigns. Except as herein otherwise specifically provided, this Agreement shall be binding upon and inure to the benefit of the parties and their legal representatives, heirs, administrators, executors, successors and assigns.

Section 22.5 Construction. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter.

Section 22.6 Captions. Captions contained in this Agreement are inserted only as a matter of convenience and in no way define, limit or extend the scope or intent of this Agreement or any provision hereof.

Section 22.7 Severability. If any provision of this Agreement, or the application of such provision to any Person or circumstance, shall be held invalid, the remainder of this Agreement, or the application of such provision to Persons or circumstances other than those to which it is held invalid, shall not be affected thereby.

Section 22.8 Counterparts; Execution. Separate copies of this Agreement may be executed by the parties hereto, with the same effect as though all parties had signed the same copy of this Agreement. Facsimile signatures or signatures delivered via other electronic transmission system shall have the same effect as manually executed signatures.

Section 22.9 Further Assurances. Each party hereto agrees to execute, with acknowledgment or affidavit, if required, any and all documents and writings which may be necessary or expedient in connection with the creation of the Company and the achievement of its purposes, specifically including all such agreements, certificates, tax statements, tax returns and other documents as may be required of the Company or its Members or Interest Holders by the laws of the United States of America, the State of Tennessee or any political subdivision or agency thereof.

Section 22.10 Attorneys' Fees. In any action at law or equity to enforce any of the provisions or rights under this Agreement, the unsuccessful party to such action, as determined by the court or arbitrator in any final judgment or decree, shall pay the successful party or parties all costs, expenses and reasonable attorneys' fees incurred therein by such party or parties (including without limitation such costs, expenses and fees on any appeal or in connection with any bankruptcy proceeding), and if the successful party recovers judgment in any such action or proceeding, such costs, expenses and attorneys' fees shall be included in and as a part of such judgment.

Section 22.11 Weekends and Holidays. If any due date contained herein falls on a Saturday or bank holiday other than a Monday holiday, the due date shall be deemed to be the preceding business day. If any such due date falls on a Sunday or Monday Bank holiday, the due date shall be deemed to be the following business day.

Section 22.12 Articles of Organization. The Company shall not be required to deliver or mail copies of the Articles of Organization of the Company, or any amendments thereto, to the Members, but the Company shall provide copies thereof to any Member upon written request therefor.

Section 22.13 Modification by Agreement. To the extent any provisions of this Agreement are inconsistent with the provisions of the Act, it is the intention of the Members that this Agreement shall be construed as a modification or waiver of any and all provisions of the Act that may be modified or waived in the operating agreement of a limited liability company.

Section 22.14 Independent Investigation. In making the decision to enter into this Agreement, other than reliance on the representations with respect to meeting the qualifications to become a Member, the Members have relied solely on their own independent investigation, analysis and evaluation of the Company and its business.

Section 22.15 No Representation Regarding Tax Effects. None of the Company, any Member, Interest Holder or any representative or agent of the Company or any Member makes any representation, warranty, guarantee or other assurance to any Member, Interest Holder, the Company or others regarding the federal or state income tax effects of this Agreement on the Company or its Members.

Section 22.16 Physician Entity Requirements. Physician Entities that are Physician Members shall submit, at least annually or as otherwise requested by the Governing Board, **(a)** an Eligibility Affirmation Statement for each Physician Entity Owner and **(b)** certifications as to current ownership of such Physician Entity in a form reasonably satisfactory to the Governing Board. The Physician Entity Owners may not transfer any ownership interest in such Physician Entity without the prior written consent of the Governing Board, and any such transfer of ownership shall be considered to be a transfer by the Physician Entity of a pro rata share of its Membership Units and shall be subject to the restrictions and other conditions set forth in ARTICLE XV of this Agreement.

Section 22.17 Consent of Spouse. Each spouse of a Member and (if applicable) its owners shall sign a Consent of Spouse form, substantially in the form of *Schedule G* hereto, agreeing to be bound by the terms of this Agreement.

[Signatures on next page]

IN WITNESS WHEREOF, the parties hereto have executed this Operating Agreement of Saint Thomas Surgery Center New Salem, LLC as of the date first above written.

SAINT THOMAS/USP SURGERY CENTERS, L.L.C.

By _____
Name _____
Title _____

[Physician Member signatures will be set forth on their respective assignment forms, subscription agreements or other similar documents that refer to this Agreement.]

SCHEDULE A

MEMBERS AND OWNERSHIP INTERESTS

Members	**Address**	**Number of Membership Units**
Saint Thomas/USP Surgery Centers, L.L.C.	15305 Dallas Parkway Suite 1600 – LB 28 Addison, Texas 75001	__
Physician Members _____, M.D.	_____ _____ _____	__
_____, M.D.	_____ _____ _____	__
_____, M.D.	_____ _____ _____	__
_____, M.D.	_____ _____ _____	__
	TOTALS	[100]

SCHEDULE B

ELIGIBILITY AFFIRMATION STATEMENT

The undersigned, who is a Physician Member of Saint Thomas Surgery Center New Salem, LLC, a Tennessee limited liability company (the "Company"), or an owner of such Physician Member, hereby represents, warrants and agrees as follows:

1. At all times in which I have had a direct or indirect ownership interest in the Company, I have fully informed, and I agree that I will continue to fully inform, each patient referred by me to the surgery center owned and operated by the Company (the "Surgery Center") that I have an investment interest in the Surgery Center.

2. During the 12 calendar months immediately preceding the date of this Statement:

(a) I have derived at least one-third of my medical practice income from the performance of outpatient surgical procedures (as defined below); and

(b) I have performed at least one-third of my outpatient surgical procedures at the Surgery Center or, in the case of a new Physician Member, I expect to perform at least one-third of such procedures at the Surgery Center each year. For purposes hereof, the term "outpatient surgical procedures" means those surgical procedures that are on the list of Medicare covered procedures authorized to be performed in ambulatory surgical centers under applicable Medicare regulations.

3. I agree that, with respect to any and all governmental health care programs in which I participate (including Medicare and Medicaid), I will agree to treat patients receiving benefits or assistance under such programs in a nondiscriminatory manner.

4. Neither the Company nor any Member or their Affiliates loaned funds or guaranteed a loan to me in connection with my purchase of Units.

5. I have not been excluded from participation in the Medicare, Medicaid or any other federal or state health care, research or grant program, and no such action is pending.

6. I am a member of the medical staff of the Surgery Center.

7. I have not been convicted of a criminal offense under any provision of the federal Social Security Act and no action relating to such a violation is pending.

8. I have not had civil monetary penalties assessed against me in relation to a violation of any federal or state health care laws or regulations, including those governing false claims and kickbacks, and no action or investigation relating to such a violation is pending.

9. I have not been debarred from participation in any governmental procurement program.

10. I have not participated (and will not participate), directly or indirectly, in any communications, discussions, understandings or agreements (express or implied) with any third parties suggesting or implying the exchange of remuneration (directly or indirectly, overtly or covertly, in cash or in kind) in return for the referral of federal health care program business to the Surgery Center.

Agreed to by the undersigned this ___ day of _____, 20__.

_____
(Signature of Physician Member)

_____
(Type or Print Name of Physician Member)

SCHEDULE C

MANAGEMENT AGREEMENT

(See Attached)

SCHEDULE D

OWNERSHIP IN PHYSICIAN ENTITY

[Name of Physician Entity]	
Name	**Ownership Interest**
_____, M.D. _____ _____ _____	__%

SCHEDULE E

FORM OF CONSENT OF SPOUSE

(See Attached)

CONSENT OF SPOUSE

For good and valuable consideration, the receipt of which is hereby acknowledged, the undersigned, who is the spouse of a Member (or spouse of an owner of a Member) of Saint Thomas Surgery Center New Salem, LLC, a Tennessee limited liability company (the "Company"), hereby agrees to be bound by the terms and conditions of the Operating Agreement of the Company, as in effect from time to time.

_____
Name of Member (or Owner of Member)

_____
Name of Spouse, typed or printed

_____
Signature of Spouse

Tre Hargett
Secretary of State

Division of Business Services
Department of State
State of Tennessee
312 Rosa L. Parks AVE, 6th FL
Nashville, TN 37243-1102

THE STRATEGY HOUSE, INC.
KENT LEDERMAN
71 VICKERY STREET
ROSWELL, GA 30075

July 13, 2017

Request Type: Certificate of Existence/Authorization
Request #: 0244177

Issuance Date: 07/13/2017
Copies Requested: 1

Document Receipt

Receipt # : 003477374 Filing Fee: $20.00

Payment-Credit Card - State Payment Center - CC #: 3706707100 $20.00

Regarding: Saint Thomas Surgery Center New Salem, LLC
Filing Type: Limited Liability Company - Domestic
Formation/Qualification Date: 07/12/2017
Status: Active
Duration Term: Perpetual
Business County: RUTHERFORD COUNTY

Control # : 912791
Date Formed: 07/12/2017
Formation Locale: TENNESSEE
Inactive Date:

CERTIFICATE OF EXISTENCE

I, Tre Hargett, Secretary of State of the State of Tennessee, do hereby certify that effective as of the issuance date noted above

Saint Thomas Surgery Center New Salem, LLC

* is a Limited Liability Company duly formed under the law of this State with a date of incorporation and duration as given above;

* has paid all fees, taxes and penalties owed to this State (as reflected in the records of the Secretary of State and the Department of Revenue) which affect the existence/authorization of the business;

* has appointed a registered agent and registered office in this State;

* has not filed Articles of Dissolution or Articles of Termination. A decree of judicial dissolution has not been filed.

Tre Hargett
Secretary of State

Processed By: Cert Web User

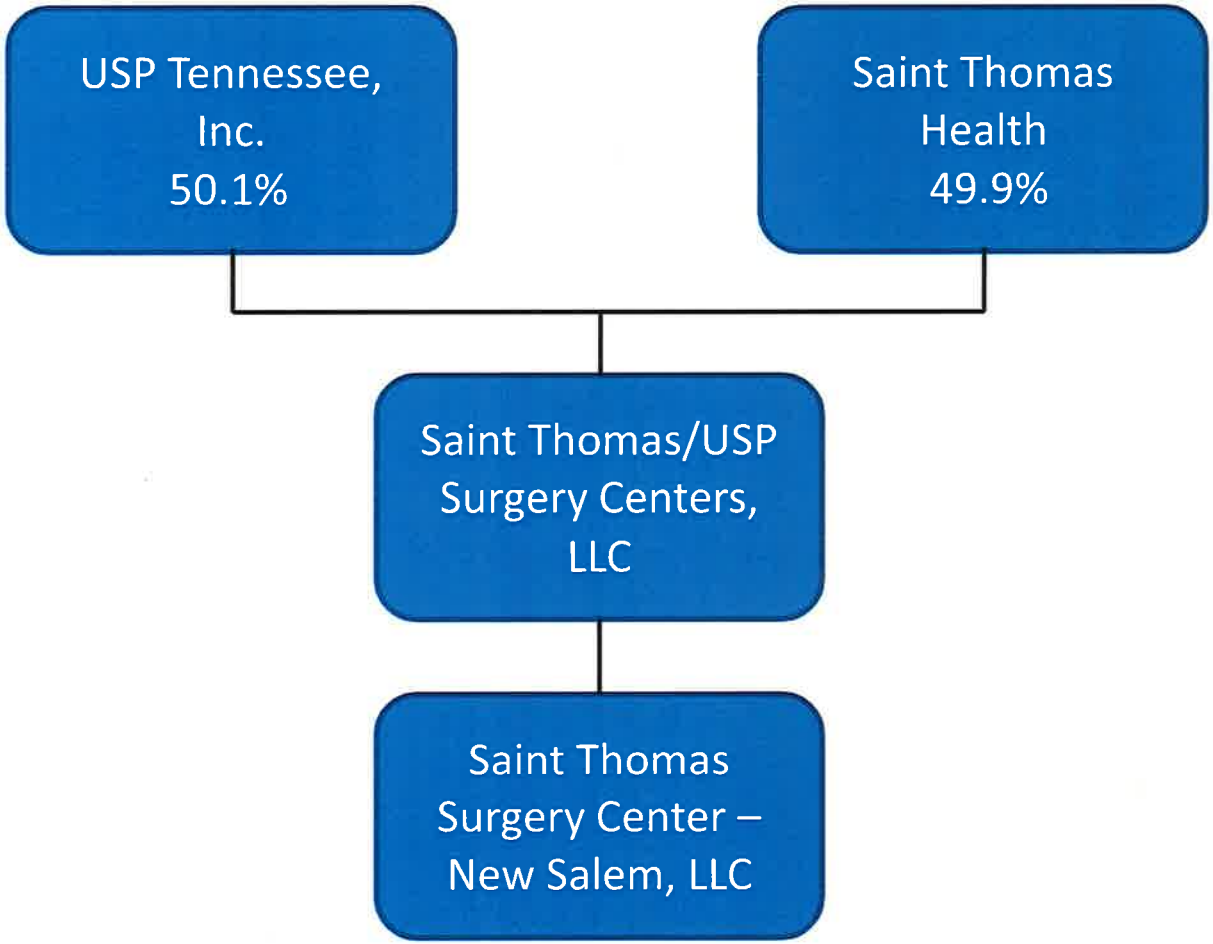
Verification #: 023279027

Tab 2

TAB 2, Attachment Section A-4B-2

USPI - New Salem

USPI – New Salem
Organizational Chart & Ownership



Tab 3

TAB 3, Attachment Section

Management Agreement

MANAGEMENT AGREEMENT
(Saint Thomas Surgery Center New Salem, LLC)

This Management Agreement ("Agreement") is made and entered into effective as of this ___ day of _____, 2017 ("Effective Date") by and between USP Tennessee, Inc., a Tennessee corporation ("Manager"), and Saint Thomas Surgery Center New Salem, LLC, a Tennessee limited liability company (the "Company"), with reference to the following facts:

RECITALS

A. Manager owns an indirect interest in the Company.

B. The Company is developing and will operate an ambulatory surgery center **[to be** known as _____**]**, located at 2779 New Salem Highway, Murfreesboro, Tennessee 37128 (the "Surgery Center").

C. In accordance with Section ___ of the Operating Agreement of the Company, Manager and the Company desire to enter into an agreement whereby Manager will manage the Surgery Center for the Company.

NOW, THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, intending to be legally bound, the Company and Manager hereby agree as follows:

AGREEMENT

1. Management Services.

(a) The Company hereby engages Manager, and Manager hereby accepts the engagement, to provide day-to-day management services to and for the Surgery Center, subject to oversight and control by the Company as provided in Section 1(k) below. Such services shall include but are not limited to financial and operating system management, preparation of proposed annual budgets, purchasing, managed care relationships, expansion of the Surgery Center or its services, preparation of staffing plans, recruitment of personnel and medical staff and general supervision of the day-to-day operations of the Surgery Center. In addition, Manager shall consult with the Company regarding the development of an ongoing advertising and promotion program to be implemented by the Surgery Center at the Company's sole cost and expense, it being intended that Manager shall not directly or indirectly provide marketing for the Surgery Center or bring patients or induce referrals to the Surgery Center. In this regard, Manager and the Company will consider from time to time including the Surgery Center in the business development program of Manager's affiliate, United Surgical Partners International, Inc. ("Parent"). If the Surgery Center is included in this program, the Surgery Center will be responsible for the incremental cost associated with the program.

(b) In carrying out its duties, Manager shall have authority over charges, cash flow, planning, accounts receivable and third party payor reimbursements.

Manager shall have the further authority and responsibility to manage all of the departments of the Surgery Center, establish charge schedules and promulgate personnel policies, including but not limited to qualifications and criteria for hiring and discharge of personnel; provided, however, that all medical and professional matters shall be the responsibility of the Company, the Medical Director and medical staff of the Surgery Center.

(c) Manager shall do or cause to be done all acts, procedures, authorizations and any and all other matters necessary, appropriate or related to obtaining and maintaining all necessary licenses, permits, provider numbers and approvals from all regulatory authorities having jurisdiction over the Surgery Center and/or its operations and accreditation by The Joint Commission, Accreditation Association for Ambulatory Health Care ("AAAHC") or other accrediting agencies designated by the Company.

(d) Manager shall maintain one or more local bank accounts for the Company in which it shall deposit the receipts from the business of the Surgery Center. Manager shall be entitled to make withdrawals from such account to pay authorized Surgery Center expenses, including payments to Manager in accordance with Section 3 hereof. The handling of receipts and disbursements with respect to such bank accounts shall be in accordance with customary business practices. Manager shall be entitled to invest such funds in connection with any cash management system employed by Parent (or its affiliate) on behalf of its affiliated surgery centers.

(e) Manager shall design, institute, supervise and from time to time revise and amend management, operational, financial and informational systems in order to conduct the physical and administrative operations of the Surgery Center, including but not limited to those required for billing and collection of charges, accounting and purchasing. Manager shall cause to be prepared and submitted in a proper manner and in a timely fashion any cost reports required to be submitted pursuant to the requirements of third party payors or any authority having jurisdiction over the Surgery Center.

(f) In accordance with applicable law, Manager shall negotiate and consummate agreements and contracts for and on behalf of the Surgery Center in the usual course of business, including without limitation managed care contracts (subject to pricing parameters established by the Company), radiology, laboratory and anesthesia contracts and contracts of insurance pursuant to the master insurance policies and programs maintained by Parent for its affiliated surgery centers. All such insurance policies shall name as insured parties the Company, Manager and such other persons as may be requested by the Company. Manager shall promptly notify the Company of all actual or threatened legal claims or actions affecting the Company and shall coordinate all legal matters and proceedings with counsel for the Company.

(g) Subject to the terms of the Operating Agreement, Manager, Parent or one of their affiliates shall locate, select and hire (or cause to be hired by or through an affiliate, which may include the Company), all Surgery Center personnel. All such personnel shall participate in and be compensated through the employee benefit programs and payroll systems established from time to time by or for the benefit of Parent. All Surgery

Center personnel shall be supervised by Manager as provided herein, regardless of the entity that is the employer.

(h) Manager will make available to the Surgery Center programs and assistance that are generally made available by Parent to its affiliated surgery centers, including cash management programs, business office management, legal assistance from Parent's in-house attorneys, Parent's EDGE [TM] quality monitoring and assurance program, patient grievance programs, performance measurement systems, practice improvement programs, compliance plans for government regulations (including Medicare and the Health Insurance Portability and Accountability Act of 1996, Public Law 104-191 and regulations promulgated thereunder by the U.S. Department of Health and Human Services ("HIPAA")) and other similar programs. The services above are generally included in the management fee payable to Manager pursuant to Section 3. Parent shall be entitled to charge the Company for incremental programs and systems on the same basis that it charges other affiliated surgery centers that are not wholly owned by Parent. These services may include the Kronos management clock, approved services contracted to third parties, group-purchased services such as liability insurance, IT hosting fees, some types of approved staff training, association dues and certain satisfaction surveys.

(i) Manager shall undertake all of its obligations and duties hereunder for the account of the Company and not for the account of Manager, and Manager shall have no responsibility or liability for performing any duties that involve making payments or incurring expenses unless the Company makes adequate funds available therefor. In carrying out its duties hereunder, Manager shall be an independent contractor and shall not be subject to any right of control, or any control in fact, of the Company over the methods by which it carries out its duties. Neither this Agreement nor the exercise of any of the duties of Manager hereunder shall be deemed to create any partnership, joint venture, association or other relationship between the parties hereto other than that of independent contractors each as to the other.

(j) Manager shall have the right to act as the agent of the Company and/or the Surgery Center in the procuring of licenses, permits and other approvals, the payment and collection of accounts and in all other activities necessary or useful to Manager in the carrying out of its duties as specified in this Agreement.

(k) Anything in this Section 1 to the contrary notwithstanding, Manager expressly acknowledges and agrees that the Company at all times during the term of this Agreement shall exercise the ultimate control and direction of the operations of the Surgery Center. Manager shall operate within any reasonable parameters, policies and procedures adopted by the Company and communicated to Manager by the Company, so long as such parameters, policies and procedures do not, in Manager's reasonable judgment, jeopardize the quality of patient care provided at the Surgery Center or require Manager or the Company to engage in any illegal or unethical acts.

2. Term; Termination.

(a) **Term of Agreement.** The term of this Agreement shall commence on the date first above written and, unless sooner terminated as provided in this Section 2, shall continue in effect so long as Manager or an affiliate of Manager or an assignee permitted by Section 10 continues to be a direct or indirect owner in the Company.

(b) **Termination Upon the Mutual Agreement of the Parties.** This Agreement may be terminated at any time upon the mutual agreement of Manager and the Company.

(c) **Termination for Default.** This Agreement may be terminated in the event of a Default (as defined in Section 8 hereof) by one party, subject to any applicable cure period, upon the nondefaulting party giving written notice of termination to the defaulting party.

3. Management Fee.

(a) As Manager's fee for its management services hereunder, Manager shall receive monthly an amount equal to six percent (6%) of the net revenues of the Surgery Center during such month (or the portion thereof during which this Agreement is in effect). For purposes of this Section 3, "net revenues" shall be the Surgery Center's gross revenues from the delivery of medical and facility services at the Center (which does not include any physician professional fees), less adjustments for special contractual rates, charity work and an allowance for uncollectible accounts, all determined in accordance with generally accepted accounting principles. The fee for each month shall be paid on or before the 15th day of the succeeding month.

(b) In addition to the above fees, Manager shall be reimbursed by the Company for out-of-pocket expenses incurred on behalf of the Company, but shall not be reimbursed for any indirect or overhead expenses of Manager or its affiliates (except for incremental costs associated with Parent's business development program, if the Surgery Center is included in the program, as described in Section 1(a) hereof). Such reimbursement shall include, but is not limited to, all costs to Manager of providing the Surgery Center employees pursuant to Section 1(g) hereof (including without limitation all compensation and employee benefit costs) and reasonable travel expenses of corporate personnel of Parent and its affiliates who make periodic business trips to the Surgery Center.

(c) Except as otherwise provided in this Agreement, all of the costs and expenses of maintaining and operating the Surgery Center and its facilities shall be expenses of the Surgery Center, for the account of the Company, and shall not be expenses of Manager.

4. Books and Records.

(a) Manager shall supervise the maintenance of the books of account covering the operations of the Surgery Center. The general ledger may, if Manager so elects, be maintained by Manager through any centralized accounting system maintained by Parent. Such

books of account shall be maintained on an accrual basis in accordance with generally accepted accounting principles consistently applied.

(b) Manager shall prepare and furnish to the Company after the close of each fiscal quarter an unaudited financial statement reflecting the operations of the Company for such quarter. Manager shall cause to be prepared and furnished after the close of each fiscal year an unaudited balance sheet of the Company dated as of the end of the fiscal year and a related statement of income or loss for the Company for such fiscal year, all of which may (if the Company so elects) be certified in the customary manner by an independent certified public accountant approved by the Company. The expense of any such independent accountants shall be borne by the Company.

(c) Authorized agents of the Company shall have the right at all reasonable times during usual business hours to audit, examine and make copies of or extracts from the books of account of the Company maintained by Manager. Such right may be exercised through any agent, independent public accountant or employee of the Company designated by the Company. The Company shall bear all expenses incurred in any examination it makes pursuant hereto.

(d) If this Agreement is determined at any time during its term to be subject to the provisions of 42 Code of Federal Regulations, or any successor regulation which governs access to books and records of subcontractors of services to Medicare providers with a value or cost of $10,000 or more during a 12 month period, then Manager and its subcontractors shall make available, upon the request of the Secretary of Health and Human Services or the Comptroller General, the contracts, books, documents, and records necessary to verify the nature and extent of the cost of providing Medicare services under this Agreement, if any; provided, however, that any applicable attorney-client accountant-client or other legal privilege shall not be deemed waived by virtue of this Section 4(d). Such inspection shall be available up to four years after the rendering of such services.

5. Representations of Manager. Manager represents and warrants that it has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Tennessee, with full corporate power to own its properties and to conduct its business under such laws.

6. Use of Name, Logos, etc.. During the term of this Agreement, Manager shall have the right to utilize the name, trademarks, logos and symbols identifying the Surgery Center, including the right to represent to the public and the health care industry that the facilities and operations of the Surgery Center are managed by Manager. The Company shall not however, make any use of the name of Manager or Parent, or any of their trademarks, logos or symbols, without the prior written consent of Manager.

7. Indemnification. Manager does not hereby assume any of the obligations, liabilities or debts of the Company or the Surgery Center, except as otherwise expressly provided herein, and shall not, by virtue of its performance hereunder, assume or become liable for any of such obligations, debts or liabilities of the Company or the Surgery

Center. The Company hereby agrees to indemnify, defend and hold Manager harmless from and against any and all claims, actions, liabilities, losses, costs and expenses of any nature whatsoever, including reasonable attorneys' fees and other costs of investigating and defending any such claim or action, asserted against Manager on account of any of the obligations, liabilities or debts of the Company or the Surgery Center. The Company further agrees to defend, hold harmless and indemnify Manager and its officers, directors, employees and agents from and against any and all claims, actions, liabilities, losses, costs and expenses of any kind imposed on account of or arising out of actions taken in good faith by Manager or its officers, directors, employees or agents in what Manager or any such person reasonably believed to be within the scope of their responsibilities under this Agreement so long as such actions do not constitute gross negligence or intentional misconduct by the party requesting indemnification.

8. Default. The following events shall each constitute a "Default" under this Agreement: (a) the filing by either party hereto of a voluntary petition in bankruptcy or for reorganization under any bankruptcy law, or a petition for the appointment of a receiver for all or any substantial portion of the property of either party hereto, or any voluntary or involuntary steps to dissolve or suspend the corporate powers of either party unless such steps to dissolve or suspend are promptly removed; (b) the consent by either party hereto to an order for relief under the federal bankruptcy laws or the failure to vacate such an order for relief within 60 days from and after the date of entry thereof; (c) the entry of any order, judgment or decree, by any court of competent jurisdiction, on the application of a creditor, adjudicating either party hereto as a bankrupt, or to be insolvent, or approving a petition seeking reorganization or the appointment of a receiver, trustee or liquidator of all or a substantial part of such entity's assets, if such order, judgment or decree shall continue unstayed and in effect for any period of 60 days; and (d) any failure by either party to perform any of the material covenants, conditions or obligations of this Agreement in any material respect if such a failure shall continue for a period of 90 days after delivery to the defaulting party, by another party, of a written notice specifying such failure in sufficient detail, unless such failure is not susceptible of being cured within such 90 day period and the defaulting party commences such cure within such period and diligently prosecutes said cure to completion.

9. Competitive Services. It is hereby acknowledged that Manager, Parent and their affiliated companies are currently in the business of developing, owning and operating surgical hospitals, ambulatory surgery centers and other health facilities and providing ambulatory surgery center management services to the public apart from the services that Manager will provide to the Company under this Agreement. Nothing in this Agreement shall prohibit Manager or any of its affiliated companies from owning and operating surgical hospitals, ambulatory surgery centers or other health facilities or from providing such management services. This Section 9 shall not affect any noncompetition or other covenant to which Manager is subject pursuant to any other agreement to which Manager (or its affiliate) is a party.

10. Assignment. Except as specifically provided in this Section 10, Manager shall not have the right to assign its rights or delegate its duties hereunder to any unrelated organization unless it first obtains the written consent of the Company. Manager may assign this Agreement without consent to (a) Parent, (b) a majority owned subsidiary of Parent,

(c) a partnership, corporation or other entity that directly or indirectly owns a majority of the outstanding equity securities of Manager or (d) another partnership, corporation or entity that is, concurrently with such assignment, succeeding to all of Manager's interest in the Company or to substantially all of the assets and liabilities of Manager. All of the terms, provisions, covenants, conditions and obligations of this Agreement shall be binding on and inure to the benefit of the successors and assigns of the parties hereto.

11. Notices. Except as otherwise expressly permitted herein, all notices, demands or requests required or permitted to be given hereunder shall be in writing and shall be deemed to have been properly given or served when personally delivered or, if mailed, when deposited in the United States mail, postage prepaid, registered or certified, return receipt requested, or by facsimile transmission (with a confirmation by registered or certified mail placed in the mail no later than the following business day), or by sending the same by a nationally recognized overnight delivery service. Unless changed by written notice given by either party to the other party pursuant hereto, such notices shall be given to the parties at the following addresses:

If to the Company:

Saint Thomas Surgery Center New Salem, LLC
2779 New Salem Highway
Murfreesboro, Tennessee 37128
Attention: Administrator
Facsimile No.: (___)___-____

If to Manager:

USP Tennessee, Inc.
c/o United Surgical Partners International, Inc.
15305 Dallas Parkway, Suite 1600
Addison, Texas 75001
Attention: Chief Legal Officer
Facsimile No.: (972) 692-8516

All notices, demands or requests by personal delivery or by facsimile transmission shall be effective and deemed served upon transmittal thereof. All notices, demands and requests sent by mail shall be effective and deemed served three days after being deposited in the United States mail. All notices, demands and requests sent by overnight delivery service shall be effective and deemed served on the day after being deposited with such overnight delivery service.

12. Attorneys' Fees. If any action at law or in equity is brought to enforce any of the terms of this Agreement, the prevailing party shall be entitled to reasonable attorneys' fees and costs in addition to any other relief, as determined by the applicable court.

13. **Entire Agreement.** This Agreement constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes any and all prior agreements, either oral or written, between the parties with respect thereto.

14. **Enforceability.** In the event that any of the provisions of this Agreement are held to be invalid or unenforceable by any court of competent jurisdiction, the remaining provisions hereof shall not be affected thereby.

15. **Governing Law.** This Agreement shall be governed by and construed in accordance with Tennessee law, without regard to its conflicts of law principles.

16. **Counterparts; Execution.** This Agreement may be executed in multiple counterparts which, when taken together, shall constitute one instrument. Signatures transmitted by facsimile or via other electronic transmission system shall be accepted as original signatures.

17. **HIPAA Compliance.** The parties agree that, in order to comply with HIPAA, Manager and its affiliates shall meet all requirements and obligations contained in the Business Associate Exhibit attached hereto and incorporated herein by this reference.

18. **Amendments; Waiver.** This Agreement may be amended, modified, superseded or canceled, and any of the terms, provisions, covenants, representations, warranties or conditions hereof may be waived, only by a written instrument executed by the Company and Manager or, in the case of a waiver, by the party waiving compliance.

[Signatures on next page]

IN WITNESS WHEREOF, the parties hereto have executed this Management Agreement as of the day and year first above written.

USP TENNESSEE INC.

By _____
Name_____
Title_____

SAINT THOMAS SURGERY CENTER NEW SALEM, LLC

By _____
Name_____
Title_____

[SIGNATURE PAGE TO MANAGEMENT AGREEMENT (SAINT THOMAS SURGERY CENTER NEW SALEM, LLC)]

Tab 4

TAB 4, Attachment Section A-6A

Site Entitlement - Building
Site Entitlement - Land

July 13, 2017

Saint Thomas Surgery Center – New Salem, LLC
2779 New Salem Highway
Murfreesboro, TN 37128
Attn: Tenant

Re: Proposed terms regarding approximately 14,500 rentable square foot Ambulatory Surgery Center ("ASC") to be constructed at 2779 New Salem Highway in Murfreesboro, Tennessee ("***Building***")

Dear Tenant,

The following Letter of Intent outlines terms and conditions upon which Landlord (defined below) proposes to cause the development of, own, and lease the Building to Tenant (defined below) pursuant to a lease agreement (the "***Lease***"). Other than as provided in Section 18, the parties mutually intend that neither shall have any binding contractual obligations to the other with respect to the matters referenced herein unless or until a formal written lease has been fully executed and delivered by the parties.

1. Building: A Medical Office Building containing approximately 29,000 rentable square feet of space, to be constructed at 2779 New Salem Highway in Murfreesboro, Tennessee

2. Landlord: Tennessee Healthcare Holdings II, LLC

3. Tenant: Saint Thomas Surgery Center – New Salem, LLC

4. Premises: Approximately 14,500 RSF Ambulatory Surgery Center

5. Design and Construction: Landlord and Tenant will collaborate to engage an architect, which will be subject to Tenant's approval, to design the Premises. Plans and specifications for the Premises will be developed in collaboration and mutually approved by Landlord and Tenant on a progress basis (conceptual plans, schematic plans, design development plans and construction drawings and specifications, with each set being a logical progression of the previously approved plans). Tenant will engage a general contractor, subject to Landlord's approval, to construct the Premises in accordance with the approved plans.

6. Term & Estimated Commencement Date:	12-15 year initial term, commencing on the date that is the earlier of (i) 30 days post receipt of Certificate of Occupancy for Premises or (ii) first surgical case performed in Premises
7. Base Rent:	$23.50/RSF with tenant improvements allowance of $50 per square foot. Base rent will escalate 2.5% per year.
8. Operating Expenses:	Tenant shall be responsible for its pro rata share of all operating expenses, ground lease payments, real estate taxes, personal property taxes, and insurance premiums associated with the Building. Operating Expenses will not include correction of design or construction defects, environmental remediation of pre-existing conditions, or any costs included in Development Cost.
9. Option to Renew:	Provided Tenant is not in default under the Lease, Tenant shall have the option to renew the lease for four additional five-year terms all upon the same terms and conditions set forth herein. Base Rent during such renewal periods shall be fair market value, with an arbitration mechanism included to resolve disputes regarding such rate.
9. Permitted Use:	The Premises shall be used for an Ambulatory Surgery Center
10. Security Deposit:	Security deposit shall be as mutually agreed.
11. Signage:	To be mutually agreed upon by Landlord and Tenant, subject to applicable laws and ordinances, restrictive covenants, and Ground Lease
12. Brokers:	No commissions shall be payable in connection with the lease. Neither party is represented by a broker in connection with this lease transaction.
13. Parking:	Parking will be provided per code requirements, in either surface parking, a structured garage, or a combination (as may be necessary based upon the final site plan).
14. Disclaimer:	The terms as outlined herein are not all-inclusive, but comprise a summary of the general business terms upon which Landlord and Tenant would consider entering into a lease agreement with respect to the Building.

16. Exclusivity: In consideration of the significant expenditure of time and resources that Landlord will devote to furthering the development planning and Lease negotiation, Tenant agrees to exclusively deal with Landlord with respect to its potential surgical facility, for a period of 90 days following the date of this Letter of Intent (*i.e.*, Tenant agrees to not solicit, consider, or discuss terms of a possible alternate site or transaction for this facility). Tenant agrees to work in good faith with Landlord during such 90-day period to develop the potential Lease.

17. Confidentiality: This Letter of Intent, and all information provided by either party to the other in connection herewith, is confidential and proprietary information. Landlord and Tenant shall not disclose any information provided by the other to any other person or entity without the prior written approval of Landlord or Tenant, as applicable, except that both Landlord and Tenant may disclose information to their respective agents, employees, attorneys, accountants, architects, engineers and other consultants, and may also disclose information to the extent required by applicable law.

18. Binding/Non-Binding: This Letter of Intent is only intended to set forth general understandings and agreements of the parties and to provide the basis for negotiating the Lease. Except for Paragraphs 16 and 17 above, this Letter of Intent is not a binding commitment or agreement between the parties to develop or lease the referenced facility until the Lease, which must be in form and content satisfactory to each party and its counsel, has been executed by the parties. If the parties fail to enter into the Lease on or before 90 days from acceptance of this Letter of Intent, this Letter of Intent shall be of no further force or effect except with respect to agreements concerning confidentiality set forth in Paragraph 17 above.

[Signatures appear on the following page]

Agreed and Accepted this the 13th day of July, 2017.

Tenant:

_____

By: _____
Name: _____
Title: _____

Landlord:

Tennessee Healthcare Holdings II, LLC

By: _____
Name: Matthew L. Wright
Title: Member

Agreed and Accepted this the 13th day of July, 2017.

Tenant:

Saint Thomas Surgery Center New Salem LLC

By:
Name: M. Corey
Title: President

Landlord:

Tennessee Healthcare Holdings II, LLC

By:
Name: Matthew L. Wright
Title: Member

REAL ESTATE SALES AGREEMENT

THIS REAL ESTATE SALES AGREEMENT (this "Agreement") made and entered into as of this 6th day of July, 2017 (the "Effective Date") by and between **Terri L. Weakland and New Salem Strategic Investments LP** (collectively the "Seller"), and **Tennessee Healthcare Holdings II, LLC** a Tennessee limited liability company, and its assigns (the "Purchaser").

WITNESSETH:

For and in consideration of the mutual covenants and promises contained herein, the parties agree as follows:

1. **AGREEMENT TO SELL AND PURCHASE.** Seller hereby agrees to sell and Purchaser hereby agrees to purchase those certain parcels of unimproved real estate located on 2779 New Salem Road in Murfreesboro, Rutherford County, in the State of Tennessee, consisting of a total of approximately 2.90 acres and more particularly described as the "Land" as shown on **Exhibit "A"** attached hereto, together with all easements, appurtenances, rights, rights-of-way, privileges, gores of land and other matters belonging or appertaining thereto (collectively, hereinafter referred to as the "Property").

2. **PURCHASE PRICE.** The purchase price for the Property (the "Purchase Price") shall be an amount equal to One Million Four Hundred Fifty-Seven Thousand Dollars ($1,457,000), subject to the closing prorations and adjustments provided herein. The balance of the Purchase Price, after credit for the Deposit, shall be payable in immediately available funds at Closing (as hereinafter defined).

3. **DEPOSIT.** Within five (5) business days after the Effective Date, Purchaser shall deposit with the Title Company (as defined herein) the sum of Twenty Thousand Dollars ($20,000.00), and such deposit, together with any interest thereon, shall be earnest money hereunder (the "Deposit"). The Deposit shall be held in a non-interest bearing escrow account by and, except as otherwise provided hereunder, shall be applied to payment of the Purchase Price at Closing. If Purchaser is not satisfied with the results of its inspection and investigation of the Property, as provided herein, then Purchaser may terminate this Agreement by notice to Seller given at any time on or before the expiration of the Due Diligence Period (as defined herein) in which event the Deposit shall be returned to Purchaser, and neither party shall have any further obligation to the other hereunder. This Agreement shall constitute joint escrow instructions to with respect to the disposition of the Deposit in accordance with the terms hereof.

4. **DUE DILIGENCE PERIOD.**

(a) Purchaser shall have one hundred sixty-five (165) days from the Effective Date (the "Due Diligence Period") within which to review the "Due Diligence Documents" (as defined in Section 10 hereof) and conduct any and all investigations and inspections of the Property that Purchaser deems necessary or desirable, including, without limitation, inspections and investigations regarding all matters concerning title, survey, zoning, special use permits, variances, subdivision laws, environmental matters, review and approval of contracts and financial matters

affecting the Property, existence of all required licenses, permits and approvals to permit operation of Purchaser's or its assignee's business on the Property, approval of the condition of the Property, all soil, landscaping and other physical conditions of the Property, availability and sufficient quantities of all utilities, and other matters relating to the suitability of the Property for Purchaser's or its successors' intended use, as determined by Purchaser in its sole discretion. From the Effective Date until the Closing, Seller hereby grants to Purchaser and its agents full access to the Property and, upon reasonable notice, all of Seller's records associated with the Property in order to conduct such inspections and tests as Purchaser deems necessary or appropriate. In performing its due diligence, Purchaser agrees not to damage the Property (however, Seller acknowledges that Purchaser may cause borings to be made in the soil in connection with any environmental, engineering, soil or geological inspections conducted).

(b) Upon the expiration of the Due Diligence Period, unless this Agreement has been terminated by Purchaser as herein provided, or Seller shall default hereunder or as otherwise expressly set forth in this Agreement, the Deposit and the earned interest shall be non-refundable to Purchaser and credited to the Purchase Price at Closing.

5. SURVEY AND TITLE COMMITMENT; PERMITTED EXCEPTIONS.

(a) Preliminary Title Report. Purchaser shall engage Old Republic National Title Insurance Company of Tennessee, or an agent thereof (the "Title Company"), to issue and deliver to Purchaser within fifteen (15) days from the Effective Date, an ALTA 2006 form title commitment ("Title Commitment") in the amount of the Purchase Price, accompanied by one copy of all documents affecting the Property which constitute exceptions to the Title Commitment. Purchaser shall give Seller written notice (the "Title Notice") within 30 days after receiving the Title Commitment, whether such title is or is not acceptable to Purchaser. In the event that the condition of title is not acceptable to Purchaser, Purchaser shall state in the Title Notice which exceptions to the Title Commitment are unacceptable and Seller shall undertake to eliminate those exceptions as set forth below; provided, however, that at Closing any mortgages existing at the time the Title Commitment is issued or subsequently modified or given by Seller may be satisfied or the liens thereof released as to the Property out of Seller's Closing proceeds. Upon receipt of the Title Notice, Seller shall use its best efforts to eliminate or modify all unacceptable matters to the satisfaction of Purchaser. Purchaser may at any time choose to waive in writing any objection to title and accept title to the Property subject to any such exceptions previously objected to by Purchaser. In the event Purchaser does not waive in writing an objection set forth in the Title Notice and if Seller is unwilling or unable, upon exercise of due diligence, to eliminate the matters objected to on or before Closing, Purchaser may, at its option (i) accept in writing title subject to the unsatisfied objections raised by Purchaser, in which event said objection(s) shall be deemed waived for all purposes, or (ii) rescind this Agreement, whereupon this Agreement shall terminate and be deemed null and void and the Deposit, together with any interest, shall be returned to Purchaser. Any exceptions or requirements appearing on any updated title commitment which were not reflected in the Title Commitment shall be cured or satisfied by Seller, unless created by Purchaser or waived by Purchaser in writing.

(b) Permitted Exceptions. The Property shall be conveyed to Purchaser subject only to ad valorem taxes for the current tax year, and any exceptions or encumbrances to title reflected on the Title Commitment which are not objected to by Purchaser pursuant to this Agreement on or

before the expiration of the Due Diligence Period or which Purchaser thereafter in writing agrees to accept (the "Permitted Exceptions"). Seller shall cause all standard exceptions to title (including the gap coverage exception) to be deleted from the final title policy (or mark-up issued at Closing).

(c) Current Survey. Buyer shall, at its sole cost and expense, order a current boundary survey of the Property prepared by a land surveyor duly licensed in the State of Tennessee (the "Survey"). In the event the Survey shows any encroachments or any improvements upon, from, or onto the Property, or on or between any building setback line, property line, or any easement, or any other matter objectionable to Purchaser, in its sole discretion, Purchaser shall give Seller written notice of such objectionable survey matters (the "Survey Notice") within 30 days of Purchaser's receipt of the Survey. Upon receipt of the Survey Notice, Seller, at its sole cost and expense, shall use good faith efforts to eliminate or modify all unacceptable matters to the satisfaction of Purchaser. Purchaser may at any time choose to waive in writing any objection contained in the Survey Notice. In the event Purchaser does not waive in writing an objection set forth in the Survey Notice and if Seller is unwilling or unable, upon exercise of due diligence, to eliminate the matters objected to within thirty (30) days after receipt of the Survey Notice (but in any event at or prior to Closing), Purchaser may, at its option (i) accept in writing the Survey subject to such unsatisfied objections raised by Purchaser, in which event said objection(s) shall be deemed waived for all purposes, or (ii) rescind this Agreement, whereupon this Agreement shall terminate and be deemed null and void and the Deposit, together with any interest, shall be returned to Purchaser.

(d) Entitlements. Purchaser shall have the right to seek and obtain, at its sole cost and expense, final, non-appealable zoning and land use approvals and entitlements (collectively, the "Governmental Approvals") from applicable governmental authorities (collectively, the "Governmental Authorities") with respect to Purchaser's intended use of the Property. Seller shall cooperate (at no expense to Seller) with Purchaser's efforts to obtain any such Governmental Approvals, including but not limited to the execution of any applications for subdivision, platting and/or rezoning of the Property, and any preliminary and/or final subdivision plat(s) (the "Plat") combining the parcels that comprise the Property.

6. PROVISIONS WITH RESPECT TO CLOSING.

(a) Closing Date. The consummation of the transaction contemplated by this Agreement ("Closing") shall be conducted by mail or electronic means including the wiring of the appropriate funds (i) on the date which is forty-five (45) days following the expiration of the Due Diligence Period, or (ii) such earlier date as may be designated by Purchaser upon at least five (5) business days prior notice to Seller (the "Closing Date"). Notwithstanding the foregoing, Purchaser shall have the right to extend the Closing Date for one period of forty-five (45) days (the "Closing Extension"), to be exercised by (A) written notice to Seller of Purchaser's exercise of the Closing Extension; and (B) delivery to the Title Company of an additional Ten Thousand Dollars ($10,000.00) (the "Additional Deposit"), which Additional Deposit shall be in addition to the Deposit, shall be non-refundable, shall not be applicable to the Purchase Price at Closing, and shall be delivered to Seller within ten (10) days of receipt by the Title Company.

(b) Seller's Obligations at Closing. At Closing, Seller shall do the following:

(i) Execute, acknowledge, and deliver to Purchaser a Warranty Deed, in such form as shall be approved by Purchaser (the "Deed"), conveying the Property to Purchaser subject only to the Permitted Exceptions. The legal description of the Property contained in such Deed shall be identical to the legal description of the Property as shown on the Plat.

(ii) Deliver to Title Company evidence satisfactory to it of Seller's authority to execute and deliver the documents necessary or advisable to consummate the transaction contemplated hereby.

(iii) Execute and deliver to Purchaser and Title Company a Lien Waiver Affidavit so as to cause Title Company to remove the mechanics' lien and parties in possession standard exceptions from the Title Commitment, and an affidavit that there are no judgments, taxes, liens, assessments or other claims against the Property, nor any claims or disputes concerning boundary lines, nor any parties in possession other than Seller.

(iv) Execute and deliver to Purchaser and Title Company a FIRPTA certificate concerning resident alien or non-alien status for IRS withholding purposes.

(v) Execute and deliver to Purchaser a license agreement (the "License Agreement") (the form of which shall be provided by Purchaser to Seller during the Due Diligence Period), whereby Seller is granted the right to access the Property for a period of thirty (30) days following Closing for the limited purpose of removing the metal building, house and portable building located on the Property, which access shall not unreasonably interfere with Purchaser's demolition and site work on the Property, and which License Agreement shall contain reasonable insurance and indemnification requirements in favor of Purchaser.

(vi) Execute and deliver such other documents, resolutions, or instruments as reasonably required by Purchaser or the Title Company to consummate the transactions contemplated under this Agreement.

(c) Purchaser's Obligations at Closing. Contemporaneously with the performance by Seller of its obligations set forth herein, Purchaser shall at Closing do the following:

(i) Subject to adjustments, costs and prorations provided for herein, deliver the balance of the Purchase Price required to close hereunder in accordance with the terms of this Agreement by bank wire transfer or in other immediately available funds.

(ii) Execute and deliver to Seller the License Agreement.

(iii) Execute and/or deliver any such other document, resolution, or instrument reasonably required by Seller or Title Company to consummate the transactions contemplated under this Agreement.

(d) Closing Costs. Closing costs shall be allocated as follows:

(i) Seller shall pay all costs and expenses in connection with (A) Seller's attorney's fees, and (B) any real estate commission to be paid from Seller's closing proceeds pursuant to this Agreement.

(ii) Purchaser shall be responsible for all other closing costs, including (A) recording fees for the Deed, (B) Purchaser's attorney's fees, (C) one-half (50% of any escrow charges, , (D) the Title Commitment preparation cost, title search fee, title insurance premium for the Title Policy and closing fee, (D) any escrow charges charged by the Title Company, and (E) all costs and expenses related to any financing, including mortgagee's title insurance premiums and recording fees.

(e) Proration of Taxes. Taxes for 2017 shall be prorated to the date of Closing. If the Closing shall occur before the tax rate is fixed for the then current fiscal year, the apportionment of taxes shall be determined based on the tax rate of the preceding fiscal year applied to the latest assessed valuation. Subsequent to the Closing, when the tax rate is fixed for the fiscal year in which the Closing occurs, Seller and Purchaser agree to adjust the proration of taxes and, if necessary, to refund or pay, as the case may be, on or before December 1 of the year of the Closing, an amount necessary to effect such adjustments. Seller shall pay any taxes or roll-back taxes associated with a change in the designated use of the Property. The obligations described in this Paragraph shall survive Closing. Notwithstanding anything contained in this paragraph to the contrary, if the Closing occurs on or after January 1, 2018, Purchaser shall be responsible for all 2018 taxes for the Property.

7. **REPRESENTATIONS, WARRANTIES AND COVENANTS OF SELLER.** Seller makes the following representations, warranties and covenants to Purchaser, each of which (i) shall survive the Closing and delivery of the Deed for a period of one year, (ii) is material and is being relied upon by Purchaser, (iii) is true and correct as of the date hereof and (iv) shall be true and correct at Closing:

(a) Seller has complete and full authority to execute this Agreement and to convey to Purchaser good and marketable fee simple title to the Property, free and clear of all liens, encumbrances and other exceptions to title except for the Permitted Exceptions; and at Closing, Seller will execute and deliver such other documents, instruments, agreements, including, but not limited to, affidavits and certificates and take such additional action necessary or appropriate to effectuate the transactions contemplated herein;

(b) This Agreement is binding and enforceable upon the Seller in accordance with its terms.

(c) To the best of the knowledge of Seller, no improvements have been constructed or installed by any public authority, the cost of which may be assessed in whole or in part against any part of the Property in the future; and Seller has not been notified of any possible future improvements that might create an assessment against any part of the Property.

(d) The Property is properly zoned CF Commercial Fringe allowing for construction, development, use and operation of a medical office building and Seller has no knowledge of any

pending or threatened law, statute, ordinance, regulation or demand applicable to the Property which would prohibit or restrict, in any manner, the development, use or operation of the Property for such purpose.

(e) Seller has received no notice of, nor has any knowledge of, any pending or threatened taking, condemnation or expropriation of the Property or any portion thereof.

(f) Seller will not further sell, encumber, convey, assign or contract to sell, convey, assign, pledge, encumber or lease all or any of the Property, nor restrict the use of all or any part of the Property, nor take, or cause to be taken, any action in conflict with this Agreement at any time between the Effective Date of this Agreement and Closing. No rights-of-first refusal or similar agreements, exist in connection with the Property which would in any way interfere with Purchaser's ability to purchase the Property as provided herein.

(g) To the best knowledge of Seller, neither the entering into of this Agreement nor the consummation of the transactions contemplated herein will constitute or result in a violation or breach by Seller of any agreement to which Seller is a party or any judgment, order, writ, injunction or decree issued against or imposed upon Seller or with respect to the Property, or will result in a violation of any applicable law, order, rule or regulation of any governmental authority.

(h) Seller has no knowledge of any actual or threatened action, litigation or proceeding by any organization, person, individual or governmental agency relating to or affecting the Property.

(i) Seller has not received notice of any violations of law, municipal or county ordinance, or other legal requirements with respect to the Property or with respect to the use, occupancy thereof or construction thereon.

(j) All utilities, including, but not limited to, water, gas, telephone and electricity are located on, adjacent to, across Highway 99 from, or at the property line of the Property and will be available to the Property. Access to sewer is provided through an existing utility easement extending from the Property across an adjacent property to an existing manhole.

(k) There is legal access to and from the Property.

(l) Seller is not a "foreign person" as that term is defined in the I.R.C., Section 1445(F)(3), nor is the sale of the Property subject to any withholding requirement imposed by the Internal Revenue Code, including, but not limited to, Section 1445 thereof.

(m) There are no tenants or other occupants in possession or occupancy of any portion of the Property, and there are no claims to the Property, existing or threatened, by way of adverse possession or otherwise.

(n) Seller shall satisfy any and all claims for mechanics' and materialmen's liens against the Property or any part thereof created or suffered by Seller on or prior to Closing, and shall indemnify and hold harmless and protect the Purchaser from any and all loss from such claims.

(o) To the best of Seller's knowledge, no "hazardous substances," as defined by the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), 42 USC § 9601(14), "pollutants" or "contaminants," as such terms are defined in CERCLA, 42 USC § 9604(A)(2), or "hazardous wastes," as defined by the Resources Conservation and Recovery Act ("RCRA"), 42 USC § 6903(5), or other similar applicable federal or state laws and regulations (including, but not limited to, asbestos, PCBs, urea formaldehyde and bio-hazardous wastes) are present on, beneath or in any structures located on the Property, or have been generated, released, stored, or deposited over, beneath or on the Property or on or in any structures located on the Property from any source whatsoever by Seller, its agents or employees, in violation of any applicable environmental laws.

(p) Seller shall provide to Purchaser copies of any notices relating to the Property which it receives from any tenants, vendors, adjoining property owners or government authorities at any time prior to or at Closing.

(q) From the Effective Date to the Closing, Seller shall refrain from:

(i) performing any grading, excavation, construction, or removal of any improvements, or making any other change or improvement upon or about the Property;

(ii) creating or incurring, or suffering to exist, any mortgage, lien, pledge, or other encumbrances in any way affecting the Property other than the Permitted Exceptions;

(iii) committing any waste or nuisance upon the Property; or

(iv) violating any laws, ordinances, regulations, and restrictions affecting the Property and its use.

(r) Until Closing, Seller shall maintain the Property in its current condition, normal wear and tear excepted.

(s) At Closing, Seller shall have paid all fees, commissions, salaries and rendered payment for all other costs and expenses due and payable, including without limitation, management fees, leasing commissions, service contracts, employment contracts, repairs and such other expenses incurred in the operation of the Property by Seller.

(t) In addition to all other rights and remedies of Purchaser set forth herein, Seller shall defend, indemnify and hold Purchaser, its employees, officers, shareholders, directors, agents, contractors, assigns and successors-in-interest, harmless from and against any and all claims, actions, loss, cost, damage and expense (including reasonable attorneys' fees) resulting from Seller's breach of any of its representations, warranties and covenants contained in this Agreement.

8. **PROVISIONS WITH RESPECT TO DEFAULT.** Notwithstanding anything to the contrary contained in this Agreement:

(a) Default by Seller. In the event that Seller should default in its obligation to sell and convey the Property in accordance herewith, Purchaser may (i) enforce specific performance of this Agreement and the sale and purchase of the Property in accordance herewith, or (ii) elect to receive a return of the entire Deposit along with any interest earned thereon and sue for damages, in which case this Agreement shall terminate.

(b) Default by Purchaser. In the event that all conditions hereunder to Purchaser's obligation to purchase the Property have been satisfied and Purchaser should default in its obligation to purchase the Property in accordance herewith, Seller may, as its sole and exclusive remedy, terminate this Agreement and receive the Deposit, with any accrued interest thereon, which sum shall serve as liquidated damages for the failure of Purchaser to perform the duties and obligations imposed upon it by this Agreement because of the difficulty, inconvenience, and uncertainty of ascertaining actual damages, and neither party shall have any further rights or obligations hereunder. No other damages, rights or remedies shall in any case be collectible, enforceable or available to Seller in connection with Purchaser's breach hereof other than as provided in this Paragraph.

(c) Attorney's Fees, Etc. Should either party employ an attorney or attorneys to enforce any of the provisions hereof, or to protect its interest in any matter arising under this Agreement, or to specifically enforce this Agreement or to recover the Deposit for the breach of this Agreement, the prevailing party shall be entitled to recover from the other party all reasonable costs, charges and expenses, including reasonable attorney's fees, expended or incurred in connection therewith, including fees and expenses incurred in arbitration, on appeal or in any bankruptcy action.

9. **COMMISSIONS.** Each of Purchaser and Seller represent and warrant to the other party hereto that no commission, fee or other compensation is due to any broker or agent in connection with the transactions contemplated under this Agreement other than Keller Williams Realty (the "Seller's Broker"), who was engaged by the Seller and represents the Seller, and Greystone Brokerage & Development, LLC, who was engaged by the Purchaser and represents the Purchaser, which will each be paid by Seller a three percent (3.0%) commission of the gross sales price at Closing. Seller shall be solely responsible for the payment to the Purchaser's Broker and the Seller's Broker of any commission relating to the sale of the Property. Seller and Purchaser further agree to indemnify and hold each other harmless from and against any and all other claims or demands with respect to any brokerage fees or agents' commissions or compensation relating to such party's breach of the provisions of this Paragraph 9. The provisions of this Paragraph 9 shall survive the Closing and delivery of the Deed.

10. **INFORMATION.** Within twenty (20) days from the Effective Date, Seller shall furnish to Purchaser the following information relating to the Property (collectively, the "Due Diligence Documents") to the extent such information is available to Seller or in Seller's possession or control:

(a) Real estate tax bills, if any, for the current and two preceding tax years;

(b) Owner's title insurance policy or other title information, if any;

(c) Current survey and topographic survey (if any) of the Property;

(d) Environmental reports made or known to Seller with respect to the Property, if any;

(e) List of pending litigation or claims relating to the Property, if any, and status report;

(f) Any and all leases, service contracts or other agreements affecting the Property; and

(g) All engineering plans, architectural drawings and data regarding the Property, including, but not limited to: tree surveys, geotechnical reports, flood plain studies, plats, zoning data, and permits associated with the Property.

11. **RISK OF LOSS.**

(a) The risk of loss or damage to the Property shall remain with the Seller until and including the Closing Date.

(b) If prior to the Closing, any portion of the Property is subject to a bona fide threat of condemnation by a body having the power of eminent domain or condemnation, or sale in lieu thereof, Seller shall give prompt notice thereof to Purchaser and Purchaser shall have the right, by giving Seller notice within thirty (30) days after receipt of notice from Seller of such occurrence (with the Closing Date to be postponed, if necessary, to give both parties the benefit of the full thirty (30) day period) to elect to: (i) terminate this Agreement, in which event both parties shall be relieved and released of and from any and all further liability hereunder (other than any liability or indemnity that by the express terms hereof survives any termination of this Agreement) and the Deposit, together with any interest thereon, shall be returned to Purchaser; or (ii) close the sale contemplated herein. If Purchaser elects not to terminate, this Agreement shall remain in full force and effect and the purchase contemplated herein, less any property damaged, or destroyed by casualty, or taken by eminent domain or condemnation, shall be consummated, and at the Closing, Seller shall assign, transfer and set over unto Purchaser all of Seller's right, title and interest in and to any awards paid or payable for or on account of such injury, damage, destruction or taking.

12. **CONDITIONS TO OBLIGATIONS OF PURCHASER.** The obligations of Purchaser under this Agreement to purchase the Property and consummate the other transactions contemplated hereby shall be subject to the satisfaction of the following conditions precedent (the "Conditions Precedent") on or before the Closing:

(a) Representations and Warranties of Seller. All representations and warranties of Seller in this Agreement shall be true and correct in all material respects as of the date of Closing.

(b) Deliveries. Seller shall execute and deliver all the documents referenced herein (including all documents described in Section 6(b) hereof).

(c) Title. Seller shall cause to be furnished and delivered to Purchaser at Closing a current ALTA form Owner's Policy of Title Insurance dated the date and time of recording of the Deed, insuring Purchaser as owner of fee simple title to the Property, subject only to the Permitted Exceptions.

(d) Approval and Recordation of Plat. The Plat shall have been approved by all requisite governmental authorities and filed of record with the applicable governmental agencies to effect the subdivision of the Property as designated by Purchaser in accordance with this Agreement

In the event Purchaser shall elect not to close due to the failure of Seller to fulfill any one or more of the Conditions Precedent, Purchaser shall so notify Seller in writing at or prior to Closing, specifying the unfulfilled condition, in which event Seller shall direct the Title Company to return the Deposit to Purchaser in accordance with this Agreement, and this Agreement shall terminate and neither party shall have any further obligation under this Agreement, except for obligations which expressly survive the termination of this Agreement.

13. **MISCELLANEOUS PROVISIONS.**

(a) Notices. Any notice to be given or to be served upon any party hereto in connection with this Agreement must be in writing, and may be given by certified mail, overnight delivery service, or electronic mail, and shall be deemed to have been given and received when a certified letter, return receipt requested, containing such notice, properly addressed, with postage prepaid, is deposited in the United States mail; and, if given otherwise than by certified mail, it shall be deemed to have been given upon written confirmation of receipt by the intended recipient. Such notices shall be given to the parties hereto at the following addresses:

FOR PURCHASER:	Tennessee Healthcare Holdings II, LLC 109 Westpark Drive, Suite 230 Brentwood, TN 37027 (615) 591-6822
With a copy to:	Kelly Worman Worman Law Group 611 Commerce Street, Suite 2711 Nashville, Tennessee 37203
FOR SELLER:	_____ _____ _____
FOR TITLE COMPANY:	Old Republic National Title Insurance Company of Tennessee 201 4th Avenue South, Suite 150 Nashville, TN 37219

Any party hereto may, at any time by providing written notice to the other party hereto in the manner provided in this Paragraph, designate any other address in substitution of the foregoing

address to which such notice shall be given and other parties to whom copies of all notices hereunder shall be sent.

(b) Entire Agreement; Modification. This Agreement embodies and constitutes the entire understanding between the parties with respect to the transaction contemplated herein. All prior or contemporaneous agreements, understandings, representations, and statements, oral or written, are merged into this Agreement. Neither this Agreement nor any provisions hereof may be waived, modified, amended, discharged, or terminated except by an instrument in writing signed by the party against whom the enforcement of such waiver, modification, amendment, discharge or termination is sought, and then only to the extent set forth in such instrument.

(c) Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their successors and assigns.

(d) Severability. In case any one or more of the provisions contained in this Agreement shall for any reason be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained herein.

(e) Time of the Essence. Time is of the essence of this Agreement. Time periods herein of less than six (6) days, unless otherwise noted, shall in the computation exclude Saturdays, Sundays and state or national legal holidays, and any time period provided for herein which shall end on Saturday, Sunday or legal holiday shall extend to 5:00 p.m., Nashville, Tennessee time, of the next business day.

(f) Construction. The parties hereby agree that each has played an equal part in the negotiations and drafting of this Agreement, and in the event any ambiguities should be realized in the construction or interpretation of this Agreement, the result of those ambiguities shall be equally assumed and realized by each of the parties to this Agreement.

(g) Counterparts. This Agreement may be executed in counterparts and by facsimile transmission, each of which when so executed and delivered (including delivery by facsimile or e-mail transmission) shall be an original, but all of which together shall constitute one and the same Agreement.

(h) Survival. All provisions hereof which are executory in nature or otherwise by their context are intended to survive Closing shall be deemed to survive such Closing and delivery of the Deed referenced herein.

(i) Assignability. Purchaser may transfer and assign this Agreement and all Purchaser's rights and obligations hereunder without the consent of Seller, provided that the transfer is to a business entity which is affiliated with Purchaser through common ownership or control, and upon any such assignment by Purchaser to any assignee and such assignee's agreement to assume all obligations of Purchaser hereunder, Purchaser shall be released from all liability hereunder.

(j) Tax Deferred Exchange. In the event that either party elects to complete the transaction as a tax-deferred exchange under Internal Revenue Code Section 1031, the other party

agrees to cooperate in order to effect such an exchange provided, however, such cooperating party shall not be required to incur any additional liability, nor shall the costs or expenses to be paid by such cooperating party be increased as a result of such a transaction. No such exchange will result in a delay in the date of Closing.

(k) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Tennessee, without regard to its conflict of laws provisions.

(l) Third Party Beneficiaries. The provisions of this Agreement are intended only for the regulation of relations among the parties hereto. This Agreement is not intended for the benefit of any non-party and does not grant any rights to or confer any benefits on any non-party.

IN WITNESS WHEREOF, Purchaser and Seller have executed this Real Estate Sales Agreement as of the date of last execution shown below.

PURCHASER: **TENNESSEE HEALTHCARE HOLDINGS II, LLC**
A Tennessee Limited Liability Company

BY: _____
TITLE: Kenneth R. Birdsong, Member
DATE: 7-6-17

SELLER: **TERRI L. WEAKLAND**

BY: Terri L Weakland
NAME: **Name**
DATE: 7-6-17

AND

NEW SALEM STRATEGIC INVESTMENTS LP

BY: Terri L Weakland Gen Partner
NAME: **Name**
DATE: 7-6-17

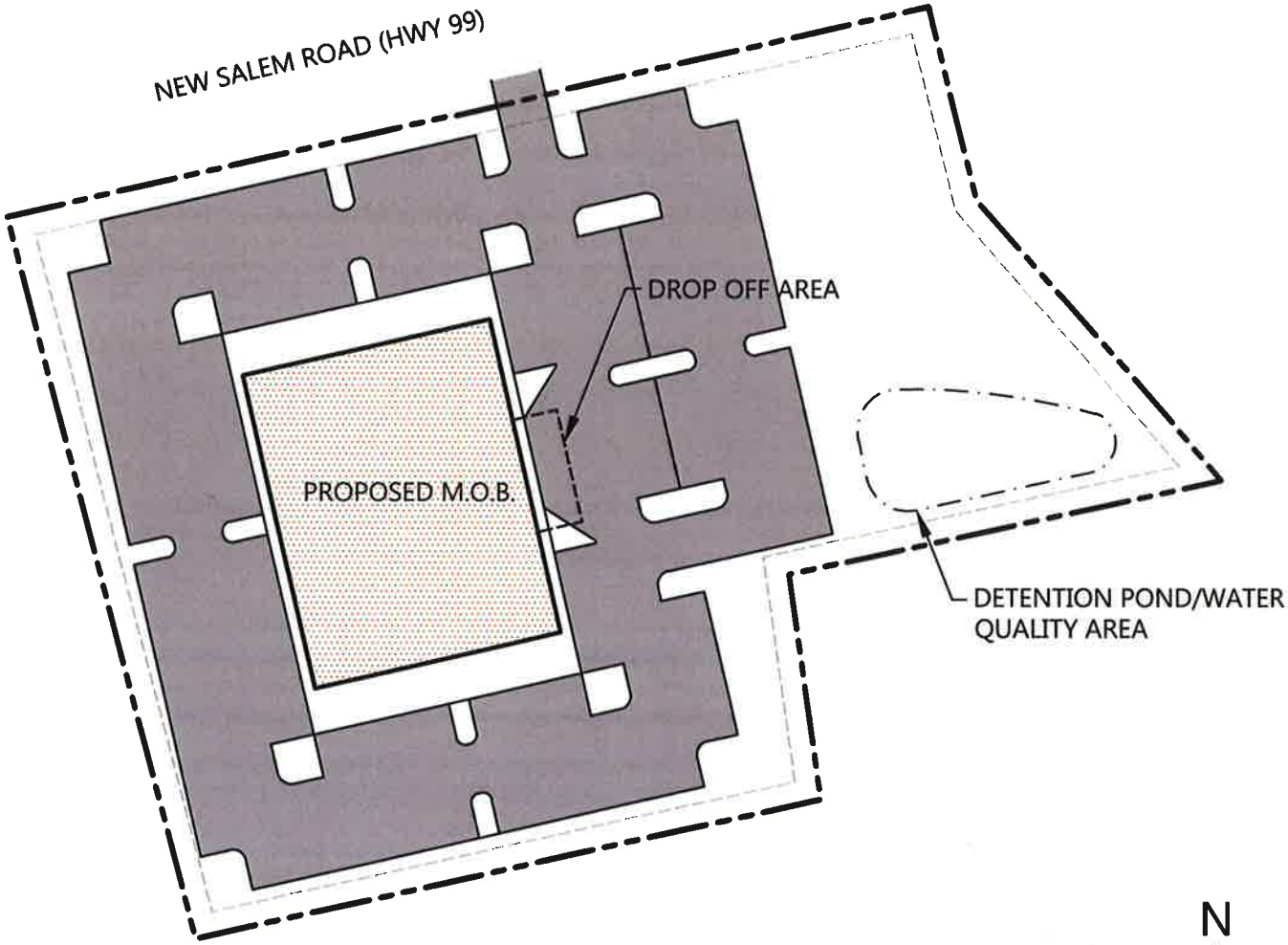
EXHIBIT A – LAND

INSERT DEPICTION OF PROPERTY HERE

Tab 5

Attachment Section A-6B-1

Site Plan



SINGLE STORY M.O.B.: 15,000 SQ FT
PARKING REQUIRED: 75 SPACES

TWO STORY M.O.B.: 30,000 SQ FT
PARKING REQUIRED: 150 SPACES

PROPOSED PARKING: 174 SPACES

2.90 ACRES

GRAPHIC SCALE

S&ME
WWW.SMEINC.COM
1935 21st AVENUE SOUTH
NASHVILLE, TN 37212
(615) 385-4144

PROJECT:
GREYSTONE MEDICAL OFFICE BUILDING
MURFREESBORO, TENNESSEE

TITLE: OPTION 1 SCHEMATIC LAYOUT

PROJ #	DWG. NO.
DATE: 06/07/2017	C1.0

C:\Users\BRodacker.SMEINC\Desktop\greystone MOB\greystone-c-spbas.dwg-ANSI A 8.5x11 (2) Jun 09, 2017 brodacker

Tab 6

Attachment Section A-6B-2

Floor Plan

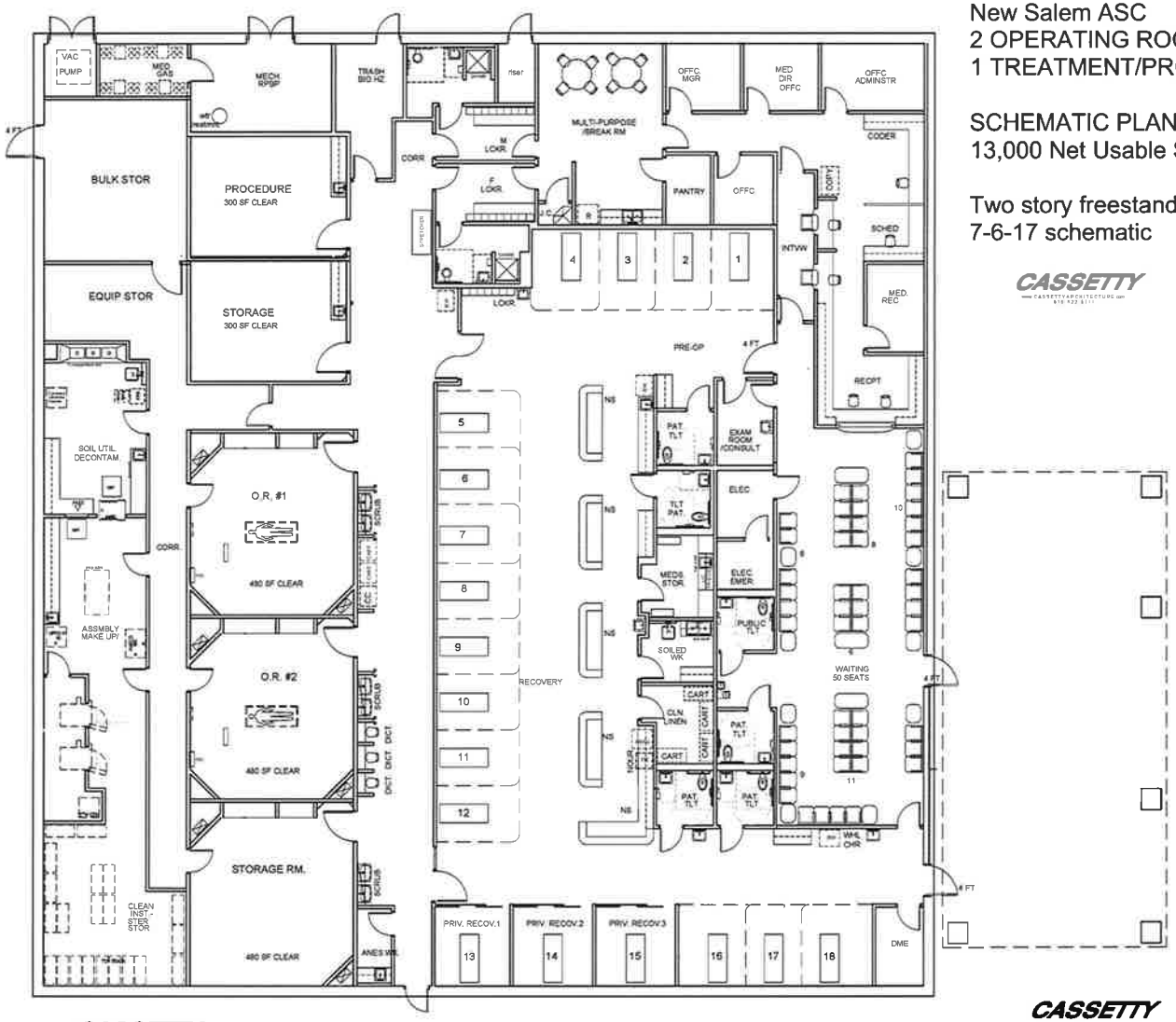
CASSETTY

New Salem ASC
2 OPERATING ROOMS
1 TREATMENT/PROCEDURE ROOMS

SCHEMATIC PLAN
13,000 Net Usable SF for ASC Tenant

Two story freestanding ASC
7-6-17 schematic

CASSETTY



CASSETTY

CASSETTY

Tab 7

Attachment Section A-6B-3

Service Area Access

New Salem Highway widening to start 2018

Scott Broden , sbroden@dnj.com 6:23 a.m. CDT April 2, 2016

(Photo: John A. Gillis/DNJ)

MURFREESBORO — The widening project of New Salem Highway from Old Fort Parkway to Cason Lane will start in 2018, the state announced Thursday.

The New Salem Highway plan is included on the $2 billion list of 79 projects for 42 counties and 15 statewide infrastructure upgrades recommended to take place through 2019, according to a news release about the three-year Tennessee Department of Transportation schedule announced by Gov. Bill Haslam and Transportation Commissioner John Schroer.

The list also mentions a two-tenths of a mile widening of Franklin Road, which is part of state Route 96, to begin in 2017 from Veterans Parkway to east of Overall Creek.

Murfreesboro City Councilman Ron Washington wishes the list also included the widening of Thompson Lane, which is part of state Route 268, from Broad Street to Memorial Boulevard in an area that includes three Siegel schools.

"Any transportation road funding you have to be pleased with," Washington said. "However, that schedule does not meet my expectation because Thompson Lane in my opinion is a major priority. Thompson Lane is something that must be done."

Washington said the road funding should have covered even more of the widening of New Salem Highway, which is a part of state Route 99, to Veterans Parkway on the far southwest side of the city.

"Any funding you get nowadays is a blessing, so you have to be pleased, but Thompson Lane and New Salem Highway from Old Fort Parkway to Veterans Parkway are two highly congested roads that need construction," Washington said.

Ketron supports 2017 gas tax hike; others not so much
(http://www.dnj.com/story/news/local/2015/12/16/ketron-supports-2017-gas-tax-hike-others-not-so-much/77416782/)

Republican state Sen. Jim Tracy of Shelbyville agreed that the Thompson Lane project is needed and would have liked to have seen the list of funded projects also include the widening of West Jefferson Pike, which is part of state Route 266, from Nissan Drive in Smyrna to state Route 840.

"Jefferson Pike widening is at the top of the list I'm going to work on," said Tracy, who serves as the chairman of the Senate Transportation and Safety Committee.

(Photo: HELEN COMER/DNJ)

Tracy said he's pleased about the funding plans for New Salem Highway. He also wishes the list mentioned a proposed Interstate 24 interchange on Rocky Fork Road in Smyrna and the improvement of an existing interchange at Epps Mill Road on the southeast side of Rutherford County.

"With the growth going on in Rutherford County, we've to got numerous projects out there," Tracy said. "I was happy they got what they got. I'd always like more."

The senator said he's asked TDOT to conduct a new study of needed road projects and the revenues required to cover them before examining possible ways to increase revenues.

The existing state gas tax of 21.4 cents per gallon hasn't increased since around 1989, and road revenues have been unable to keep up with construction costs, said Tracy, who also wants the state to repay $260 million to the road fund that was used to balance budgets.

Smyrna Town Council wants road taxes 'enhanced'
(http://www.dnj.com/story/news/2016/02/15/council-wants-road-taxes-enhanced/80313162/)

A mile of road in 2006 cost about $35,000 to build, and that's climbed to about $100,000 today, Tracy said.

The average motorist drives about 15,000 miles per year and pays $160 in gas taxes, said Tracy, noting his monthly cell phone bill is more than that.

Councilman Washington said the federal gas tax of 18.4 cents is also overdue being raised by lawmakers.

"They need to get that gas tax around 30 cents on the federal level," said Washington, who'd also like to see the local annual wheel tax raised by $3 per vehicle to go toward road projects. "The transportation funding is still an issue with no movement in sight with long-term funding. That's the issue that Congress failed to address. Somewhere immediately down the road, Congress must address long-term transportation funding for the whole country, and not just for Rutherford County."

Contact Scott Broden at 615-278-5158. Follow him on Twitter @ScottBroden.

Read or Share this story: http://on.dnj.com/1N2nACA

Murfreesboro council to discuss road funds

Scott Broden , sbroden@dnj.com 8:04 a.m. CDT October 11, 2016

(Photo: Submitted)

MURFREESBORO — The City Council will discuss 2017 Tennessee General Assembly priorities such as road funding this week.

"It's imperative that we get that Highway 99 widened," Mayor Shane McFarland said.

The special-called meeting will be at 5 p.m. Thursday, Oct. 13 in Room 218 on the second floor of City Hall, 111 W. Vine St.

The seven-member council hopes tax dollars from the General Assembly will pay for improvements to federal and state roads that pass through a fast-growing Murfreesboro that reached a U.S. Census estimated population of 126,118 on July 1, 2015.

State Highway 99, for example, includes a New Salem Highway area that leads southwest of the city to where the Rutherford County Board of Education plans to open a Rockvale High School by 2019 to relieve overcrowding at other campuses.

Mayor McFarland also mentioned funding to improve Thompson Lane between Broad Street and Memorial Boulevard on the northwest side of Murfreesboro and Bradyville Pike, a road that's also part of state Highway 99 on the southeast side of Murfreesboro.

"As many people in the area know, one of the biggest challenges is transportation moving forward," McFarland said.

City Councilman Eddie Smotherman agreed that funding is important for the federal and state roads that pass through Murfreesboro.

"That's where we're having our main traffic jams, in our thoroughfares," Smotherman said. "We continuously look for funding and for our budget to make ends meet."

In addition to road funding, the council will talk about annexation laws in recent years that made conditions harder for property owners to make annexation requests for their land that's not contiguous to the city boundary because neighbors that are contiguous reject annexation.

Although people make negative arguments about forced annexation, law makers should look at the property rights of individuals "if they do want to be annexed," Mayor McFarland said.

Another legislative issue is what's going on with education, the mayor and Councilman Smotherman said.

Buy Photo

Eddie Smotherman *(Photo: DNJ file)*

"We need to make sure we have emphasis on education as we continue to improve our schools," Smotherman said.

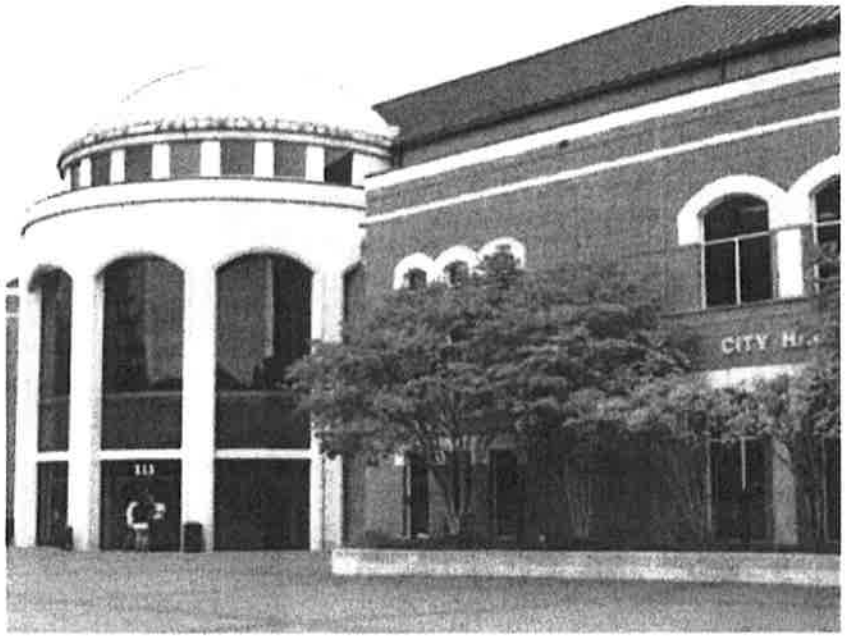
Education in Murfreesboro includes the city's pre-kindergarten through sixth-grade district, Rutherford County Schools that serve prekindergarten through 12th grade, and Middle Tennessee State University.

The council will be meeting with lobbyist Russ Farrar of the Nashville lobbying firm Farrar & Bates. The elected council at the recommendation of City Manager Rob Lyons hired the firm in February 2016 to advise the Council on numerous intergovernmental issues and legislation that impact local governments, including Murfreesboro, financially, operationally, and strategically, states a news release from the city.

The firm also assists the city with advise on other tax and transportation-related issues.

Contact Scott Broden at 615-260-0523. Follow him on Twitter @ScottBroden.

Buy Photo



(Photo: DNJ staff)

Public comment, other City Council meetings

Residents will get the chance to speak to the Murfreesboro City Council between two other scheduled meetings. The meeting involving public comment will last up to 30 minutes and begin at 6:30 p.m. Thursday in Council Chambers on the first floor of City Hall, 111 W. Vine St. Those interested can call the city administration in advance at 615-849-2629 to request a speaking time.

In addition to the public comment meeting, the council will meet at 5 p.m. Thursday to discuss legislative priorities in Room 218 on the second floor of City Hall. The regular weekly meeting is scheduled to begin at 7 p.m. in Council Chambers.

City Hall is by Linebaugh Library, and both are a part of Civic Plaza. Free parking is available under the plaza in a two-story garage with access from Vine, Church and Broad streets.

Read or Share this story: http://on.dnj.com/2enEuFb

Smyrna seeks I-24 interchange at Rocky Fork Road

Scott Broden , sbroden@dnj.com 7:01 a.m. CDT October 31, 2016

(Photo: Scott Broden /DNJ)

SMYRNA — Town officials hope upgrades to Sam Ridley Parkway and other roads will lead to the long coveted third Interstate 24 interchange at Rocky Fork Road.

"We have about eight to 10 projects just over $13 million in the pipeline as far as road improvements going on," said Tim Morrell, who is one of the seven elected members of a Smyrna Town Council that seeks I-24 access beyond the parkway and Almaville Road. "Our large focus is getting the interchange at Rocky Fork. In order to do that, we have to follow the TDOT (Tennessee Department of Transportation) mandate to improve Sam Ridley Parkway."

Smyrna officials see road improvements that include better timed traffic lights as a way to attract more jobs, retail and shopping opportunities while maintaining the quality of life for a fast-growing town that has reached an estimated population of about 47,521 after a U.S. Census count of 39,974 in 2010.

The council is pursuing a $6.5 million extension of Enon Springs Road from Old Nashville Highway to Rocky Fork Road near the proposed I-24 interchange and where the Rutherford County Board of Education plans to open a middle school by August 2017 and an elementary school by August 2018, said Tom Rose, the public works director for the Smyrna government.

"It will be a gateway entrance," said Rose, who expects the Enon Springs extension to be done by summer 2018 and attract commercial and residential development. "We are pushing this project as quickly as we can. There's a lot of growth that's happening before that road is going to be done."

Other projects include the widening of StoneCrest Boulevard at the Sam Ridley Parkway intersection, Florence Road between Enon Springs and Rebel roads, and the Weakley Lane intersection at Swan Drive.

Sam Ridley Parkway should move faster once the access road for StoneCrest Medical Center near I-24 is widened, Rose said.

"Right now there's a lot of backup," Rose said.

Stonecrest Boulevard will go from three lanes to five lanes: two will be for left-hand turns; two will be to go straight across Sam Ridley; and one will be for right-hand turns. TDOT is funding 80 percent of the $400,000 intersection project while the town is covering the other 20 percent with impact fees.

The council also is building an Intelligent Transportation System that allows government staff to improve traffic-light timing at 48 of the town's 49 intersections through monitoring cameras for non law-enforcement purposes.

"No red light cameras," quipped Rose, who expects the system to be complete by November 2018. "We have some great projects for the growth."

The town will be spending $180,000 while TDOT provides $720,000 to add fiber optic lines that connect with existing ones, Rose said.

"We have some really great projects for growth," Rose said.

Contact Scott Broden at 615-278-5158. Follow him on Twitter @ScottBroden.

Smyrna road projects

Florence Road

Project: Widening from two lanes to three between Enon Springs and Rebel roads

Completion date: August

Cost: $4.2 million

Funding source: Impact fees for development and $350,000 from two industrial companies

StoneCrest Boulevard at Sam Ridley Parkway

Project: Widening from three lanes to five

Completion date: July

Cost: $400,000

Funding source: 80% TDOT; 20% impact fees

Enon Springs Road

Project: Extension of Enon Springs from Old Nashville Highway to Rocky Fork Road

Construction start date: Summer 2017

Completion date: Summer 2018

Cost: $6.5 million

Expected funding source: bond

Intelligent Transportation System

Project: Adding fiber optic lines and connecting to existing ones for government staff to monitor and improve traffic light timing through cameras at 48 of town's 49 traffic signals

Completion date: November 2018

Cost: $900,000

Funding source: 80% TDOT; 20% town government

Weakley Lane and Swan Drive

Project: adding four left-hand turn lanes

Start date: June 2017

Completion date: October 2017

Cost: $950,000

Funding source: 80% TDOT; 20% town impact fees

Source: *Smyrna Public Works Director Tom Rose*

Buy Photo

Sam Ridley, Almaville jams annoy town

Scott Broden , sbroden@dnj.com 9:30 a.m. CDT September 1, 2016

(Photo: Nancy Broden/DNJ)

SMYRNA — Traffic jams on Sam Ridley Parkway and Almaville Road continue to be a concern for the Town Council.

"It's frustrating," Smyrna Mayor Mary Esther said during a Tuesday workshop with the other six elected officials on the Town Council.

Town Manager Harry Gill Jr. told the council members that he will be giving them a presentation during next month's workshop scheduled at 5 p.m. Sept. 29 about addressing the traffic in particular on both of these Smyrna roads that have Interstate 24 interchanges.

"Hopefully, we'll see some improvements on Sam Ridley and Almaville Road," said Gill, adding that other road projects will be discussed during the presentation.

Mayor Reed said it's important for the town to do everything it can to improve Sam Ridley Parkway and Almaville Road while continuing to ask state and federal officials to approve a third I-24 interchange at Rocky Fork Road.

"It's a long, drawn-out process," said Reed, who serves with other mayors in Middle Tennessee as a member of a Metropolitan Planning Organization that makes decisions on spending federal transportation funding. "Everybody wants a piece of that pie."

The third interchange would be near where the Rutherford County Board of Education is building a middle school and elementary school, and tie in with the town's plans to extend Enon Springs Road to this area from Old Nashville Highway.

While waiting for the long sought interchange, traffic jams remain a concern on Sam Ridley Parkway and Almaville Road, the mayor said.

"It's frustrating," Reed said.

In addition to improving roads, Councilman H.G. Cole said the town and the Middle Tennessee region need to expand bike lanes and mass transportation options, such as light rail, buses and subways, to provide people with other ways to travel and compete with what's going on in cities such as Seattle and Portland.

Nashville will no longer continue to be the "It city," unless more is done to promote mass transportation and bike lanes "because we're choking ourselves with growth," said Cole, adding that too many builders and developers oppose these transportation options.

"That closed mindedness is deliberating to our growth," Cole said.

Mayor Reed agreed and said transportation has to go beyond just getting people from Smyrna to downtown Nashville.

Another issue of concern is drivers speeding through subdivisions and ignoring stop signs, said Gill, adding that the town plans to impose hefty fines on those caught "flying through" neighborhood streets to make conditions dangerous where children ride bikes and play.

Contact Scott Broden at 615-278-5158. Follow him on Twitter @ScottBroden (http://twitter.com/ScottBroden).

Read or Share this story: http://on.dnj.com/2bTnT71

Smyrna Candidates: Traffic, growth top concerns

Michelle Willard , mwillard@dnj.com 9:13 a.m. CDT October 21, 2016

(Photo: HELEN COMER/DNJ)

Elections for Eagleville, La Vergne and Smyrna will be held along with state and federal elections on Nov. 8 and candidates across the county are vying for seats on their local municipal councils.

In Smyrna, seven candidates — Bradley Austin, Dennis Johnson, Tim Morrell, Robert "Bob" New, Racquel Peebles, Steve Sullivan and Michelle Mastin Wesnofske — are running for three open, at-large seats on the Town Council.

The candidates were asked the same questions and given an opportunity to share their thoughts with the voters. Here are their answers:

Name: Bradley Austin

Experience: I have worked for Discount Auto Sales in Murfreesboro for two years now. I started as a sales representative and now I am an assistant manager in training. I want to work for the people of Smyrna. I got involved with my community by helping state Rep. Mike Sparks, R-Smyrna, since I was 19. He has been a great influence in my life.

What is the biggest issue facing Smyrna? What is my solution?

Our budget is out of control. We spend more money on our parks than we do on our police and fire departments. We need a new budget and responsible people to use our tax dollars.

Name: Dennis Johnson

Dennis Johnson *(Photo: Submitted)*

Experience: Throughout my life in Smyrna I have been an active citizen, teacher, small business owner, coach and volunteer. I was awarded the lifetime service award in 2015, the same award my father won in 1999. I have served on our Parks Advisory Board for the past two years.

What is the biggest issue facing Smyrna? What is my solution?

One of our biggest issues is making sure our roads can handle the amount of traffic we are facing due to the amount of growth in our town.

I feel the solution requires us to work together with TDOT on road projects that will help alleviate traffic on state roads such as Sam Ridley Parkway, Jefferson Pike, Almaville Road interchange and trying to obtain a third interchange on Rocky Fork Road. I also believe it's important to continue and complete current projects such as Florence Road, Rocky Fork Road to the new school and Enon Springs Road tying into Rocky Fork Road.

Name: Tim Morrell

Tim Morrell *(Photo: Submitted)*

Experience: Current councilman for the Smyrna Town Council; Smyrna Planning Commission; Rutherford County Economic Development Board, Town Representative; Lowry Street Revitalization Committee Member; Board of Trustees; Rotary Club of Smyrna; United Way Board for Rutherford & Cannon Counties, former Board of Directors; North Rutherford YMCA, former Board of Directors

What is the biggest issue facing Smyrna? What is your solution?

Smyrna is the 14th largest city in Tennessee with the third lowest tax rate. Additionally, we have one of the lowest unemployment rates in Tennessee. Due to these factors and our continual focus on quality of life, we are experiencing explosive growth that is putting a strain on our infrastructure such as waste water capacities and on our roadways.

For infrastructure solutions, we are currently in a $25 million waste-water expansion that will increase our capacities to meet the demands of our growing population.

As far as roadways, first and foremost, the Town Council continues to seek approval at the state and federal level to obtain an interchange at Rocky Fork Road and I-24.

Even more importantly, we are continuing to work with TDOT (Tennessee Department of Transportation) on improving traffic flow on Sam Ridley Parkway and Almaville Road/Lee Victory Parkway.

Name: Bob New

Bob New *(Photo: Submitted)*

Experience: I've been a registered nurse for 40 years and retired last year. My wife and I have been involved in politics since moving here. We've worked on several campaigns and I've run for office in the past. I've dedicated me life to serving others and look forward to serving the people of Smyrna.

What is the biggest issue facing Smyrna? What is your solution?

Unbridled growth is the main problem facing Smyrna. This causes most of the other issues. Our infrastructure can't keep up with the rapid growth. We need improved planning that will take into consideration the impact on our roads and services. The impact on our environment is causing storm-water problems, air pollution and noise pollution that impacts our homes and quality of life. There needs to be a balance between the impact of growth on our economy, environment and quality of life. We need leaders who will make the tough choices. Sometime you just need to say no.

Name: Steve Sullivan

Steve Sullivan *(Photo: Courtesy of Facebook)*

Experience: Bachelor's and master's degrees from Trevecca Nazarene University; former U.S. Marine, Desert Storm Veteran; Volunteer Board member for slow-pitch, fast-pitch, and adult softball, baseball, and soccer; Volunteer of the Year 2014, Smyrna Adult Softball League; member of the Board of Zoning Appeals and Parks Athletic Committee; 20-plus years in IT Management at IBM and Nissan

What is the biggest issue facing Smyrna? What is your solution?

The biggest issue facing Smyrna today is exponential growth. Growth is a great issue to have and is required for Smyrna's sustainability, but unbridled growth is a disaster. Our thoroughfares and infrastructure must be managed carefully to accommodate this growth. To meet these demands, continued fiscal responsibility is a must. A healthy cash reserve and managed budget are mandatory to be in a position to fund the infrastructure upgrades and expansions needed to support this growth. Vote for me, starting Oct. 19, and I will work with the mayor and other council members to find common sense solutions to these issues.

Name: Racquel Peebles

Raquel Pebbles *(Photo: Submitted)*

Experience: I have practiced law for 20 years, which requires listening to people's concerns and resolving them. I have owned a small business in Smyrna for 13 years, so I understand how critical good planning and budgeting are. Lastly, I have served on various boards and as a community volunteer.

What is the biggest issue facing Smyrna? What is your solution?

The biggest issue facing Smyrna is infrastructure, which overlaps with other issues. We should continue allocating more funds toward alleviating traffic concerns, and that includes expanding current roads and constructing new ones. We have to be proactive with effective planning so the necessary infrastructure is in place for businesses and residents and people moving to Smyrna.

Additionally, we need to work with our county, state and federal leaders to secure funding for an additional interchange at I-24, which will bring more retail and job opportunities for our residents so that they can work, eat, shop, and play here in Smyrna.

Name: Michelle Martin Wesnofske

Experience: As a small business owner, I understand the need for economic growth balanced with controlled spending. I grew up in Smyrna, raised my children here and my children are raising their children here. I serve on the Historic Zoning Board and have been in attendance with the citizens' committee regarding the Lowry Street overlay project. Smyrna's past, present and future are of utmost importance to me.

Michelle Wesnofske *(Photo: Submitted)*

What is the biggest issue facing Smyrna? What is your solution?

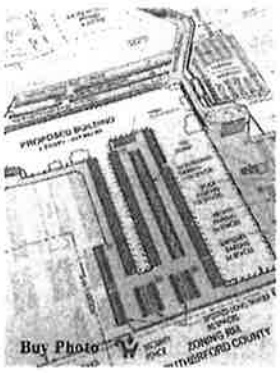
The biggest issue facing our town is economic growth. We have stagnated in our proactive efforts to attract businesses (with exception to the retail sales tax revenue generated on the west end of Sam Ridley Parkway). We enjoy lots of amenities in Smyrna, including a beautiful park system. We have spent a great deal of money and resources making Smyrna an attractive place to live. However, we must refocus our attention to updating our infrastructure in an effort to attract more industry and create more local jobs. I am interested in promoting the concept of being proactive in preparing our infrastructure to attract new businesses to Smyrna so that our residents can live and work amid this wonderful community.

Reach Michelle Willard at 615-278-5164, on Twitter @MichWillard or on Facebook at facebook.com/DNJBusiness.

Read or Share this story: http://on.dnj.com/2eYjzJa

Murfreesboro paves way for FedEx Ground facility

Michelle Willard , mwillard@dnj.com 8:54 p.m. CST November 17, 2016



(Photo: Michelle Willard / DNJ)

MURFREESBORO — Traffic concerns dominated the conversation at the Murfreesboro City Council on Thursday night surrounding zoning requests for a proposed FedEx Ground facility.

FedEx Ground has asked for annexation into the Murfreesboro city limits and rezoning the 217-acre undeveloped property located along the south side of South Rutherford Boulevard east of the CSX railroad tracks and west of Broad Street.

Surprisingly no one spoke in either of the public hearings held for the plan of services, annexation and rezoning before the City Council gave its approval in a 5-1 vote with Councilman Rick LaLance dissenting.

LaLance spoke out on the project's potential negative impact on traffic with a projected 750 trips per day coming into and out of the site.

The project's site plan was approved Wednesday by the Murfreesboro Planning Commission, contingent on approval of the plan of services, annexation and rezoning by the City Council.

"FedEx already has a facility in town. They are looking to expand because of the increased volume we see from the growth in Middle Tennessee," Cherie Akers from Stantec said on behalf of the logistics company.

When 947,842 square-foot facility (/story/money/business/2016/08/31/fedex-ground-build-hub-murfreesboro/89644276/) is completed, the hub will have hundreds of bays for tractor trailers to load and unload into the proposed one-story building. It will also have spaces for "inbound parking," "outbound parking" and employees, according to the preliminary site plan.

The site plan has separate entrances for employees and trucks and vans with primary access about a quarter mile from Broad Street on South Rutherford Boulevard.

During the meeting Thursday, the City Council asked about how the facility will impact traffic on Church Street and surrounding roadways.

"We have adopted many options to accommodate our traffic," Akers said.

Given the potential impact on traffic in south Murfreesboro (/story/money/business/2016/09/02/fedex-submits-plans-ground-hub-murfreesboro/89737798/), FedEx and city officials have worked with consultants from RPM Transportation Consultants to develop a traffic plan for the site.

By the time it reaches full capacity, RPM estimates as many as 750 pickup and delivery vans and tractor trailers coming into and out of the site daily, said Robert Murphy, president RPM Transportation Consultants.

He explained at a neighborhood meeting in October that most of the van and truck traffic at the facility will happen in mid-afternoon and late evening.

Preliminary proposals include a turning lane from Broad Street to South Rutherford Boulevard and retiming signals at both the intersections of South Rutherford and South Church and Broad streets, Murphy said.

Murphy explained the company studied the current traffic situation and developed recommendations that could actually improve traffic flow on Church Street.

Ram Balachandran, traffic engineer for the city of Murfreesboro, explained the project will be completed in two phases, the first which will be fully completed in 2019. Full build out is set for a 2026.

He said the plan for the first phase "looks good" and he asked them to study the timing of the traffic lights at three intersections on South Church Street — Rutherford Boulevard, Interstate 24 west off ramp and I24 east off bound — and two on Broad Street — Rutherford Boulevard and Joe B. Jackson Parkway.

"They are going to synchronize the lights with their truck traffic," Balachandran told The DNJ. "And all the analysis they did is based on 2026 projected numbers."

FedEx has agreed to do an initial synchronization when the first phase is completed in 2019 and to revisit it in 2026, Balachandran said.

The company will also be required to submit a new traffic study when it starts on the second phase in 2026, explained Matthew Blomeley, assistant planning director.

FedEx Ground estimates the facility will be a $189.5 million investment that will create an estimated 41 full-time jobs (/story/money/business/2016/10/05/logistics-jobs-questioned-fedex-hearing/91615028/) with an average wage of $53,500 and 160 full-time equivalent, part-time jobs at $24,000 annually. It is tentatively set to open in early 2018. The estimate does not include 300 drivers who are contract employees.

Reach Michelle Willard at 615-278-5164 or on Twitter @MichWillard.

Read or Share this story: http://on.dnj.com/2fBvLyS

Tab 8

Attachment Section A-10

Reserved

Section B

Tab 9 - Medically Underserved Areas
Tab 10 - Construction Cost Verification Letter
Tab 11 - Funding Letters
Tab 12 - Reserved
Tab 13 - Financial Assistance Policies
Tab 14 - Quality Management & Utilization Management

Tab 16 - HSDA Letter of Intent
Tab 17 - Evidence of Publication

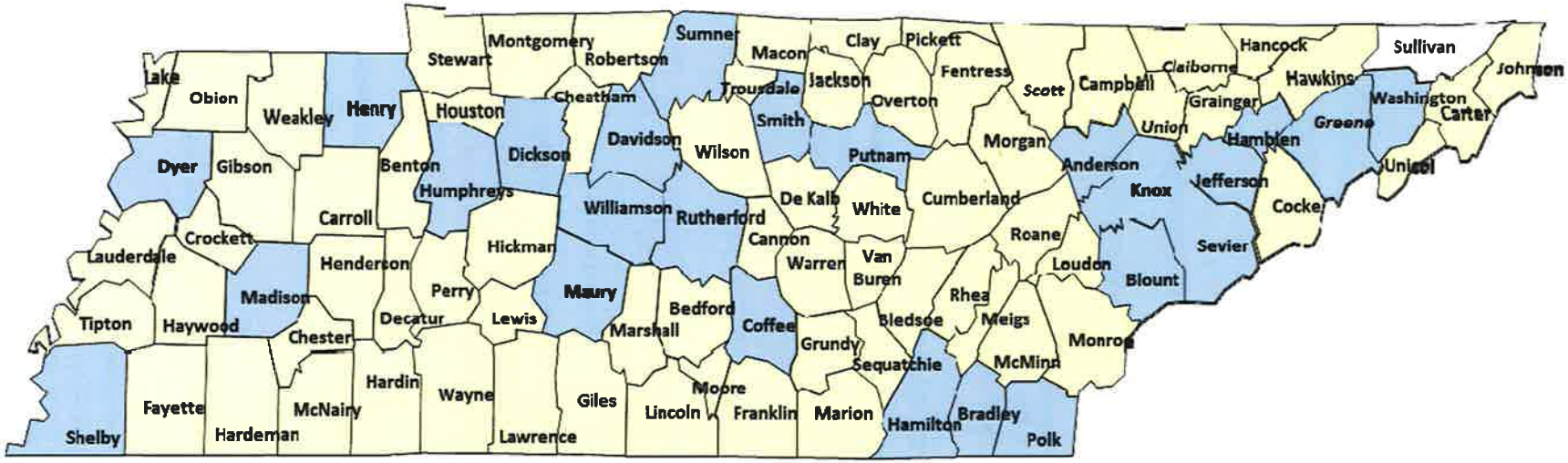
Tab 9

Attachment Section B-A1

Medically Underserved Areas

TN Department of Health

Medically Underserved Areas (MUAs)
June, 2016



Whole County MUA | Partial County MUA

Tab 10

Attachment Section B-A5

Construction Cost Verification Letter

CASSETTY
ARCHITECTURE

July 5, 2017

Mr. Erik Kraemer
USPI
8 Cadillac Drive, Suite 200
Brentwood, TN 37027

Re: **Reasonability of Scope and Project Cost for New Surgery Center**
New Salem ASC – Murfreesboro, TN
Architect's Project No. 1817

Dear Mr. Kraemer:

Please accept this letter as an opinion of likely project cost planned for the proposed center and general overall description of the project scope. Our intent with this letter is to address the submission to the state for Certificate of Need application.

PROJECT BUDGET:
Based on preliminary studies conducted for CON preparations the total project costs for the project are Construction $3,450,000.00 ($266 /SF) and Architect/Engineering professional services fee of $241,500.00.

Based on our firm's experience with projects of this size and type planned for the new ambulatory surgery center, and our data related to project construction cost for this geographic area, it is our opinion that the project construction cost and associated architect's/engineer's fees are reasonable and appropriate, and will allow the owner to create a high quality facility.

PROJECT DESCRIPTION - CODE COMPLIANCE:
The project for the surgery center will be housed in a new medical office building. 13,000 SF is planned for the surgery center, which will include two (2) operating rooms, and one (1) procedure room and ancillary support spaces.

The facility will be designed to meet local, state and federal standards and regulations, including the adopted edition of the FGI Guidelines for Design and Construction of Health Care Facilities.

Sincerely,

Cassetty Architecture
Clint Cassetty, President
TN Architect's License #00100605

copy: file – Agency

901 West Main Street ▪ Hendersonville, TN 37075 ▪ 615.822.5711 ▪ Fax 615.824.9089
www.cassettyarchitecture.com

Tab 11

Attachment Section B-B5

Funding Letters

United Surgical Partners INTERNATIONAL

Saint Thomas Health

July 13, 2017

Melanie M. Hill
Tennessee Health Services and Development Agency
502 Deaderick Street
Andrew Jackson Building, 9th Floor
Nashville, TN 37243

Dear Ms. Hill

Saint Thomas USP Surgery Centers, LLC intends to fund its estimated $2,850,000 contribution to the Saint Thomas Surgery Center New Salem, LLC project from cash on hand. Saint Thomas USP Surgery Centers, LLC has $17,241,997 of available cash currently held in a United Surgical Partners International, Inc. (USPI) consolidated account. Saint Thomas USP Surgery Centers, LLC does not produce audited financial statements. However, USPI is the controlling member of Saint Thomas USP Surgery Centers, LLC owning 50.1%. USPI's financial information is reported as the Ambulatory Care segment included in the financial statements and information filed with the US Securities and Exchange Commission (the "SEC") by USPI's majority owner, Tenet Healthcare Corporation (NYSE:THC). Copies of those filings are available on the SEC's website at https://www.sec.gov/edgar/searchedgar/companysearch.html.

If you have any questions, please do not hesitate to contact our outside counsel on this matter, Byron Trauger, of Trauger & Tuke.

Sincerely,

M. Corey Ridgway,
Market President, Operations
United Surgical Partners International, Inc.

Lisa Davis,
Chief Financial Officer
Saint Thomas Health

Pinnacle
FINANCIAL PARTNERS

July 13, 2017

Mr. Corey Ridgway
Market President
United Surgical Partners International, Inc.
8 Cadillac Dr Ste 200
Brentwood TN 37027

Dear Corey,

We understand that St. Thomas Surgery Center New Salem, LLC has applied for a CON, which requires a letter from a qualified financial institution to support various borrowing needs. St. Thomas Surgery Center New Salem, LLC request is for a 7-year term loan of $6.7 million to finance tenant improvements, equipment and furnishings. Based on similar credit facilities, the term loan will be priced at the London Interbank Offer Rate ("Libor"), plus 2.5%.

We have a long standing relationship with the managing partner of St. Thomas Surgery Center New Salem, LLC, United Surgical Partners International, Inc. ("USPI"). Given the manner in which USPI has managed this and several other surgery centers where we serve as their financing and banking partner, we would certainly look favorably on this financing request subject to further due diligence and approval of their pending CON application.

Should you have any further questions, please feel free to contact me directly at (615) 744.3720.

Sincerely,

Nancy Zoretic
Sr Vice President

2300 West End Avenue
Nashville, TN 37203
615 690 4000
www.pnfp.com

Tab 12

Attachment Section B-F1

Reserved

Tab 13

Attachment Section B-G

Financial Assistance Policies

REDUCTION OR WAIVER OF COPAYMENTS AND DEDUCTIBLES	Subject	RCM_HOS
	Document Number	1.24
	Effective Date	11/1/2016
	Revision Date	8/17/2016
	Revision Number	1.0
	Approved	Yes
	Total pages	10
	USPI Forms	No

Section A: Purpose....2
Section B: Policy....2
Part 1: Federal Health Care Program Patients....2
Section C: Responsibilities....7
Section D: Definitions....7
Section E: Procedures....8
Part 1: Document Retention....8
Part 2: Auditing and Monitoring....8
Part 3: Sanctions....8
Section F: References....8
Section G: Attachments....8
Section H: Revision History....9
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Section A: Purpose

The purpose of this policy is to describe the situations in which USPI Entities may waive or reduce that portion of the patient bill, which is the direct responsibility of the patient. Notwithstanding anything to the contrary in this policy, each USPI Facility that is owned directly or indirectly by a non-profit health system shall, to the extent required by the relevant joint venture agreements between USPI and the non-profit health system, operate consistent with the charity care policies of the non-profit health system.

Section B: Policy

The portion of the patient bill that is the direct responsibility of the patient can be reduced or waived only under certain limited circumstances.

Part 1: Federal Health Care Program Patients

USPI Entities may not routinely waive or reduce copayments, coinsurance, or deductibles for Federal health care program patients. However, USPI Entities may waive or reduce copayments, coinsurance, or deductibles for Federal health care program patients in accordance with the provisions set forth this Section IV.A. upon approval of the USPI Entity's Chief Financial Officer (or equivalent title).

1. Hospital Inpatients

    a. Safe Harbor Waiver

    Waivers or reductions of deductibles and co-payments for Federal health care program patients for inpatient hospital services are permitted, when such waivers meet each of the following criteria:

        i. The hospital must not later claim the amount reduced or waived as a bad debt for payment purposes under any Federal healthcare program or otherwise shift the burden of the reduction or waiver onto any Federal health care program, State health care program, other payers, or individuals.

        ii. The hospital must offer to reduce or waive the coinsurance or deductible amounts without regard to the reason for admission, the length of stay of the beneficiary, or the diagnostic related group for which the claim for reimbursement is filed.

        iii. The hospital's offer to reduce or waive the coinsurance or deductible amounts must not be made as part of a price reduction

agreement between a hospital and a third-party payer (including a health plan).

b. Financial Need

Hospital, providers, practitioners or suppliers may waive or reduce a patient's Federal health care program coinsurance or deductible amounts for inpatient hospital services after consideration of a particular patient's financial need so long as:

i. The waiver is not offered as part of any advertisement or solicitation;

ii. The entity offering the waiver does not routinely waive coinsurance or deductible amounts; and

iii. The entity reduces or waives the coinsurance amounts after determining in good faith that the individual is in financial need *or* after reasonable collection efforts have failed.

c. Prompt Payment

Hospitals, providers, practitioners or suppliers may waive or reduce a patient's Federal healthcare program coinsurance or deductible amounts for inpatient hospital services in order to provide legitimate prompt payment incentive, and in order to avoid collection costs. To qualify for prompt payment discount, the following requirements must be met:

i. The waiver or discount is not offered as part of any advertisement or solicitation;

ii. Patients and their representatives must only be informed of the prompt pay discount's availability during the course of the actual billing process;

iii. The amount of fees discounted to patients under the prompt pay discount must bear a reasonable relationship to the avoided collection costs; and

iv. The hospital must not later claim the amount reduced or waived as a bad debt for payment purposes under any Federal health care program or otherwise shift the burden of the reduction or waiver onto any Federal health care program, a State health care program, other payers, or individuals.

2. Patients Other than Hospital Inpatients

a. Financial Need

Hospitals, ambulatory surgery centers, independent diagnostic testing facilities, outpatient centers, other healthcare providers, practitioners or suppliers may waive or reduce a patient's Federal health care program coinsurance or deductible amounts after consideration of a particular patient's financial need so long as:

i. The waiver is not offered as part of any advertisement or solicitation;

ii. The entity offering the waiver does not routinely waive coinsurance or deductible amounts; and

iii. The entity reduces or waives the coinsurance amounts after determining in good faith that the individual is in financial need *or* after reasonable collection efforts have failed.

b. Prompt Payment

Hospitals, ambulatory surgery centers, independent diagnostic testing facilities, outpatient centers, other healthcare providers, practitioners or suppliers may waive or reduce a patient's Federal health care program coinsurance or deductible amounts in order to provide a legitimate prompt payment incentive, and in order to avoid collection costs. To qualify for a prompt payment discount, the following requirements must be met:

i. The waiver or discount is not offered as part of any advertisement or solicitation;

ii. Patients and their representatives may only be informed of the prompt pay discount's availability during the course of the actual billing process;

iii. The amount of fees discounted to patients under the prompt pay discount must bear a reasonable relationship to avoided collection costs; and

iv. The entity must not later claim the amount reduced or waived as a bad debt for payment purposes under any Federal healthcare program or other shift the burden of the reduction or waiver onto any Federal health care program, a State health care program, other payers, or individuals.

3. Quality of Care Issues

Where charges are eliminated or reduced as the result of quality of care issues, the adjustment must be made to the total charge, not just the patient's co-payment or deductible part of the charge, so as to also benefit the applicable payer, and not just the patient. (See RCM_HOS_6.15 Bill Hold Process for Possible Preventable Sentinel Events)

a. Other Waivers or Discounts

Waiver or reduction of copayments, coinsurance, or deductibles for Federal healthcare program patients other than those described in this Section require the prior written approval of the USPI Facility's assigned Regulatory Counsel. Regulatory Counsel may provide approval for categories of waivers or reductions, and is not restricted to case by case approvals.

4. Commercial Payers

USPI Entities may not routinely waive or reduce copayments, coinsurance, or deductibles for patients with commercial insurance. However, USPI Entities may waive or reduce copayments, coinsurance, or deductibles for patients with commercial insurance in accordance with the provisions set forth in this Section B upon approval of the USPI Entity's CFO (or equivalent title), unless prohibited by applicable law (as described on Attachment A to this policy). Prior to relying on Attachment A, the USPI Entity's CFO (or equivalent title) is to confer with its assigned Managed Care Counsel to confirm that Attachment A continues to be correct. Other than waivers or reductions for financial need, described in Section IV.B.4. below, waivers or reductions granted under this Section IV.B. must be disclosed to the patient and commercial payer, as advised by Managed Care Counsel, including whether the disclosure is required, and if so, the form of the disclosure.

a. High Deductible Health Plans ("HDHPs")

USPI Entities may not waive or reduce copayments, coinsurance, or deductibles obligations for patients enrolled in an HDHP who have not satisfied their deductible. However, a patient may request that a USPI Facility not file a claim with their HDHP for Elective Services rendered, and instead access the hospital's cash pay rate in accordance with the requirements of RCM_HOS_1.22 Cash Pay Rates.

b. Courtesy Discounts

Waivers or reductions of deductibles and co-payment amounts may be given for patients with commercial insurance who qualify for a courtesy

discount in accordance with Law Department policy L-13 Courtesy Discounts for Physicians and Governing Board Members.

c. Out of Network Patients

Waivers or reductions of deductibles and co-payment amounts may be given to patients who have commercial insurance through a company that a USPI Entity does not have a contract with, in order to bring the deductible and co-payment amounts due down to the amount that the patient would incur if the USPI Entity was "In-Network" with the insurance company.

d. Prompt Pay Discount

Waivers or reductions of deductibles and co-payment amounts may be given to patients in order to provide a legitimate prompt payment incentive, and in order to avoid collection costs. Commercial payers must be informed of the USPI Entity's prompt payment program, and the amount of fees discounted to patients under the prompt pay discount must bear a reasonable relationship to the avoided collection costs.

e. Financial Need

Hospitals, ambulatory surgery centers, independent diagnostic testing facilities, outpatient centers, other health care providers, practitioners or suppliers may waive or reduce a patient's coinsurance or deductible amounts after consideration of a particular patient's financial need so long as:

i. The waiver is not offered as part of any advertisement or solicitation;

ii. The entity offering the waiver does not routinely waive coinsurance or deductible amounts; and

iii. The entity reduces or waives the coinsurance amounts after determining in good faith that the individual is in financial need *or* after reasonable collection efforts have failed.

f. Quality of Care Issues

Where charges are eliminated or reduced as the result of quality of care issues, the adjustment must be made to the total charge, not just the patient's co-payment or deductible part of the charge, so as to also benefit the applicable payer, and not just the patient. (See RCM_HOS_6.15 Bill Hold Process for Possible Preventable Sentinel Events)

g. Other Waivers or Discounts

Waivers or reduction of copayments, coinsurance, or deductibles for patients with commercial insurance other than those described in this Section IV.B. require the prior written approval of the USPI Entity's assigned Managed Care Counsel. Managed Care Counsel may approve categories of waivers or reductions, and is not restricted to case by case approvals.

Section C: Responsibilities

The USPI Entity's CFO (or equivalent title) is responsible for ensuring that all individuals adhere to the requirements of this policy. If the CFO (or equivalent title) is unable to create adherence to this policy, the CFO (or equivalent title) will immediately report the non-adherence to the USPI Entity's Compliance Officer.

Section D: Definitions

Determination of financial need means a good faith determination depending on an individual patient's circumstances. The factors that may be considered include: the local costs of living; a patient's income, assets, and expenses; a patient's family size; and the scope and extent of a patient's medical bills. A provider should take reasonable measures to document a determination of financial need. Further, because a patient's financial status may change over time; the provider should recheck a patient's eligibility at least yearly to ensure that the patient remains in financial need.

Federal healthcare program means any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded directly, in whole or in part, by the United States Government, including but not limited to: Medicare, Medicaid/MediCal, managed Medicare/Medicaid/MediCal, Tricare/VA/CHAMPUS, SCHIP, Indian Health Services, Health Services for Peace Corp Volunteers, Federal Employees Health Benefit Plan, Railroad Retirement Benefits, Black Lung Program, Services Provided to Federal Prisoners, Pre-Existing Condition Insurance Plans (PCIPs) and Section 1011 Requests.

Reasonable collection efforts requires that the effort to collect Federal health care program deductible and coinsurance amounts be similar to the effort the provider puts forth to collect comparable amounts from non-Federal health care program patients. Specifically, the collection effort must involve the issuance of a bill on or shortly after discharge or death of the beneficiary to the party responsible for the patient's personal financial obligations. Additionally, the collection effort should include other actions such as subsequent billings, collection letters and telephone calls or personal contacts with this party which constitute a genuine, rather than a token, collection effort

Section E: Procedures

Part 1: Document Retention

USPI Entities must retain the documentation required by this Policy to the requirements of Administrative Policy AD 1.11 Records Management and its Record Retention Schedule. The documentation must be retained in the USPI Entity's patient accounts system.

Part 2: Auditing and Monitoring

Audit Services Department will audit and monitor adherence to this policy in its routine audits.

Part 3: Sanctions

All employees whose responsibilities are affected by this policy are expected to be familiar with the basic procedures and responsibilities created by this policy. Failure to comply with this policy will be subject to appropriate performance management pursuant to all applicable policies and procedures, up to and including termination. Such performance management may also included modification of compensation, including any merit or discretionary compensation awards, as allowed by applicable law.

Section F: References

42 USC § 1320a-7a(i)(6)(A)

42 CFR § 1001.952(k)

Office of the Inspector General, "*Hospital Discounts to Patients Who Cannot Afford to Pay Their Hospital Bills*," February 2, 2004
OIG Advisory Opinion 08-03 (Jan. 30, 2008)

Section G: Attachments

Attachment A: Summary of State Laws on Patient Responsibility Waivers and the Patient Protection and Affordable Care Act

Section H: Revision History

Date	Revision Number	Change	Revised Sections
08/17/16	1.0	New document	N/A

Attachment A

Summary of State Laws on Patient Responsibility Waivers and the Patient Protection and Affordable Care Act (PPACA)

State	Patient Responsibility Waivers
AL	No known state waiver laws, except in the context of chiropractors. Ala. Admin. Code r. 190-X-5-08.
AZ	No known state waiver laws.
CA	No known state waiver laws. • However, a 1981 California Attorney General opinion found that dentists who waive patient copayments do not violate California laws against fraud, misrepresentation, or false or misleading advertising. *See* 64 Ops. Cal. Atty. Gen. 782 (1981).
FL	• All providers other than hospitals commit insurance fraud if deductibles/co-payments are waived. Fla. Stat. §817.234(7)(a); see also 69 FL ADC 69O-153.003; Fla. Stat. § 817.505.
GA	• For licensed health care providers, it is considered a ***deceptive or misleading practice*** to advertise, as an inducement to attract patients, the waiver of a deductible or copayment required to be made under a health insurance policy or plan. Ga. Code Ann. § 43-1- 19.1(a). • This provision is contained in laws governing licensing for healthcare providers and there is nothing to suggest that it ***applies to hospitals.*** The section does not apply to nonprofit community health centers which primarily serve indigent patients. Ga. Code Ann. § 43-1-19.1(b). • It is ***not considered fraudulent, misleading or deceptive*** if a provider ***occasionally*** waives deductibles or copayments if the waiver is ***authorized*** by the insurer or if the waiver is ***based on an evaluation of the individual patient*** and is ***not a regular business practice*** of the provider. Ga. Code Ann. § 43-1-19.1(c).
IL	No known state waiver laws.
MA	No known state waiver laws.
MI	No known state waiver laws.
MO	No known state waiver laws.
PA	No known state waiver laws.
SC	No known state waiver laws.
TN	No known state waiver laws.
TX	• If a provider accepts an assignment, s/he may not waive a copay/deductible. V.T.C.A., Ins. Code §1204.055. • A provider's waiver of copays/deductibles to attract patients could be construed as a violation of Texas anti- kickback laws and could subject both parties to civil and criminal penalties. V.T.C.A, Occ. Code §§ 102.001(a) & 102.010(a).
PPACA	• The PPACA amended the definition of "remuneration" in the Anti-Kickback Statute to clarify that Civil Money Penalties should not prohibit certain "charitable and innocuous" arrangements (e.g. waiver of co-pays for covered Part D generic drugs and instances where remuneration promotes access to care and poses a low risk of harm to patients and federal health care programs). See 42 USC § 1320a-7a(i)(6); PPACA § 6402(d)(2)(B).

CASH PAY RATES	Subject	RCM_HOS
	Document Number	1.22
	Effective Date	11/1/2016
	Revision Date	8/17/2016
	Revision Number	1.0
	Approved	Yes
	Total pages	11
	USPI Forms	No

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Section A: Purpose

The purpose of this policy is to ensure, through the implementation of prudent and reasonable controls, that USPI Facilities may provide patients with a Cash Pay Rate payment option for certain services. This policy shall apply except to the extent it is inconsistent with any applicable state or federal law, in which case such state or federal law shall control. Notwithstanding anything to the contrary in this policy, each USPI Facility that is owned directly or indirectly by a non-profit health system shall, to the extent required by the relevant joint venture agreements between USPI and the non-profit health system, operate consistent with the charity care policies of the non-profit health system.

Section B: Policy

USPI Facilities may implement Cash Pay Rates for certain approved services in order to provide patients a payment option where the patient pays for the service in full at or before the time of service. The policy supports furnishing affordable care to patients and providing another payment option that may be more financially appropriate for the patient. At all times, the policy shall be implemented and applied with sensitivity to the patient's health, privacy, and dignity.

Section C: Responsibilities

The USPI Facility Chief Financial Officer or designee is responsible for assuring that all individuals adhere to the requirements of this policy, that these procedures are implemented and followed at the USPI Facility, and that instances of noncompliance with this policy are reported to USPI's Chief Compliance Officer.

Section D: Definitions

Elective Services means scheduled services and certain non-emergent "walk-up" services (*e.g.*, lab services) that are approved for a Cash Pay Rate under the guidelines set forth in this policy.

Federal health care program means any plan or program that provides health benefits, whether directly, through insurance, or otherwise, which is funded directly, in whole or in part, by the United States Government, including but not limited to: Medicare, Medicaid/MediCal, managed Medicare/Medicaid/MediCal, Tricare/VA/CHAMPUS, SCHIP, Indian Health Services, Health Services for Peace Corp Volunteers, Federal Employees Health Benefit Plan, Railroad Retirement Benefits, Black Lung Program, Services Provided to Federal Prisoners, Pre-Existing Condition Insurance Plans (PCIPs) and Section 1011 Requests.

Health Insurance Policy means any Federal Healthcare Program, personal or group health policy or plan, whether fully insured or self funded, which has as its primary purpose the reimbursement, in whole or in part, of medical services provided to a covered Patient.

Patient means any person who receives treatment at a USPI Facility.

Uninsured means a Patient who has no Health Insurance Policy in force at any time during which the patient receives treatment at a USPI Facility. For purposes of this policy, and except with respect to patients receiving services in Louisiana, this definition includes a patient who is covered by a High-Deductible Health Plan (HDHP) if the patient requests that the USPI Facility not file a claim with their HDHP for the Elective Services rendered.

Non-Covered Services means those services not covered by a Patient's Health Insurance Policy. This definition includes services not covered (i) as a result of a pre-existing condition exclusion; (ii) because a patient has exhausted his or her benefits; (iii) because they are denied through a Health Insurance Policy's pre-authorization process; and (iv) services for which the patient has elected to opt out of his or her Health Insurance Policy coverage and to pay out of pocket. For purposes of a Federal Healthcare Program beneficiary, "Non-Covered Services" means only those services that are statutorily excluded from coverage. Patient co-pays and deductibles are not considered "Non-Covered Services."

High Deductible Health Plan is a health plan that meets the minimum annual deductible and out of pocket maximum requirements set forth by the Internal Revenue Code and applicable IRS guidance each year.

Section E: Procedures

Part 1: Who May Access Cash Pay Rates

The following shall apply in determining who may access the Cash Pay Rates for certain Elective Services.

1. Cash Pay Rates are available to Patients who are Uninsured.

2. Cash Pay Rates are available to Patients for Non-Covered Services, including (i) services not covered because a patient has exhausted the benefits available to them under their Health Insurance Policy; (ii) services not covered because of a pre-existing condition exclusion; (iii) services that are denied through a Health Insurance Policy pre-authorization process; and (iv) services for which the patient has elected to opt out of his or her Health Insurance Policy coverage and to pay out of pocket.

3. Cash Pay Rates are **not** available to Federal health care program beneficiaries, except for services that are statutorily excluded from coverage (*e.g.*, cosmetic surgery).

4. Cash Pay Rates are available to patients with High Deductible Health Plans who also meet the definition of Uninsured, as defined above.

Part 2: Services that are Subject to a Cash Pay Rate

The following shall apply in determining what services may be offered at a Cash Pay Rate.

1. Cash Pay Rates apply only to Elective Services that are approved as set forth in this Policy. This Policy contemplates that appropriate Elective Services include, but may not be limited to, imaging services, obstetrical services, plastic surgery, bariatric surgery, and other elective surgeries.

2. Subject to the provisions of this Policy, each USPI Facility may decide what services it proposes to be offered at a Cash Pay Rate and at what payment amount. Accordingly, the services offered at a Cash Pay Rate may differ in scope and amount among the different USPI Facilities.

3. Any rate proposed for a Cash Pay Rate service must be established at an amount that is:

    a. higher than the Medicare rate for the same service, unless otherwise approved by USPI Legal and the Facility's Regional Vice President;

    b. no lower than the Medicaid rate for the same service;

    c. providing for a reasonable margin over fixed and variable costs; <u>and</u>

    d. considers any market forces for the furnishing of the service on a cash basis.

4. Cash Pay Rate services must be approved by the Facility's Regional Vice President of Finance before being offered to patients. Once a service is approved, it may be offered at a Cash Pay Rate consistent with this Policy.

5. The availability of Cash Pay Rate services may be communicated to patients and physicians but should not be marketed or advertised in the public domain unless the advertisement is part of a larger Facility or USPI initiative (*e.g.*, a preventative screening initiative).

6. Patients agreeing to the Cash Pay Rate will complete and sign a Cash Pay Rate Agreement. See Attachment A.

Part 3: Approval Process for Cash Pay Rates

The following approval process shall apply for any proposed Cash Pay Rate service.

1. Any proposed Cash Pay Rate service and the proposed rate shall be submitted to the Facility's Regional Vice President for approval. All information related to the Cash Pay Rate shall be sent with the request for approval, including specifically the information set forth in Section B.3, above. The format and content for the request is the preference of the Regional Vice President. Attachment B and B-1 are examples of an appropriate Cash Pay Rate approval request format.

2. All Cash Pay Rates must be reviewed periodically, but at a minimum, on an annual basis. As part of the approval process, all information related to the establishment of the Cash Pay Rate should be updated and submitted in the manner required by the Regional VP.

Part 4: How Does the Cash Pay Rate Apply to Approved Services

The following shall apply for any patient who wishes to access a Cash Pay Rate for an approved service.

1. The Cash Pay Rate is the amount that will be accepted for an approved Cash Pay Rate service if the amount is paid in full prior to or at the time of the furnishing of the service. The Cash Pay Rate must be paid upfront before services are furnished.

2. The Cash Pay Rate is not available and should not be used if any portion of the amount due is to be paid over time or after the day on which the services are furnished.

3. The Cash Pay Rate does not apply to deductibles, co-payments, or any other co-insurance amounts when insurance is being billed for the service.

4. The Cash Pay Rate is not inclusive of any professional fee generated by the performance of the services furnished, unless the USPI Facility has an authorized contract to include the professional fee within the Cash Pay Rate.

Part 5: Correlation of the Cash Pay Rates with Other Policies

The following shall apply in determining the correlation of the Cash Pay Rate policy with other USPI policies.

1. The Cash Pay Rate is not meant to overlap with other policies and should not be used in conjunction with other policies. For example, the Cash Pay Rate may

not be used if the patient is using another payment policy, such as a professional discount policy or the Compact for the Uninsured.

2. Some states have regulations that allow patients to apply retroactively for charity or discount programs. Please check with USPI Legal as to the application of the following paragraph for your Facility.

3. A patient's use of the Cash Pay Rate policy is not a waiver of that patient's right to qualify for financial assistance under the USPI Facility's applicable charity and/or discount policies. A patient who has paid the Cash Pay Rate and received services may subsequently apply for, and be granted, eligibility under these programs. Where eligibility for the facility's charity or a discount program is granted, the facility shall refund all or a portion of the Cash Pay Rate previously paid if required by the terms of the applicable charity or discount policy.

4. Individual State Law Requirements. The Cash Pay Rate policy is subject to any applicable State law requirements.

Part 6: Document Retention

USPI Facilities that offer Cash Pay Rates shall retain all documentation related to the establishment of the Cash Pay Rate pursuant to this policy according to the requirements of Administrative Policy AD 1.11 Records Management. USPI Facilities shall require each patient to sign the Cash Pay Rate Agreement in Attachment A. The Facility shall retain the Cash Pay Rate Agreement per USPI's general document retention guidelines.

Part 7: Sanctions

All employees whose responsibilities are affected by this policy are expected to be familiar with the basic procedures and responsibilities created by this policy. Failure to comply with this policy will be subject to appropriate performance management pursuant to all applicable policies and procedures, up to and including termination. Such performance management may also include modification of compensation, including any merit or discretionary compensation awards, as allowed by applicable law.

Section F: References

Anti-Kickback Law: 42 U.S.C. § 1320a-7b(b); 42 C.F.R. § 1001.952

Beneficiary Inducement Law: 42 U.S.C. § 1320a-7a(a)(5); 42 C.F.R. §§ 1003.101, 1003.102(c)(13)

OIG Special Advisory Bulletin, Offering Gifts and Other Inducements to Beneficiaries, August 2002

OIG Guidance on Hospital Discounts Offered to Patients Who Cannot Afford to Pay Their Hospital Bills, February 2004

Text of Letter from Tommy G. Thompson, Secretary of Health and Human Services, to Richard J. Davidson, President, American Hospital Association, February 2004

The Health Information Technology for Economic and Clinical Health Act § 13405(a)

Section G: Attachments

Attachment A: Cash Pay Rate Agreement

Attachment B: Standard Technical Only Rate Example

Attachment B1: Global Rate Example

Section H: Revision History

Date	Revision Number	Change	Revised Sections
08/17/16	1.0	New document	N/A

Attachment A

[USPI Facility]
Cash Pay Rate Agreement

Patient Name:_____ **Account#:**_____

Date of Service:_____ **Service Type:**_____

Procedure/Test:_____
_____
_____
_____
_____

Professional fees (i.e., physician fees) are excluded from the Cash Pay Rate unless otherwise indicated. You may receive a separate bill for professional services.

Patient/Guarantor Initials: _____ **Date:** _____

Amount of Cash Pay Rate: $_____

Date Paid:_____

I understand that the Cash Pay Rate listed above is based on the services described above. The Cash Pay Rate is required to be paid in full at the time of service. If additional services other than those generally included in the procedure/test are required I will be responsible for payment of those services. I understand that the hospital will not bill my insurance carrier for the services and an itemized bill will not be available unless required by state law. I understand that the amounts I pay under the Cash Pay Rate will not be applied to or count toward any deductible or other cost-sharing obligations I may have under my health insurance plan

Date:_____ Patient/Guarantor Signature:_____

Date:_____ Facility Representative:_____

Attachment B

DATE:

TO: Regional Vice President

FROM: USPI Facility CFO

SUBJECT: Cash Pay Rate Proposal for [USPI FACILITY]

[USPI FACILITY] would like to offer cash pricing to its uninsured patients at its outpatient imaging center. This is a practice common to outpatient imaging centers and is needed to service the community.

Uncomplicated Pricing Schedule

The [USPI FACILITY] management team decided on a schedule that was both simple and comprehensive to quote prices in each major modality category. These prices could be easily identified, quoted and collected.

Cash Pay Pricing Schedule

Attached is the Proposed Cash Pay Schedule for [USPI FACILITY] which will be used for all patients eligible per the Cash Pay policy. The schedule shows the Medicare reimbursement (technical rate), and the proposed Cash Pay Pricing rate. The proposed cash pay rate was set so that an incremental profit margin was achieved for each procedure. .

The proposed Cash Pay Pricing rate was established using the guidelines set forth by the USPI Cash Pay Rate Policy. Under the policy, the cash pay rates must be set at or above "cost" and Medicare.

[Edit schedule to fit your facility's needs]

Description	Previous DIC Self Pay Rate	Medicare Rate (Avg)	Proposed Flat Rate	Cost
MRI - WITHOUT CONTRAST		$328	$330	$189
MRI - WITH CONTRAST		$378	$400	$230
MRI - WITH & WITHOUT CONTRAST		$484	$500	$246
CT - WITHOUT CONTRAST		$176	$200	$58
CT - WITH CONTRAST		$269	$275	$71
CT - WITH & WITHOUT CONTRAST		$290	$300	$98
Ultrasound		$96	$125	$95
X-Ray		$58	$75	$54

***** Estimated Costs provided through Showcase (Fixed + Variable Cost Only)**

I would appreciate your review and approval of the proposed pricing schedule for [USPI FACILITY'S] outpatient imaging center. Upon your acceptance we will proceed with implementation.

Attachment B1

DATE:

TO: Regional Vice President

FROM: USPI Facility CFO

SUBJECT: Cash Pay Rate Proposal for [USPI FACILITY]

[USPI FACILITY] would like to offer cash pricing to its uninsured patients at its outpatient imaging center. This is a practice common to outpatient imaging centers and is needed to service the community.

The [USPI FACILITY] team evaluated several Methods of setting a price but ultimately decided on keeping a simple rate schedule with varying prices based on whether contrast was used or not, and by modality. The team also decided to provide a global fee to include the radiologist's fee as well. This will allow us to better service our patient community and compete with free standing imaging centers.

Uncomplicated Pricing Schedule

The [USPI FACILITY] management team decided on a schedule that was both simple and comprehensive to quote prices in each major modality category. These prices could be easily identified, quoted and collected.

Professional Fee Payment Rate

The team decided that a flat percentage payment to the radiology group would be most practical from an administrative and maintenance perspective. We would know that payment was made when we forwarded the payment to the radiologists without having to track payment plans etc. Periodically, weekly or monthly, a report of cash pay collections will be generated and a check request will be created based on the radiologist percentage.

The team evaluated industry standards, current practice and Medicare comparisons to set the fee for a global cash pay cash price. A fair market value (FMV) study was established to validate the professional compensation to be 15%-18% of collections. This has been incorporated in the current radiologist service agreement.

Cash Pay Pricing Schedule

Attached is the Proposed Cash Pay Schedule for [USPI FACILITY] which will be used for all patients eligible per the Cash Pay policy. The schedule shows the combined global Medicare reimbursement (technical rate and pro fee), the estimated global cost, and the proposed Cash Pay Pricing rate. The proposed cash pay rate was set so that an incremental profit margin was achieved for each procedure. The final posted schedule will only include the global Cash Pay Price.

The proposed Cash Pay Pricing rate was established using the guidelines set forth by the USPI Cash Pay Rate Policy. Under the policy, the cash pay rates must be set at or above "cost" and Medicare.

[Edit schedule per your facility's needs]

Description	Previous DIC Self Pay Rate	Medicare Rate (Avg)	Medicare Profee (Avg)	Total Medicare	Cost + Radiologist Fee	Proposed Flat Rate	Cost
MRI - WITHOUT CONTRAST		$328	$75	$403	$257	$450	$189
MRI - WITH CONTRAST		$378	$75	$454	$305	$500	$230
MRI - WITH & WITHOUT CONTRAST		$484	$108	$593	$342	$640	$246
CT - WITHOUT CONTRAST		$176	$58	$235	$96	$250	$58
CT - WITH CONTRAST		$269	$63	$332	$122	$340	$71
CT - WITH & WITHOUT CONTRAST		$290	$76	$365	$154	$375	$98
Ultrasound		$96	$37	$132	$115	$135	$95
X-Ray		$58	$15	$73	$67	$85	$54

***** Estimated Costs provided through Showcase (Fixed + Variable Cost Only) plus the professional cost component of 15% of the global rate**

I would appreciate your review and approval of the proposed pricing schedule for [USPI FACILITY'S] outpatient imaging center. Upon your acceptance we will proceed with implementation.

Tab 14

Attachment Section B-C2

Performance Improvement Plan

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Policy:
It is the policy of the center to follow a planned systematic approach to improving organizational performance. A Plan Do Check Act PDCA model is the preferred framework for improvement.

Purpose:
The purpose of the Quality Assessment and Performance Improvement Plan is to ensure the facility's ability to carry out the mission and vision. The Quality Assessment and Performance Improvement program has been developed utilizing the EDGE tools and other facility specific monitoring to be an ongoing data driven process. The EDGE program utilizes approaches which assess both systems and processes. The overall goals include, but are not limited to demonstration of measurable improvement in patient outcomes and improvement in patient safety. This will be accomplished by:

1. using quality indicators associated with improved health outcomes
2. y identification and reduction of medical errors.
3. Identifying "Good Catches" and seeking opportunities for improvement and risk reduction.

Procedure Guidelines:

The Performance Improvement Plan at St. Thomas Surgery Center - New Salem is a customer driven, facility-wide process and philosophy of improving both the quality of patient care and productivity while being cost effective. It is an integrated effort in which the entire organization works to provide optimum healthcare, patient satisfaction, risk reduction, and proper utilization of resources by competent healthcare practitioners, business office and other support staff.

SECTION I. MISSION AND VISION OF ST. THOMAS SURGERY CENTER - NEW SALEM

Our Mission

The mission of the St. Thomas Surgery Center - New Salem is to provide first class surgical services for the local community in a safe, comfortable and welcoming environment; one in which we would be happy to treat our own families.

Our Vision

St, Thomas Surgicare through the combined efforts of our physicians, Governing Board, and our staff, shall provide healthcare services that shall be recognized in the local community as the optimal standard of excellence for the services we provide.

Our Value Statement

In pursuit of our mission, we believe the following value statements are essential and timeless.

- We recognize and affirm the unique and intrinsic worth of each individual.
- We treat all those we serve with compassion, kindness, and dignity.
- We conduct all of our business in an ethical and honest manner.
- We recognize our colleagues and partners as valuable members of our healthcare organization, and pledge to treat each other with loyalty, dignity, and respect.

QUALITY DEFINITION

At St. Thomas Surgery Center - New Salem, the pursuit of quality is the never-ending process of evaluation with intent to improve the services, which shall ultimately meet and exceed the expectations of our customers. Quality shall be measured by the feedback received through our customers (internal and external), and through recognized regulatory and accrediting agencies.

PERFORMANCE IMPROVEMENT DEFINITION

PI is embracing a continual organizational wide effort to find new and better ways of doing things.

SECTION II. PHILOSOPHY/OBJECTIVES/SCOPE OF SERVICES

1. PHILOSOPHY of the PERFORMANCE IMPROVEMENT PROGRAM

A. Utilizes principles of quality measurement based on data collection, objective analysis, and results dissemination (EDGE™ processes).

I. Components of EDGE include:

- **Today's Proven Process (TPP)**
  - **Evidence based action steps or best practices that when put in place for every patient improves results.**
- **Measures-Focus Studies**
  - **Measures are the data gathered at the facility to access how well the processes are working or where improvements may be needed. Because we cannot manage what we cannot measure, Audit tools have been created to assist in proactively collecting data to determine if key elements of a process are in place.**
- **Risk Incidents and Close Calls/Good Catches**
  - **Risk incident reporting provides a tool to enhance Patient Safety by providing a confidential, uniform, electronic method of reporting outcomes and close calls. Presenting standard data for learning, benchmarking, and performance improvement.**
- **Patient Relations- Complaints and Compliments**

- Patient relations reporting provides a tool to track and trend patient relation occurrences such as grievance or compliments.
- Patient Satisfaction/Experience Measurements
  - Seeks feedback from our primary customer allowing for improvement.

II. Today's Proven Process (TPP) includes the following areas:

- Keep a Safe Environment
- Know and Provide Surgeon preferences
- Medication Safety
- Prevent Surgical Site Infections
- Prevent Wrong Site- Universal Protocol
- Schedule My First Choice/Handle My First Call
- Start My Cases on Time/Minimize Turnover Time
- Culture of Safety
- Prevent Injury
- Patient Centeredness

Measure/Focus Studies are as follows:

Measure	Timing	Qualification for Reporting
Prevent Wrong Site	Each Month	Report only those cases in which the Safe Surgical Checklist was not used.
ASCQC • Inappropriate Hair Removal • Prophylactic IV Antibiotic Timing • VTE Risk Assessment • Safe Surgical Checklist	Each Month	Report only on those patients who qualified but did not receive appropriate treatment
Prevent Injury- Pre-Operative and Post Operative Calls	Each Month	Report the numerator and denominator for those patients who should have been contacted by facility policy and those who were actual reached.
Prevent Surgical Site Infections	Each Month	5% of case volume
Start My Cases on Time/Minimize My Turnover Time	Each Month	Report only those patients with times outside the facility's average
Patient Satisfaction/Experience	Each Month	Managed via CMS approved 3rd party vendor (i.e.)survey process and uploaded into EDGE.
Prevent Surgical Fires	1st Quarter	5% of case volume
Prevent Injury- Prevent Burns	2nd Quarter	5% of case volume
Prevent Injury-Laser Safety	2nd Quarter	5% of case volume
Schedule My First Choice/Handle	2nd Quarter	Only scheduling calls that went

My First Call		to voicemail
Prevent Infection Hand Hygiene	2nd Month of Each Quarter	30 Personnel Audits
Keep a Safe Environment	Last Month of Each Quarter	Completed audit tools and data enter information into EDGE system
Prevent Medication Variances- Medication Safety	1st month of each quarter	5% of case volume
Prevent Injury- Safe Positioning	3rd Quarter	5% of case volume
Prevent Injury- Prevent Falls	4th	5% of case volume
Controlled Substance Management	2nd month of each quarter	Complete audit tool and enter data into EDGE system
Prevent Infections- SPD Rounding	3rd month of each quarter	Complete audit tool and enter data into EDGE system

Other areas for ongoing monitoring:

Process	Frequency
Operative and other invasive procedures that place patients at risk.	Quarterly
All significant discrepancies between pre-operative and post-operative diagnoses, including pathologic diagnoses.	Quarterly
Documentation in the Medical Record of the medical necessity for the procedure/treatment, and appropriateness of care provided.	Quarterly
Adverse events related to using moderate or deep sedation of anesthesia. (identified via Risk Incident Reports)	Quarterly
Medication errors/adverse drug reactions, medication labeling errors or inappropriate labeling (identified via Risk Incident Reports)	Quarterly
Blood and blood component usage	Quarterly
All confirmed blood transfusion reactions.	Quarterly
Risk assessment and management activities	Quarterly
Employee Satisfaction Survey to include: Staff opinions and needs Staff perception of risk to individuals Staff suggestions for improving patient safety* Staff willingness to report adverse events	Annually

*Employees may make suggestions for improving patient safety at anytime.

B. Offers physicians and staff objective information, which they can use for purposes of review, patient management, and quality measurement.

C. Is grounded in the concept of continuous quality improvement, through regular feedback of information on performance and clinical / environmental risk assessment.

D. Promotes integration and communication between facility departments, medical staff, and administration to continuously improve processes which affect patient care.

2. OBJECTIVES

A. Continually evaluate clinical and operational processes to identify opportunities for improvement.

B. Identify, focus, analyze, and correct processes or systems which have the potential to impede quality patient care and/or efficiency.

C. Integrate and coordinate all organizational performance improvement activities in order to increase effectiveness, eliminate duplication of efforts, and promote proper utilization of staff and resources.

D. Comply with standards of practice and meet all requirements of the accrediting body, state/federal agencies, and other regulatory bodies.

E. Eliminate unnecessary risks and hazards within the facility.

These objectives are accomplished by:

I. The employment of qualified and effectively supervised personnel for patient care, utilizing clear channels of, responsibility, and accountability.

II. Patient care, which is appropriate to the ages and needs of patients, is delivered as follows:

- In a timely manner.
- Within the range of available resources.
- In a cost-efficient manner as possible.
- Consistent with achievable goals.
- Properly documented to facilitate evaluation.
- Continuously evaluated and improved.

III. A system in which one level of care is provided to all patients and is subject to periodic review prospective or concurrent with the use of pre-established objective indicators and documentation of findings.

IV. A system in which the findings of patient care monitoring and evaluation are utilized by the facility in concrete ways to fulfill the objectives of the performance improvement program.

V. The maintenance of a continuing education program utilizing, in part, results of patient care monitoring and evaluation.

VI. Continuous evaluation and improvement of customer satisfaction/experience (patients, physicians, employees, family and community).

3. SCOPE OF SERVICES

A. The scope of the performance improvement program of St. Thomas Surgery Center - New Salem includes monitoring and evaluation of activities, which addresses patients of age groups of pediatric to geriatrics served by the facility. All staff employees and physicians on staff are responsible for utilizing the concepts of the PI program to assist in the delivery of quality care considering the following concepts:

I. Emphasis on the safe, timely delivery of services to identified customers.

II. Delivery of services accomplished within a range of available resources.

III. Care and services provided in the most cost efficient manner.

IV. Services planned or provided are consistent with achievable goals.

V. All care delivery and business transactions are properly documented to facilitate effective evaluation.

VI. Aspects of identified care practices are continuously evaluated with opportunities for improvement identified and implemented when deemed appropriate. This process is facilitated through peer review and education regarding cases requiring Root Cause Analysis.

VII. Efforts are guided by standards established through leadership, accrediting agency and state, federal and other regulatory bodies.

VIII. On-going and organized education initiatives designed to educate all staff, Medical Staff. Allied Health Professionals and leaders in Performance Improvement and patient safety concepts and to facilitate their participation in the process through department meetings and facility wide initiatives.

SECTION III. LEADERSHIP'S ROLE AND RESPONSIBILITY FOR PERFORMANCE IMPROVEMENT

Leadership plays a central role in performance improvement. At St. Thomas Surgery Center - New Salem Leadership includes the Governing Board, elected officers of the medical staff, the medical director, the Medical Executive Committee, the Quality Assessment Performance Improvement Committee (QAPI), the facility Administrator and senior management of the facility, and department managers. The leaders set expectations, develop plans and manage processes to measure, analyze, and improve the quality of facility's governance, management, clinical and support activities. The leaders are responsible for adopting an approach to performance improvement, which is utilized in reporting and team activities. The leaders are responsible for setting priorities and reprioritizing in response to sentinel events, risk assessments, unexpected or unusual occurrences, patient safety concerns, and expressed opportunities for improvement by internal and external customers served.

Leaders are responsible for establishing a policy and procedure for sentinel events, educating staff on sentinel events and responding appropriately when they occur. The policy shall include a process for conducting a timely root cause analysis (RCA) that focuses on processes, systems and development of risk reduction strategies, as well as an action plan, which includes evaluating the effectiveness of actions taken.

Leaders set a positive performance improvement and culture of safety in the organization through planning, education, providing support, such as time and resources, and empowering staff as

appropriate. Leaders also actively participate in interdisciplinary performance improvement activities, as appropriate.

Ultimate responsibility for performance improvement and patient safety is held by the Governing Board. The performance improvement program is the shared responsibility of the Governing Board, the medical staff, and the administration of the facility with specific areas of the program delegated to each. The program involves the Board, medical and other professional staff, administrative, technical and all support services, and includes education concerning the approaches and methods of performance improvement. PI teams/ committees may include both management and non-management staff from all departments in the problem solving process.

1. GOVERNING BOARD

The Governing Board shall review and evaluate facility activities to assess, preserve and improve the overall quality and efficiency of patient care in the facility. While maintaining overall responsibility, the board delegates operational authority of this function to the Medical Executive Committee and Administrator. In exercising its supervisory responsibility, the board shall:

A. Set the priorities for performance improvement.

B. Receive, review and accept or reject periodic reports related to outcomes.

C. Assess the program's effectiveness and efficiency and require modification in organizational structure and systems where necessary to improve program performance.

D. Provide for allocation of resources and support systems for performance improvement and functions related to patient care and safety.

E. Verify that the overall goal of patient care enhancement is being achieved.

F. Require a process designed to assure that all individuals responsible for the assessment, treatment or care of patients are competent.

G. Receive and review minimally an annual report regarding the facility contracted services and patient safety and quality of care and to ensure compliance with regulatory requirements. The Board shall receive the report from the Medical Executive Committee and Administrator. The Board will review the recommendations from the MEC and Administrator to decide actions to be taken regarding the service contracts.

2. MEDICAL EXECUTIVE COMMITTEE

A. The Medical Executive Committee (MEC) of the medical staff is accountable to the Governing Board for oversight of the monitoring and evaluation functions to determine that safe and quality driven medical care is rendered to all patients in the facility through performance improvement monitoring, actions taken when indicated, and by reporting these activities to the Governing Board.

B. The MEC delegates the responsibility for the operations of the monitoring and evaluation functions to the medical director, Performance Improvement Committee (PIC) and appropriate medical staff committees. The MEC is responsible for functional oversight of key areas of operations to include but not limited to:

I. Pharmacy: Coordinates periodic review of the processes related to medication management to include procurement, efficacy of use, dispensing and adverse drug events.

II. Environment of Care: Monitors environmental safety, security infection control, and disaster preparedness issues.

III. Credentialing of medical staff: Reports on credentials issues for licensed independent providers and allied health professionals assigned to the medical staff. Function includes evaluation of the results of monitoring and evaluation functions at the time of initial, ongoing and reappointment to the medical staff.

IV. Peer Review: Ensures completion of and evaluation of both ongoing and focused peer review. Then utilizes the information to make recommendations regarding appointment and reappointment, as well as other actions as outlined in the Medical Staff bylaws.

V. Contract Services related to patient services: The MEC shall receive from the Administrator minimally annually a report regarding the quality and safety of the services provided by contract. More frequent reports will be provided on an as needed or as requested basis. The MEC will review the services and make recommendation to the Governing Board to continue, modify, or cancel the contract based on quality of services and patient safety.

C. The Medical Executive Committee (MEC) supports and acts upon recommendations of the Performance Improvement Quality Assurance Committee which include the investigation of variances, implementation of actions, monitoring of results, and approval/revision of policies. The medical director presents the performance improvement report to MEC which includes, but is not limited to, a quarterly summary of PI project activity and a quarterly trending of house-wide indicators.

D. .

3. ADMINISTRATION

Administration, is accountable to the Governing Board for the quality of care and performance of all staff. The facility Administrator coordinates efforts to:

A. Promote the participation of the appropriate members of professionals and technical staffs and departments in the program through interdisciplinary monitoring and evaluation of patient care and important facility functions through Performance Improvement Committee.

B. Establish and maintain operational linkages between the functions of risk management, quality management and performance improvement.

C. Assure that sufficient resource, and personnel are provided to support continuous performance improvement activities.

D. Assure staff are provided adequate time to participate in performance improvement activities.

E. Participates on Governing Board, Medical Executive Committee, and Performance Improvement Committee.

1. **Performance Improvement Coordinator**

Administration shall provide adequate resources to the medical staff and facility departments to conduct performance improvement functions. The assigned PI Coordinator shall facilitate the following services and functions:

A. Orientation and training on performance improvement functions.

B. Reports of changes in regulations, laws, and Joint Commission/AAAHC standards to the medical staff, clinical and non-clinical departments

C. Facilitate data retrieval functions from the various departments. Coordinates data collection and submission for accrediting purposes, USPI's EDGE™ data and other regulatory data collection requirements as assigned by facility administrator.

D. Aggregates performance improvement findings for presentation to MEC and Governing Board.

E. The PI Coordinator shall facilitate that appropriate actions from PI findings are implemented, and within established time frames, as directed by the Performance Improvement Committee.

F. The PI Coordinator shall attend meetings of the Performance Improvement Committee, facilitate performance improvement subcommittees, and present data to the MEC and Governing Board for communication of performance improvement activities as designated.

G. Leadership provides opportunities for training to assist the PI Coordinator in efforts to stay informed on current accreditation requirements, local, state and national health care regulatory requirements and reports change to the Medical staff and facility leadership.

2. **EVALUATION OF LEADERS EFFECTIVENESS**

At least annually, the Pi Coordinator shall prepare an annual appraisal of the performance improvement program. The facility leaders, through the Performance Improvement Committee shall evaluate the effectiveness of the performance improvement program through annual appraisal. In addition, the leaders shall perform a self-evaluation of their effectiveness in participating in the PI program.

The leaders shall ultimately evaluate their effectiveness by accomplishment of goals and improvements through performance improvement monitoring and PI teams. If the goals and objectives are found to be ineffective, new actions may be taken or new teams may be formed.

SECTION IV: PLAN

St. Thomas Surgery Center - New Salem participates in facility-wide interdisciplinary monitoring of

important functions. Performance improvement activities include how the facility designs, measures, assesses, and improves important processes. All PI activities are incorporated into a systematic, organization-wide approach through integrated monitoring and performance improvement teams.

1. METHODOLOGY

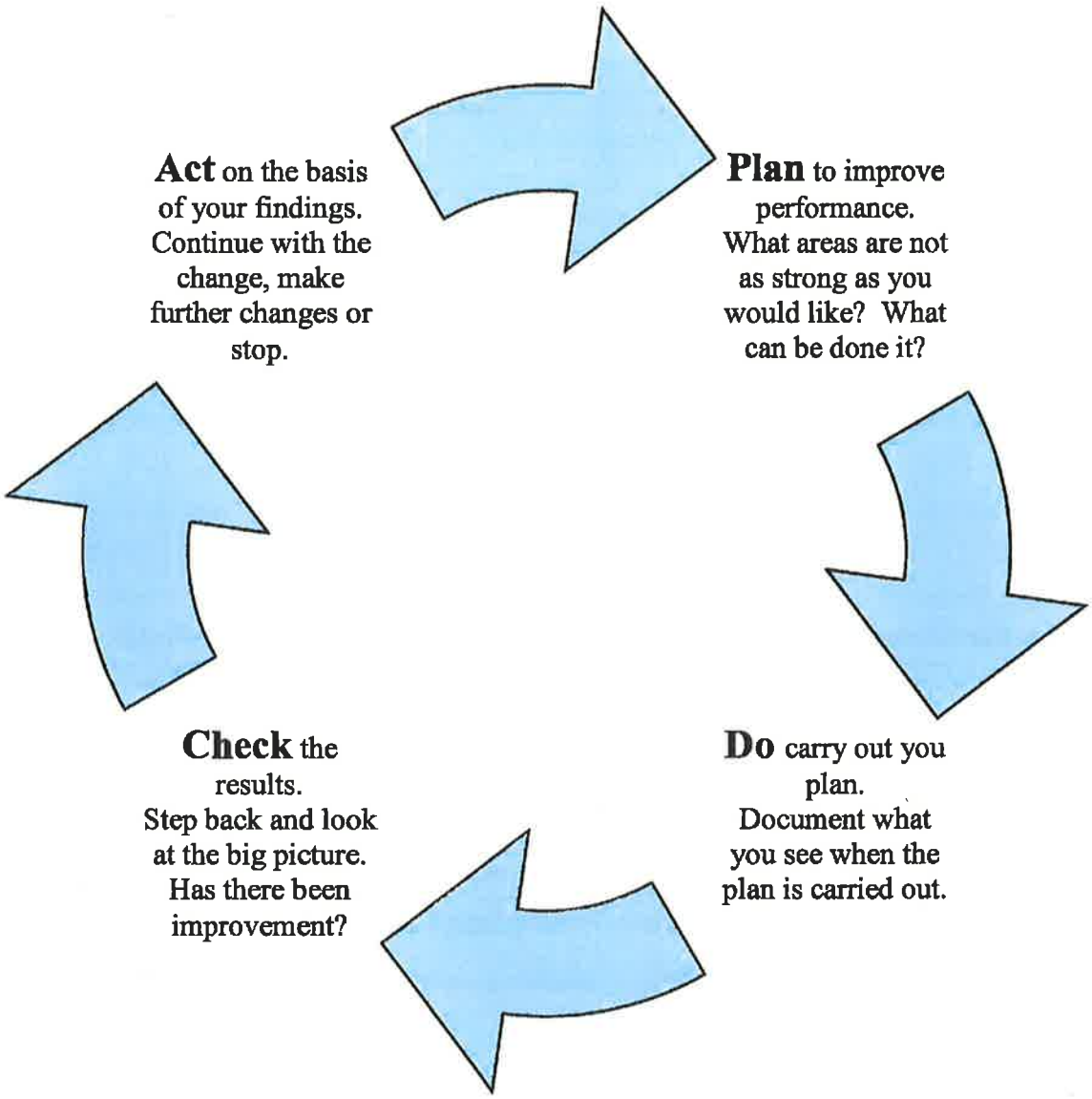
A variety of methods exists that can be utilized by a facility to assist in identification, trending and monitoring quality processes. The methodology utilized by USPI's EDGE™ process is simplistic with the underlying purpose being to help staff exceed customer expectations in the clinical, service and financial areas of the organization. The EDGE™ process is outlined in the following table:

1. What is the problem?	Record and analyze data to find areas where improvement is needed. Unlike many other PI programs, USPI's EDGE™ utilizes process measures to serve as warnings that a bad outcome might be pending
2. What is the Solution?	Use USPI's EDGE™ Today's Proven Processes as a springboard for solutions that could work for your facilities problem areas identified
3. How do we implement change?	Change is tough, and we need to think out of the box in order to implement Today's Proven Processes
4. How do we know if it worked?	Continue to report process and outcome measures, so you can see if your implemented solutions worked. This is a question to continually ask and is asked consistently by accreditation agencies

The -PDCA methodology is an adjunct method for staff to utilize in conjunction with the EDGE process to assist in establishing a systematic method for teams to address issues within the organization. It should be stressed that there is no one method for creating a culture of continuous quality improvement. In fact, a variety of methodologies should be benchmarked and utilized by staff to assist in developing and monitoring processes within the organization.

Joint Commission Suggested Sampling Size for performance improvement shall be as follows:

- For a population of fewer than 30 cases, sample size 100% of available cases
- For a population of 30 – 100 cases, sample size 30 cases
- For a population of 101 – 500 cases, sample size 50 cases
- For a population size greater than 500 cases, sample size 70 cases



STEP/FUNCTION	TEAM TOOLS
Plan • Objective • Goal • Plan to carry out the cycle (who what where, when)	**Understand then propose an improvement, and finally decide how an improvement action will be tested and how data will be collected to determine what effect the action has. Which should include:** • Data from customer concerns, staff observation, occurrence reports, Physician input. • ORGANIZE A TEAM THAT KNOWS THE PROCESS • CLARIFY CURRENT KNOWLEDGE OF PROCESS - Review current data related to process. -Review EDGE Proven Processes. -Ask questions/Brain storm ideas. -Flow chart current process.

	- Consider benchmarking for evidenced based and best practices • UNDERSTAND CAUSES OF VARIATION -Data collection/analysis. - Display with graphs, run charts, control chart, histogram, scatter diagram, pareto diagram. • SELECT THE PROCESS IMPROVEMENT -Define the process in simplistic terms. -Examine criteria related to the process. *-Present data to leadership for support.* • PLAN THE IMPROVEMENT AND CONTINUED DATA COLLECTION - Planning Matrix - Responsibility Matrix *- Who/What/When/Where? EDGE™ Requirement owners*
Do • Carry out the plan • Document the observations • Record data	• DO THE IMPROVEMENT, DATA COLLECTION AND ANALYSIS - QM audit tools/EDGE™ DATA - Discuss in meeting - Educate staff on the process
Check • Analyze data • Compare results to goal • Summarize what was learned	• CHECK THE RESULTS AND LESSONS LEARNED FROM THE TEAM EFFORT -Data Collection Analysis. -Same QM tools used as stated above -Document in Department & committee reports to leadership. -Celebrate accomplishments of staff
Act • What changes are to be made? • Next cycle	• ACT TO HOLD THE GAIN AND TO CONTINUE TO IMPROVE THE PROCESS - Data reporting to leadership. - Track & Trend at Unit level. -Utilize QM tools to assist (U & C). -Revise policy & procedures if needed. -Staff /Physician Education Customer Education

2. ONE LEVEL OF CARE

The Governing Board, through the medical staff and administration, shall ensure that mechanisms are in place to provide a uniform level of care to all patients with the same health needs. The following mechanisms shall be utilized to ensure consistent compliance:

A. Access to and appropriateness of care and treatment does not depend on the patient's ability to pay or source of payment.

B. Acuity of the patient's condition determines resources allocated to meet patient's needs.

C. The level of care provided to patients who have been administered anesthesia in areas outside the operating room is comparable to that provided in the operating room.

D. Patients with the same nursing care needs receive comparable levels of nursing care throughout the facility departments.

3. **FACILITY-WIDE PRIORITIES**

Priorities for facility-wide performance improvement activities at (insert facility name) shall be designed to improve patient outcomes. These priorities shall be developed by the Performance Improvement Committee with participation of all facility disciplines, and approved by the Medical Executive Committee and Governing Board. Priorities that relate to improving patient outcomes may include but are not limited to:

A. High risk patient issues.

B. High volume patient issues.

C. Problem prone patient issues.

4. **DASHBOARD BENCHMARKS**

The Performance Improvement Coordinator and/or member of the Administrative Leadership Team provides a Clinical Dashboard report to the Governing Board on a quarterly basis and may include but is not limited to customer service satisfaction measures, patient safety indicators (including the National Patient Safety Goals), environment of care issues, employee safety, regulatory measures of success, data from USPI's EDGE™ reporting measures and other outcome indicators prioritized as significant quality management issues. The report to the Governing Board provides a snap shot of priority areas. The dashboard may be utilized to provide performance information as measures of success within the organization and comparison to external entities as determined.

5. **REPRIORITIZING:** Priorities to focus on may be recalled in response to unusual or urgent events such as those identified through PI monitoring and evaluation, changing regulatory requirements, significant patient/staff needs; changes in patient population; changes in the environment of care; changes in the community, or in response to sentinel events.

These priorities shall be reviewed and approved by the facility administrative leaders, f Medical Director, and Governing Board in the approval of the facility-wide performance improvement plan. The Governing Board will have the ultimate authority for reprioritization.

SECTION V: DESIGN

When a need or opportunity to establish new services, extend product lines, or significantly change existing functions or processes, the following factors shall be considered:

1. The process shall be consistent with the facility's mission, vision, values and plans.

2. The needs and expectations of patients, staff, medical staff, and others served, shall be considered in the design of the process.

3. The design shall be clinically sound and current (by use of appropriate nationally recognized practice guidelines and clinical nursing and medical standards as deemed necessary)

4. The process shall be consistent with sound business practices.

5. It shall incorporate available information from other organizations about the occurrence of sentinel events to reduce the risk of similar sentinel events.

6. The design should incorporate results of performance improvement activities.

Consideration of these factors shall provide basic performance expectations that can be measured, assessed, and improved, targeting sustained over time. All disciplines, which shall be involved in the new service, product line, function, or process, shall be included in the design.

SECTION VI. MEASURE

Measurement is the basis for determining the level of performance of existing processes and the outcomes resulting from these processes. Measures shall be used to help identify areas for more focused or targeted data collection. Continuous and ongoing measurement activities may include:

- Measures of both processes and outcomes.
- Measurement of high volume, high risk and problem prone issues.
- Identification for focused or targeted data collection.
- Establish a performance baseline.
- Comparison of outcomes to internal and external databases, when available, as appropriate.
- Measures shall focus on sustaining improvement.

The sampling shall consist of a minimum of 30 patients per quarter or 100% for population size of fewer than 30 cases. Method of sampling for each measure shall be determined by the Performance Improvement Committee or PI team that has identified a process study.

1. MONITORING OF IMPORTANT FACILITY FUNCTIONS

In addition to participation in Performance Improvement Committee, facility departments shall participate in monitoring of important facility functions (as appropriate). Indicators shall be prioritized for the following functions:

FUNCTIONS	RATIONALE		
	High Risk	High Volume	Problem Prone
1. Rights And Responsibilities Of The Individual			#
2. Provision Of Care, Treatment And Services	#	#	#
3. Medication Management	#	#	#
4. Performance Improvement	#	#	#

5. Leadership			#
6. Environment Of Care	#	#	#
7. Human Resources			#
8. Information Management		#	#
9. Infection Prevention And Control	#	#	#
10. Emergency Management	#		#
11. Record of Care, Treatment, And Services		#	#
12. Transplant Safety	#		#
13. Life Safety	#		#
14. Waived Testing		#	#

All monitoring and evaluation of facility functions shall include identifying the processes, which make up the key facility functions and identifying indicators (and appropriate clinical criteria) for monitoring the important facility functions.

Results of the monitoring, along with the Performance Improvement Committee and subcommittee's conclusions, recommendations, actions, and evaluation shall be communicated to all departments/services and to the medical staff, Medical Executive Committee and Governing Board.

2. PI MONITORING ACTIVITIES

The following Quality Management activities are targeted for monitoring through a variety of methods to include monthly monitoring through USPI's proven processes accessible in EDGE™ Online.

A. Operative/other invasive procedures.

B. Anesthesia adverse outcomes sedation outcomes.

C. Medication errors/adverse drug reaction rate, medication labeling.

D. Blood usage.

E. Customer satisfaction (patient experience).

F. Autopsies and results.

G. Risk assessment and management activities.

H. Patient health record review.

I. Infection prevention surveillance results.

J. Environment of care/safety performance standards.

K. Resuscitation outcomes.

L. Appropriateness and effectiveness of pain management.

M. National patient safety goals.

3. MEDICAL STAFF MONITORING AND EVALUATION (Customize to be consistnet with your Medical Staff bylaws as appropriate)

A. Medical Executive Committee is responsible for involving members of the medical staff in interdisciplinary monitoring and evaluation activities. Medical staff responsibilities include:

I. Identify indicators, collect data for each indicator, reach conclusions, make recommendations and initiate actions.

II. Communicate findings, conclusions, recommendations and actions, effectiveness of actions taken to Medical Executive Committee.

III. Assess the effectiveness of actions and document improvement in patient care.

IV. Make recommendations related to credentialing for clinical privileges.

V. Participate on performance improvement teams.

VI. Review and evaluate the findings of:

- Operative and other invasive and non-invasive procedures.
- Blood and blood components review.
- Medical record review for clinical pertinence.
- Medical record timeliness and delinquency review.
- Mortality.
- Infection prevention.
- Resource/case management.
- Resuscitation outcomes.
- Appropriateness and effectiveness of pain management.
- Risk management assessment and risk reduction activities.
- Assessment and treatment of patients.
- Efficiency of clinical practice patterns.
- Significant departures from established clinical practice patterns.

- Education of patients and family.
- Coordination of patient care with other disciplines.

B. All medical staff PI activities shall be reported to the Medical Executive Committee. The medical staff is responsible for participating in and evaluation of PI activities. All PI activities are reported to the governing board.

SECTION VII. AGGREGATE AND ANALYZE

1. AGGREGATE AND ANALYSIS PROCESS

Aggregating and analyzing data allows the organization to use this information to draw conclusions about its performance of a process or outcome. The organization shall also compare its performance over time and with other sources of information.

A. Performance compared internally over time (patterns/trends).

B. Performance compared with similar processes in other organizations.

C. Performance compared to up-to-date external sources (benchmarking).

D. Control limits established for expected variation.

E. Data analysis is interdisciplinary when appropriate.

2. INTENSIVE ANALYSIS

Intensive analysis shall be conducted when the following factors are identified:

A. Single events, performance, and patterns or trends vary significantly from expectations.

B. Performance varies significantly and undesirably from other USPI facilities.

C. Performance varies significantly and undesirably from recognized standards.

D. Sentinel event has occurred.

3. ANALYSIS OF FINDINGS RELEVANT TO INDIVIDUAL PERFORMANCE

When the findings of the analysis process are relevant to an individual's performance, the following process shall be followed:

A. Medical Staff
Peer review process shall be utilized for individual medical staff performance. The case shall be referred to the Medical Executive Committee and reviewed by a peer physician. Final determination shall be made at the Medical Executive Committee and an improvement strategy, such as education determined as necessary. The Administrator or designee maintains peer review findings in individual medical staff PI Files. The peer review findings are used in consideration for reappointment to the medical staff, and could result in modification of clinical privileges.

B. Facility Staff

The Department Manager shall review information relevant to individual staff performance and an improvement strategy, such as education, determined as necessary. Documentation of this action shall be maintained in individual personnel files of the manager and utilized in the performance evaluation process as appropriate.

4. USE OF DIMENSIONS OF PERFORMANCE AND SCIENTIFIC TOOLS

These definitions of dimensions of performance are utilized in assessing how performance was improved:

DIMENSIONS OF PERFORMANCE
I. Doing The Right Thing
· The **efficacy** of the procedure or treatment in relation to the patient's condition. Efficacy is the degree to which the care/intervention for the patient has been shown to accomplish the desired/projected outcome (s).
· The **appropriateness** of a specific test, procedure, or service to meet a patient's needs. Appropriateness is the degree to which the care/intervention provided is relevant to the patient's clinical needs, given the current state of knowledge.
II. Doing The Right Thing Well
· The **availability** of a needed test, procedure, treatment, or service to the patient who needs it. Availability is the degree to which appropriate care/intervention is available to meet the patient's needs.
· The **timeliness** with which a needed test, procedure, treatment, or service is provided to the patient. Timeliness is the degree to which the care/intervention is provided to the patient at the most beneficial or necessary time.
· The **effectiveness** with which tests, procedures, treatment, or service is provided to the patient. Effectiveness is the degree to which care/intervention is provided in the correct manner, given the current state of knowledge, in order to achieve the desired/projected outcome for the patient.
· The **continuity** of the services provided to a patient with respect to other services, practitioners, and providers, and over time. Continuity is the degree to which care/intervention for the patient is coordinated among practitioners, among organizations, and over time.
· The **safety** of the patient (and others) to whom the services are provided. Safety is the degree to which the risk of an intervention and risk in the care environment are reduced for the patient and others, including the health care provider.
· The **efficiency** with which services are provided. Efficiency is the relationship between the outcomes (results of care) and the resources used to deliver patient care.
· The **respect and caring** with which services are provided. Respect and caring is reflected by

the degree to which the patient or a designee is involved in his/her own care decisions and to which those providing services do so with sensitivity and respect for patients' needs, expectations, and individual differences.

Various scientific tools may be used to assist in assessment, including flowcharts, Pareto charts (bar graphs), histograms, cause-and-effect diagrams (fishbone diagram), and run charts. Displaying data via statistical tools greatly helps with the analysis. The tool will be chosen to match the question being studied.

5. REFERENCE DATABASES

The facility shall utilize the Clinical Dashboard to compare with like or similar facilities and with USPI facilities overall. There is also comparison with ASC QC available for certain processes/outcomes.

SECTION VIII. IMPROVE

Monitoring activities identify a variety of opportunities for improvement. These include improving existing processes, designing new processes, and/or reducing variation or eliminating undesirable variation in processes or outcomes. Improved changes, which are made, shall be implemented into standard operating procedures and monitored for sustained improvement. Staff shall be educated about redesigned processes or changes. The following reporting structure is utilized for performance improvement reporting:

1. PERFORMANCE IMPROVEMENT COMMITTEE STRUCTURE

Performance Improvement Committee

The Performance Improvement Committee meets at least quarterly for the purpose of overseeing functional process improvement activities. The chairperson is the PI Coordinator. The committee serves to evaluate the results of monitoring and evaluation of facility functions conducted by departments, prioritize projects, approve new PI teams and review the progress of the current PI teams. Findings, conclusions, recommendations, and actions taken are communicated to Medical Director. This committee reports activities to the facility leadership, Medical Executive Committee and the Governing Board.

2. DECISIONS FOR IMPROVEMENTS

Decisions for making improvements are made by the Performance Improvement Committee based on the following factors:

A. Opportunities to improve processes within the important functions.

B. Results of risk management activities and quality control activities.

C. Resources needed to improve, such as staffing, facilities, training, equipment, etc.

D. Organization's mission and priorities.

Opportunities to improve care may be referred to the Performance Improvement Committee from the following sources:

E. Patients and families.

F. Governing Board.

G. Medical staff.

H. Employees.

I. Administration.

J. JV Partners of the facility.

K. Quality/Risk Manager.

L. Safety Officer.

M. Infection Control Practitioner.

N. PI team.

3. ACTIONS FOR IMPROVEMENT

Once results have been evaluated and the decision is made that improvement is necessary, the performance improvement teams may determine actions to be implemented for the improvement. These actions are reported to the Performance Improvement Committee, which oversees process improvement activities. When action is taken to improve a process:

A. The action may be tested on a trial basis.

B. The action's effectiveness is evaluated using the dimensions of performance.

C. When the initial action is not effective, a new action may be taken and may include the continuation or formation of a PI team, if appropriate.

D. Successful actions are implemented.

4. REPORTING CHANNELS

Reports of findings, conclusions, recommendations and actions shall be reported to the Performance Improvement Committee, the Medical Executive Committee, and the Governing Board.

5. PERFORMANCE IMPROVEMENT TEAMS

The facility utilizes Performance improvement teams (PI teams) to study processes, which occur in the facility, design new processes, and to make improvements in these processes utilizing the PDCA model. The processes may be studied because a problem was determined or because the process can be improved even if a problem has not been identified. The PI teams are interdisciplinary and include members of management and non-management from all involved departments and medical staff members, as necessary.

The following factors may be utilized in determining when to use a team approach:

TEAM DECISION	INDIVIDUAL MANAGER'S DECISION
The need exists to combine old and new information-requires brainstorming, data-gathering, and innovation. The situation doesn't require an immediate solution. Consensus is needed to make the solution work When the problem is a process problem When the process crosses departmental boundaries. When the process seems to be very complex	No need for extensive data-gathering. Quick decision is required. Consensus is not needed. When the problem is a people or performance problem.

The Performance improvement teams are groups of people who work together for a common objective. The teams identify processes or problems needing improvement, and then study the processes methodically to improve them by eliminating root causes of problems. The Performance Improvement Committee shall approve all new PI teams. Team meetings shall be conducted as often as determined necessary by the team to work on the process. Each team shall have a team leader and a facilitator. Department managers shall encourage employees to serve on performance improvement teams as needed for performance improvement functions.

The PI representative shall meet with each new team, as indicated, to offer or provide continuous performance improvement education on the purpose of teams, the PDCA model, and the most common CPI tools which may be used. Minutes of all team meetings should be maintained and shall include the members who are present, purpose of the meeting, summary of items discussed, any actions to be taken, and any follow-up. A copy of all team minutes is to be forwarded to the PI Coordinator. A summary of the activities shall be presented at the Performance Improvement Committee, Medical Executive Committee, and the Governing Board meetings.

6. Reporting Schedule:

REPORTING SCHEDULE (Minimum Reporting Requirements)

DATA	WHEN & WHERE REPORTED	
Performance Improvement	Every Quarter	QC/MEC/GB
Environment of Care (Form B)	Every Quarter	QC/MEC/GB
Safety/Risk Management	Every Quarter	QC/MEC/GB
Infection Control	Every Quarter	QC/MEC/GB
Patient Satisfaction	Every Quarter	QC/MEC/GB
Medical Staff Reports & Appointment	Every Quarter	MEC/GB

Financial Review	Every Quarter	GB
Report from any review/survey, licensure or accreditation	Every Quarter	MEC/GB
Medical Records Review	Every Quarter	QC/MEC/GB
Privacy Officer Report	Every Quarter	QC/MEC/GB
Compliance Officer Report	Every Quarter	MEC/GB
Human Resource Report to GB (form C)	1st Quarter	GB
Review of Employee Competency (Form D)	1st Quarter	GB
Review of Human Resource Policies	1st Quarter	GB
Evaluation of Administrator	1st Quarter	GB
Review of Contracts (Form E)	2nd Quarter	MEC/GB
Review the Organizational Chart	2nd Quarter	GB
Review Conflict of Interest & Indemnification Liability	3rd Quarter	GB
Evaluate MEC Performance in PI (Form F)	3rd Quarter	MEC
Evaluate GB Performance (Form G)	3rd Quarter	GB
Review Information Management Plan, PI Plan, Scope of Services, Leadership Plan, Environment of Care Plans, Infection Control Plan, Patient Rights and Responsibilities Policy	3rd Quarter	GB
Review Operating Agreement, Purpose of GB and MEC	4th Quarter	MEC/GB

QC = Quality Council MEC = Medical Executive Committee GB = Governing Board
PI = Performance Improvement

SECTION IX. SENTINEL EVENTS

Definition: A sentinel event is an unexpected occurrence involving death or serious physical or psychological injury, or the risk thereof. Serious injury specifically includes loss of limb or function.

Leaders of the organization shall be responsible for defining the policy and procedure for responding to a sentinel event. If a sentinel event occurs in the facility, the facility shall form a PI team, composed of persons close to the involved process, to review the incident and conduct a credible root-cause analysis to determine if there was either:

1. Special cause variation – human error.

2. Common cause variation – underlying system or process issue.

Once the root cause analysis has been conducted, the team shall develop an appropriate action plan to address any variations identified and establish measures for any changes made. The action plan shall be presented to the Performance Improvement Committee for approval.

Periodic progress reports shall be reported to the Performance Improvement Committee until the issue is determined to be resolved. Once resolved, PI indicators may be continued to ensure that the problem remains corrected.

SECTION X. ANNUAL APPRAISAL

At least annually the Performance Improvement Committee, Medical Executive Committee and Governing Board shall be responsible for review of the performance improvement plan and the evaluation of improvements made in patient care and facility functions. The review shall include an evaluation of the performance improvement program and the impact of patient care through direct and indirect improvements and an evaluation of leadership's PI contributions. A summary report shall be prepared by the quality manager and facility administrator evaluating the individual components and overall effectiveness of the program. The department leaders, Performance Improvement Committee, the Medical Executive Committee, and the Governing Board shall review the summary.

References:

- Joint Commission Standards for Ambulatory Surgery Centers 2016
- CMS Conditions of Overage, State Operations Manual, Appendix L, *Rev. 137, 04-01-15*
- "The CMS QAPI Guide: What You Need to Know"

Tab 15

HSDA Letter of Intent

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the The Tennessean (Name of Newspaper) which is a newspaper of general circulation in Rutherford & Surrounding (County), Tennessee, on or before 07/10 (Month / day), 2017 (Year), for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Saint Thomas Surgery Center – New Salem (Name of Applicant) a proposed Ambulatory Surgical Treatment Center (ASTC) (Facility Type-Existing)

owned by: Saint Thomas Surgery Center – New Salem, LLC with an ownership type of limited liability company and to be managed by: USP Tennessee, Inc. intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: the establishment of a multispecialty ASTC with two operating rooms and one procedure room at 2779 New Salem Road in Murfreesboro, TN (Rutherford County). The project involves the construction of 14,500 square feet (rentable) of new ASTC space. No major medical equipment is involved. Total project costs are estimated to be $16,228,645 (based partly upon the sum of building lease payments for the initial 15 year term).

The anticipated date of filing the application is: July 14, 2017. The contact person for this project is Corey Ridgway (Contact Name) Market President (Title)

who may be reached at: United Surgical Partners International, Inc. (Company Name) 8 Cadillac Drive, Suite 200 (Address)

Brentwood	TN	37027	615 / 376-7300
(City)	(State)	(Zip Code)	(Area Code / Phone Number)

(Signature) (Date) CRidgway@uspi.com (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Tab 16

JUL 14'17 PM4:18

Evidence of Publication

State of Tennessee
Health Services and Development Agency
Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

August 1, 2017

Corey Ridgway
United Surgical Partners International, Inc.
8 Cadillac Drive, Suite 200
Brentwood, TN 37027

RE: Certificate of Need Application -- St. Thomas Surgery Center - New Salem - CN1707-022
The establishment of a multi-specialty ambulatory surgical treatment center (ASTC) with two operating rooms and one procedure room located at 2779 New Salem Road, Murfreesboro, (Rutherford County), TN 37128. The proposed project involves construction of 14,500 square feet (rentable) of new ASTC space. **The estimated project cost is $16,228,645.**

Dear Mr. Ridgway:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health for Certificate of Need review by the Division of Policy, Planning and Assessment. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on August 1, 2017. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on October 25, 2017.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

(2) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.

(3) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,

Melanie M. Hill
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA

State of Tennessee
Health Services and Development Agency
Andrew Jackson, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

MEMORANDUM

TO: Trent Sansing, CON Director
Office of Policy, Planning and Assessment
Division of Health Statistics
Andrew Johnson Tower, 2nd Floor
710 James Robertson Parkway
Nashville, Tennessee 37243

FROM: Melanie M. Hill
Executive Director

DATE: August 1, 2017

RE: Certificate of Need Application
St. Thomas Surgery Center - New Salem - CN1707-022

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on August 1, 2017 and end on October 1, 2017.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Corey Ridgway

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

JUL 10 '17 PM2:22

LETTER OF INTENT

The Publication of Intent is to be published in the The Tennessean (Name of Newspaper) which is a newspaper of general circulation in Rutherford & Surrounding (County), Tennessee, on or before 07/10 (Month / day), 2017 (Year), for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Saint Thomas Surgery Center – New Salem (Name of Applicant) a proposed Ambulatory Surgical Treatment Center (ASTC) (Facility Type-Existing)

owned by: Saint Thomas Surgery Center – New Salem, LLC with an ownership type of limited liability company and to be managed by: USP Tennessee, Inc. intends to file an application for a Certificate of Need for [PROJECT DESCRIPTION BEGINS HERE]: the establishment of a multispecialty ASTC with two operating rooms and one procedure room at 2779 New Salem Road in Murfreesboro, TN (Rutherford County). The project involves the construction of 14,500 square feet (rentable) of new ASTC space. No major medical equipment is involved. Total project costs are estimated to be $16,228,645 (based partly upon the sum of building lease payments for the initial 15 year term).

The anticipated date of filing the application is: July 14, 2017. The contact person for this project is Corey Ridgway (Contact Name) Market President (Title)

who may be reached at: United Surgical Partners International, Inc. (Company Name) 8 Cadillac Drive, Suite 200 (Address)

Brentwood	TN	37027	615 / 376-7300
(City)	(State)	(Zip Code)	(Area Code / Phone Number)

M. Corey Ridgway jm	7/10/17	CRidgway@uspi.com
(Signature)	(Date)	(E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Supplemental #1

Saint Thomas Surgery Center- New Salem, LLC

CN1707-022

JUL 27 '17 PM4:03

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

THE STRATEGY HOUSE
Healthcare Advisors

71 Vickery Street
Atlanta, Georgia 30075
Telephone 770-394-8465
Facsimile 770-394-5470
www.thestrategyhouse.net

July 27, 2017

Via Hand Delivery

Phillip M. Earhart
Health Services Development Examiner
Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street, Nashville, TN 37243

RE: Certificate of Need Application CN1707-022
Saint Thomas Surgery Center New Salem, LLC

Dear Mr. Earhart:

Thank you for your letter of July 20, 2017 acknowledging the receipt of our July 14, 2017 application for a Certificate of Need for the establishment of a multi-specialty ambulatory surgical treatment center (ASTC) with two operating rooms and one procedure room located at 2779 New Salem Road, Murfreesboro, (Rutherford County), TN 37128. The proposed project involves construction of 14,500 square feet (rentable) of new ASTC space.

The following responses are provided for clarification or additional documentation. As requested, **this information is being submitted in triplicate by 4:00 p.m., Thursday, July 27, 2017.**

---

1. **Item 1, Section A, Applicant Profile**

   It is noted the letter of intent lists Corey Ridgeway as the contact person for the proposed project while the application lists Byron. R. Trauger. Please clarify which is correct.

   RESPONSE: Mr. Ridgeway will remain the project contact though Mr. Trauger will play an important role in the CON review process. A replacement page (1-R) is provided in **Attachment 1**.

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

2. **Item 3, Section A. Executive Summary A. Overview (1) Description**

The table on page 2 that shows a net need of 2.4 operating rooms and 1.2 procedure rooms in 2021 in the proposed service area is noted. However, please clarify how this table is accurate while the applicant did not use utilization to calculate need and the applicant does not know the outmigration and in-migration of ASTC service area patients.

RESPONSE: Utilization rates are provided elsewhere in the application and are one indicator when calculating ASTC need. However, the table on page 2 is an incremental analysis of ASTC need. It illustrates the impact of population growth in and around the fastest growing county in Tennessee on the demand for ASTC services, all else equal, including outmigration and inmigration. This type of analysis has been considered by the Agency members previously.

In addition, the data analysis requested by the Agency in Item 11, below, further supports the conclusions presented on page 2.

- Amongst service area ASTCs, OR cases increased from 13,840 in 2015 to 16,581 in 2016. This is an increase of 2,741 cases or 19.8% growth in a single year.
- Average OR utilization in 2016 of 975 cases exceeds the minimum guideline of 884 cases by 10.3%.
- All else equal, the growth alone from 2015 to 2016 supports the need for 3.1 additional ORs.

It is noted need projections are based on the redirection of 2,273 existing service area patients from highly utilized Saint Thomas ASTCs in Nashville/Franklin to the proposed New Salem ASTC. Please complete the following chart that provides the actual 2016 JAR utilization of the Saint Thomas' ASTCs in the Nashville Franklin Area and the number of patients that will be redirected from each existing ASTC to the proposed New Salem ASTC.

RESPONSE: As indicated in the table below, the Saint Thomas ASTCs in the Nashville/Franklin area are operating at 99.3% of the OR guideline and 62.5% of the PR guideline. Therefore, redirecting existing service area patients to the proposed New Salem ASTC is a very reasonable and necessary approach to balancing ASTC demand and resources.

The redirection of existing patients is not expected to come from a specific number of targeted ASTCs. Rather, all facilities are expected to be positively impacted to some degree by the redirection and decompression

SUPPLEMENTAL #1
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of services. As indicated in the table below, an 80% redirection rate is assumed.

Saint Thomas ASTC Patient Utilization
2016

County	ASTC	Total # of patients	# of patients from the proposed 5 county service area	# of patients redirected to proposed ASTC (80%)	Oper. Rms	Oper. Cases	% of 884 Cases per OR		Proc. Rooms	Proc. Cases	% of 1,867 Procedures per PR
Davidson	Baptist ASC	6,581	488	390	6	5,321	100.3%		1	1,260	67.5%
Davidson	Bapt Plaza Surgicare	7,713	586	469	9	6,702	84.2%		1	1,011	54.2%
Davidson	St Thomas Surgicare	6,048	456	365	6	4,730	89.2%		1	1,318	70.6%
Davidson	Eye Surg Ctr Nashvl	3,110	363	290	1	3,089	349.4%		1	21	1.1%
Davidson	Nashvl Endosurg	3,518	163	130	0	0	N/A		3	3,518	62.8%
Franklin	Franklin Endo Ctr	4,607	217	174	2	1,234	69.8%		2	3,373	90.3%
	Grand Total	**31,577**	**2,273**	**1,818**	**24**	**21,076**	**99.3%**		**9**	**10,501**	**62.5%**

Please Note: When calculating cases, please use Schedule E of the 2016 JAR report, rather than Schedule D.

RESPONSE: Acknowledged.

Please clarify if the surgeons of the 2,273 existing service area patients from the Saint Thomas ASTCs in Nashville/Franklin will travel from Nashville/Franklin to the proposed New Salem ASTC location.

RESPONSE: While it is expected that some will travel to the proposed New Salem ASTC location, others are members of large, multi-office surgical groups who may elect to refer these patients to their colleagues with full- or part-time practices in the Murfreesboro/New Salem area.

3. **Item 3, Section A. Executive Summary A. Overview (7) Financial Feasibility and (8) Staffing**

   Please provide a response to each (7) Financial Feasibility and (8) Staffing on page 4 of the application.

   RESPONSE: Replacement page 4-R is provided in **Attachment 1**.

4. **Item 3, Section A. Executive Summary B. Rationale for Approval**

   Please provide a response to (1) Need; (2) Economic Feasibility; (3) Appropriate Quality Standards; and (4) Orderly Development to adequate and effective health care on page 4 of the application.

   RESPONSE: Replacement pages 4-R, 4.1-R and 4.2-R are provided in **Attachment 1**.

5. **Item 4, Section A. Project Details, B Type of Ownership of Control**

   Please identify each member's percentage of ownership for those with 5% ownership (direct or indirect) interest in USP Tennessee Inc.

   RESPONSE: USP Tennessee, Inc. is a subsidiary of and 100% owned by United Surgical Partners International, Inc.

6. **Item 5, Name of Management/Operating Entity**

   The management agreement is noted. However, a term of agreement for the document could not be located. Please clarify.

   RESPONSE: Under this "evergreen" type of management agreement, there is no fixed term established in the Term of Agreement paragraph. Rather, the management agreement will continue in perpetuity until an action in the Default paragraph triggers its termination.

7. **Item 6A, Legal Interest in the Site of the Institution**

   Please provide a copy of the property deed.

   RESPONSE: The 2.9-acre site contains two land parcels, one 2.2 acres and the other 0.7 acres. Please see **Attachment 2**.

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The Letter of Intent to lease property at 2779 New Salem Highway, Murfreesboro between Tennessee Holdings II, LLC and Saint Thomas Surgery Center-New Salem, LLC is noted. However, the Letter of Intent is valid until October 11. The earliest this application can be heard by the Agency is October 25, 2017. Please submit a revised Letter of Intent to lease with new dates.

RESPONSE: The Letter of Intent between Tennessee Healthcare Holdings II, LLC ("Landlord") and Saint Thomas Surgery Center – New Salem, LLC ("Tenant") dated July 25, 2017 (see **Attachment 3**) provides the general business terms under which the parties intend to mutually enter into a lease arrangement for a to-be-constructed ambulatory surgery center.

The Real Estate Agreement dated July 6, 2017 is noted. However, the due diligence period is 165 days from the effective date. Please clarify how the Letter of Intent to lease property will coincide with the dates of the Real Estate Agreement in order for the applicant to secure the proposed project's site.

RESPONSE: The term (180 days) of the letter of intent referenced above extends beyond that of the due diligence period (ending December 18, 2017) contained within the executed land purchase agreement which allows adequate time to procure the site for the project.

8. Section B, Project Description, Item IV (Floor Plan)

The floor plan is noted. It appears the applicant will occupy the first floor of the building. If possible, please indicate the tenant that will occupy the second floor.

RESPONSE: The building landlord, along with Saint Thomas Health leadership, is currently engaged in discussions with various potential tenants, including independent physicians groups and groups affiliated with Saint Thomas Medical Partners. There has been strong interest in this New Salem site thus far, with the proposed ASTC on the first floor and the adjacent Saint Thomas office practices and support services next door.

9. **Section C, Need, (Specific Criteria –ASTC) Item 1.**

It is noted the applicant project 795 procedures cases in Year Two. When does the applicant expect to meet 1,867 cases per procedure room?

Please provide specific reasoning and explanation for the inclusion of a procedure room.

RESPONSE: Based upon the preliminary physician mix expected for the facility, it is not anticipated that the procedure room will meet 1,867 cases per year in the short term. This could change, however, based upon the actual physicians and groups who commit to the facility.

As recognized in the ASTC guidelines, a facility may request a procedure room even if it is projected to meet fewer than 1,867 cases per room. STSC's request for a procedure room is consistent with the need to complement the two ORs and the broad range of surgeons and gastroenterologists expected to utilize the New Salem facility.

10. **Section C, Need, (Specific Criteria –ASTC) Item 2.**

Please complete the following table for Year 2 of the proposed project.

RESPONSE: The following table is based on OR utilization of 65 minutes per case plus 30 minutes turnaround and PR utilization of 30 minutes per case plus 15 minutes turnaround. Total schedulable minutes is 135,000 per OR or PR.

Operating Rooms	# cases	# cases/ Room	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
Operating Room #1	1,000	1,000	65,000	30	135,000	70.4
Operating Room #2	917	917	59,605	30	135,000	64.5
Procedure Room	795	795	23,850	15	135,000	26.5
Total Surgical Suite	**2,712**	**1,210**	**148,455**	**25.6**	**405,000**	**53.8**

* defined as the summation of the minutes by each room available for scheduled cases

Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/day X 60 min/hr = 540 minutes/day X 5 days/week = 2,700 minutes / week X

SUPPLEMENTAL #1
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4:03 pm

50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

11. Section B, Need, (Specific Criteria –ASTC) Item 3.

Please complete the following chart for the proposed service area.

County	Single Specialty ASTC	2014			2015				2016			
		# ORs	# PRs	Cases	# ORs	OR Cases	# PRs	# PR Cases	# ORs	# OR Cases	# PRs	# PR Cases
Coffee	Center for Day Surg.	1	0	809	1	776	0	0	1	858	0	0
Rutherford	Mid-State Endoscopy Center	0	2	1873	0	0	2	2160	0	0	1	2314
Rutherford	Spine and Surgery Center	0	1	92	0	0	1	564	0	0	1	899
Rutherford	Williams Surgery Center	1	0	67	1	56	0	0	1	44	0	0
Service Area	**Single-Specialty Subtotal**	**2**	**3**	**2841**	**2**	**832**	**3**	**2724**	**2**	**902**	**2**	**3213**
	Multi-specialty ASTCs											
Coffee	Tullahoma Surgery Ctr	**2**	1	4088	2	2130	1	1971	2	2315	1	1928
Rutherford	Middle TN Ambulatory Surg. Ctr.	**6**	1	5471	6	5338	1	521	6	5693	1	574
Rutherford	Surgicenter of Murfreesboro Med. Clinic	**3**	3	8414	3	4104	3	5020	3	5746	3	3506
Rutherford	Physicians Pavilion Surgery Ctr.	**4**	1	2823	4	1436	1	568	4	1925	1	330
Service Area	**Multi-specialty ASTCs Subtotal**	**15**	6	20796	15	13008	6	8080	15	15679	6	6338
	Grand Total/Average	**17**	**9**	**23637**	**17**	**13840**	**9**	**10804**	**17**	**16581**	**8**	**9551**

RESPONSE: Please note the following: 1) The Community Cancer Center of Tullahoma was excluded since it is a cancer treatment center; 2) The Center for ENT, Laser, and Cosmetic Surgery located in Bedford County was verified as closed.

Although data reporting formats are not consistent across all three years, it is readily apparent that OR cases increased from 13,840 in 2015 to 16,581 in 2016. This is an increase of 2,741 cases or 19.8% growth in a single year.

- Average OR utilization in 2016 of 975 cases exceeds the minimum guideline of 884 cases by 10.3%.
- All else equal, the growth alone from 2015 to 2016 supports the need for 3.1 additional ORs

The chart on page 15 appears to have several errors. Please use Schedule E of the 2016 JAR report, rather than Schedule D when calculating cases. Please revise the table verifying JAR data and separate cases by operating room and procedure room and submit a replacement page 15.

RESPONSE: The reporting of data (ORs versus PRs) on the ASTC JARs is not consistent from year to year. One way to adjust for these data reporting differences is to combine the OR and PR data. This was done on the chart on application page 15. Breaking out OR and PR data as a replacement page will duplicate the information above.

The table on application page 15 has been adjusted by eliminating the Center for ENT, Laser & Cosmetic Surgery the Community Cancer Center of Tullahoma. OR and PR rooms are reported for 2016, with one correction made to Mid-State Endoscopy Center. Please see replacement page 15-R in **Attachment 1**. This revised table should be recognized for the combing of data over time, and the table above used for the separation of OR and PR utilization.

Please complete the following table for the proposed service area ASTCs.

Multi-Specialty	2014 [1]	2015	2016	% Change from 15-16
Operating Rooms	26	17	17	0.0%
Cases	23,637	13,008	15,679	20.5%
Case Per OR	909	765	922	20.5%
Procedure Rooms	Included	9	8	-11.1%
Cases	Included	8,080	6,338	-21.6%
Cases Per PR	Included	898	792	-11.8%
Single-Specialty	2014	2015	2016	% Change from 14-16
Operating Rooms	2	2	2	0.0%
Cases	1,061	832	902	-15.0%
Case Per OR	530	416	451	-15.0%
Procedure Rooms	3	3	2	-33.3%
Cases	3,301	2,724	3,213	-2.7%
Cases Per PR	1,100	908	1,606	46.0%

[1] Schedule E data was not separated by room type for multi-specialty ASCs having both operating and procedure rooms

Please provide the 5 county proposed service area hospital outpatient surgical utilization from the latest three year period in the following table:

RESPONSE: As indicated by the data below, hospital outpatient surgical utilization continues to grow even with the very rapid growth among service area ASTCs.

County	Hospital	2013 Cases	2014 Cases	2015 Cases	% Change 2013-2015
Rutherford	St. Thomas Rutherford Hospital	8,536	8,700	9,242	8.3%
Rutherford	TriStar StoneCrest Hospital	6,745	6,479	6,918	2.6%
Bedford	Heritage Medical Center	2,063	1,588	1,642	8.0%
Cannon	Stones River Hospital	40	NA	NA	NA
Coffee	Harton Regional Medical Center	6,461	6,441	6,121	-5.3%
Coffee	Medical Center of Manchester	1,289	1,212	348	-73.0%
Coffee	United Regional Med Ctr	930	813	993	6.8%
Warren	River Park Hospital	2,352	4,135	4,370	85.8%
	Total	**28,416**	**29,368**	**29,634**	**4.3%**

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4:03 pm

Please provide patient origin by county in proposed 5 county service area for 2016 in the table below.

RESPONSE: Information is provided as requested.

Utilization by Residents of Applicant's Proposed Service Area, 2016

ASTC	Patients by County					Total
TOP 10 PROVIDERS	Rutherford	Bedford	Coffee	Cannon	Warren	
Surgicenter of Murfreesboro	6,347	770	551	431	411	8,510
Middle TN ASC	4,020	524	420	258	238	5,460
Mid-State Endoscopy	1,616	210	123	113	56	2,118
Spine & Pain Phys	401			18		
Centennial Surg	392					
TN Pain Surg Ctr	391	59	66	35	56	
Baptist Plaza	381		70		54	
Cool Springs Surg	377	63	52	10		
Baptist Amb Surg	326			9		
Urology Surg Ctr	290					
Cookeville Surg					146	
Tullahoma Surg		591	1,914	7	105	
Perimeter Surg Ctr					81	
Physicians Pavilion Surg Ctr		198	76	50	77	
Center for Day S		78	421		42	
Comm Cancer Ctr-Tullahoma		36	55			
Saint Thomas Campus Surgi		37				
Saint Thomas Endoscopy Ctr				11		
Top 10 Providers Subtotal	14,541	2,566	3,748	942	1,266	23,063
All Other	2,950	357	480	65	391	4,243
Total	17,491	2,923	4,228	1,007	1,657	27,306

SUPPLEMENTAL #1
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It is noted on the top of page 15 the applicant incorrectly referenced the minimum OR standard of 884 cases per OR as 844 cases per OR. Please provide a replacement page 15 referencing the correct OR minimum (884).

RESPONSE: A replacement page (15-R) is provided in **Attachment 1**.

12. Section B, Need, (Specific Criteria –ASTC) Item 4

Please complete the following table using 2016 Joint Annual Report Data.

RESPONSE: As indicated by the data below, these service area ASTC providers exceeded the 884 OR minimum by more than 10%.

County	ASTC	# ORs	# OR Cases	# Cases per OR	% of meeting 884 Minimum		# PRs	# PR Cases	# Cases per PR	% of Meeting 1,867 Minimum
Coffee	Center for Day Surg.	1	858	858	97.1%		0	0		
Rutherford	Mid-State Endoscopy Center	0	0				1	2314	2314	123.9%
Rutherford	Spine and Surgery Center	0	0				1	899	899	48.2%
Rutherford	Williams Surgery Center	1	44	44	5.0%		0	0		
Service Area	**Single-Specialty Subtotal**	**2**	**902**	**451**	**51.0%**		**2**	**3213**	**1606**	**86.0%**
	Multi-specialty ASTCs									
Coffee	Tullahoma Surg. Ctr.	2	2315	1158	131.0%		1	1928	1928	103.3%
Rutherford	Middle N Ambulatory Surg. Ctr.	6	5693	949	107.4%		1	574	574	30.7%
Rutherford	Surgicenter of Murfreesboro Med. Clinic	3	5746	1915	216.6%		3	3506	1169	62.6%
Rutherford	Physicians Pavilion Surgery Ctr.	4	1925	481	54.4%		1	330	350	18.7%
Service Area	**Multi-specialty ASTCs Subtotal**	15	15679	1045	118.2%		6	6338	1056	56.6%
	Grand Total/Average	**17**	**16581**	**975**	**110.3%**		**8**	**9551**	**1194**	**64.0%**

13. Section B, Need, (Specific Criteria –ASTC) Item 7 Access to ASTCs

Please provide a response to this criteria.

RESPONSE: The community's focus on existing infrastructure limitations and the need to improve roadways is strong evidence of the robust growth in the service area, especially in Rutherford County. Areas of Rutherford County that are experiencing unprecedented growth and the need for infrastructure and roadway development include Smyrna and other areas of Murfreesboro. Further evidence of area growth are references in newspaper articles about roadway development to new public schools that are being constructed in Rutherford County, including a middle school that is scheduled to open in August 2017, an elementary school in August 2018 and a Rockvale High School in 2019. Please see **Tab 7, Attachment Section A-6B-3** for articles discussing the traffic and growth challenges in the area.

14. Section B, Need, (Specific Criteria –ASTC) Item 9 Access and Economic Efficiencies

It is noted the projected quarterly patient volumes are based upon United Surgical Partners extensive experience managing ASTCs throughout the nation and generally at STSC specifically. Please indicate how the mentioned expertise of the applicant was applied in projecting the quarterly projections.

RESPONSE: As the manager of the STSC facilities in Davidson and Rutherford counties, USPI has firsthand knowledge of the of the cases to be redirected and the surgeons/groups performing these cases.

15. Section B, Need Item 1(Specific Criteria –ASTC) Item 10, Patient Safety and Quality of Care: Health Care Workforce

Please provide the availability of appropriate and qualified staff that will provide ancillary support services, whether on-or off-site.

RESPONSE: As in other ASTC start-ups, anesthesiology services will be sought from the local hospital (Saint Thomas Rutherford Hospital) anesthesiology group. Pathology services will be provided off-site, subject to the needs of the surgeons.

16. Section B, Need Item 1(Specific Criteria –ASTC) Item 11.a. Medically Underserved Areas and 11.c.

The applicant indicates all five service area counties are federally-designated medically underserved area (MUAs). However, it appears Rutherford and Coffee Counties are partially federally designated areas. Please clarify.

Please clarify if the location of the proposed ASTC is physically located in a medically underserved area of Rutherford County.

Under 11.c on page 19, please clarify what is being referenced in regard to Providence.

RESPONSE: The MUS for Rutherford County is the Christiana Division Service Area. The MUA for Coffee County is the Beech Grove Division Service Area.

The applicant is still attempting to verify the physical location overlap with the HRSA mapping program.

A replacement page is provided for page 19. Please see **Attachment 1**.

17. Section B. Economic Feasibility Item E.2

The applicant's response in the question appears confusing. How does the referenced table cover a six year period and which provider will not be negatively impacted significantly by the proposed project?

RESPONSE: Please refer to the replacement page in **Attachment 1**.

18. Section B. Economic Feasibility Item E.3

It appears the applicant is comparing the proposed ASTC charges to hospital charges. Please compare the proposed charges to ASTCs in the proposed service area and adjoining service area, or to recently approved ASTCs approved by the Health Services and Development Agency.

RESPONSE: The applicant's Year One proposed charge is $9,479 per case. Less than one year ago, the Providence/Mt. Juliet ASTC CN1608-031A was approved with an average Year Two gross charge of $10,609. Therefore, the charges proposed here are reasonable.

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19. Section B. Economic Feasibility Item F.1

It is noted the applicant refers to the SEC filing of Tenet Healthcare the parent of USPI. However, the document is not found in the application. Please only provide financial documents from the SEC filing of Tenet Healthcare that documents current assets and current liabilities. It will not be necessary to submit the SEC filing in its entirety.

RESPONSE: Please see **Attachment 4**.

20. Section B. Economic Feasibility Item F.2 Net Operating Margin Ratio

The Net Operating Ratio of 17.0% in Year One and 26.7% in Year Two is noted. However, it appears the ratio is 17.5% in Year One and 27.5% in Year Two. Please verify.

RESPONSE: Please see the replacement page (40-R) in **Attachment 1**.

21. Section B. Economic Feasibility Item F.3 Capitalization Ratio

The applicant provides a foot note noting the source of the capitalization ratio is from USPI's audited financial statements, Consolidated Balance Sheet. Please provide a copy of the referenced financial document.

RESPONSE: Please see **Attachment 4**.

22. Section B. Economic Feasibility, Item G Payor Mix

The applicant lists $184,374 of charity care in Year One. However, the Projected Data Chart lists $27,656 in Year One. Please clarify.

RESPONSE: Please see the replacement page (41-R) in **Attachment 1**.

23. Section B. Contribution to Orderly Development Item F.2 Outstanding Projects

Please provide a brief status update for the project Providence Surgery Center, CN1608-031A.

RESPONSE: The project is operational and functioning as a multi-specialty ASTC.

24. Section B. Quality Measures

Please verify and acknowledge the applicant will be evaluated annually whether the proposal will provide health care that meets appropriate quality standards upon the following factors:

RESPONSE: The applicant acknowledges this requirement and will comply.

(a) Whether the applicant commits to maintaining an actual payor mix that is comparable to the payor mix projected in its CON application, particularly as it relates to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent;

RESPONSE: The applicant is affiliated with Saint Thomas Health and Ascension. Providing care to Medicare, TennCare/Medicaid, Charity Care, and the Medically Indigent is at the very core of the mission of these faith-based, charitable organizations. The applicant has every intention to comply with the payor mix as projected.

(b) Whether the applicant commits to maintaining staffing comparable to the staffing chart presented in its CON application;

RESPONSE: To provide quality patient care, the applicant has every intention to comply with the staffing levels as projected.

(c) Whether the applicant will obtain and maintain all applicable state licenses in good standing;

RESPONSE: To provide quality patient care, the applicant has every intention to obtain and maintain all applicable state licenses in good standing.

(d) Whether the applicant will obtain and maintain TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

RESPONSE: To provide quality patient care, the applicant has every intention to obtain and maintain TennCare and Medicare certifications.

(e) Whether an existing healthcare institution applying for a CON has maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action shall be considered;

RESPONSE: Not applicable.

(f) Whether an existing health care institution applying for a CON has been decertified within the prior three years. This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility;

RESPONSE: Not applicable.

(g) Whether the applicant will participate, within 2 years of implementation of the project, in self-assessment and external peer assessment processes used by health care organizations to accurately assess their level of performance in relation to established standards and to implement ways to continuously improve.

1. This may include accreditation by any organization approved by Centers for Medicare and Medicaid Services (CMS) and other nationally recognized programs. The Joint Commission or its successor, for example, would be acceptable if applicable. Other acceptable accrediting organizations may include, but are not limited to, the following:

(ii) Accreditation Association for Ambulatory Health Care, and where applicable, American Association for Accreditation of Ambulatory Surgical Facilities, for Ambulatory Surgical Treatment Center projects.

RESPONSE: To provide quality patient care, the applicant has every intention to conduct self-assessments and obtain accreditation by The Joint Commission.

For Ambulatory Surgical Treatment Center projects, whether the applicant has estimated the number of physicians by specialty expected to utilize the facility, developed criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documented the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site.

RESPONSE: The policies and procedures now in place at other STSC facilities will be adopted at the New Salem facility to accomplish these goals.

A notarized affidavit accompanies these responses and is found at **Attachment 5**. On behalf of Saint Thomas Surgery Center New Salem, we look forward to having this application deemed complete to start the formal review process.
Sincerely,

THE STRATEGY HOUSE, INC.

Robert M. Limyansky
Partner

attachments

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Attachment 1

SUPPLEMENTAL #1

State of Tennessee
Health Services and Development Agency
Andrew Jackson Building, 9th Floor, 502 Deaderick Street, Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

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CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

1. *Name of Facility, Agency, or Institution*

Saint Thomas Surgery Center New Salem, LLC
Name

2779 New Salem Road — Rutherford
Street or Route — County

Murfreesboro — Tennessee — 37128
City — State — Zip Code

Website address: www.sthealth.com

*Note: The facility's name and address **must be** the name and address of the project and **must be** consistent with the Publication of Intent.*

2. *Contact Person Available for Responses to Questions*

Corey Ridgway — Market President
Name — Title

United Surgical Partners International, Inc. — cridgway@uspi.com
Company Name — Email address

8 Cadillac Dr., Suite 200 — Brentwood — TN — 37027
Street or Route — City — State — Zip Code

Management Company — (615) 376-7315 — (615) 825-0024
Association with Owner — Phone Number — Fax Number

NOTE: ***Section A*** is intended to give the applicant an opportunity to describe the project. ***Section B*** addresses how the project relates to the criteria for a Certificate of Need by addressing: Need, Economic Feasibility, Contribution to the Orderly Development of Health Care, and Quality Measures.

Please answer all questions on ***8½" X 11" white paper, clearly typed and spaced, single or double-sided, in order and sequentially numbered. In answering, please type the question and the response.*** All questions must be answered. If an item does not apply, please indicate *"N/A" (not applicable)*. ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment***

6) Funding;

RESPONSE: Funding for the project will come from the owners' reserves and commercial loan.

7) Financial Feasibility including when the proposal will realize a positive financial margin; and

RESPONSE: As indicated in the Need projections and the Projected Data Chart, STSC-NS has judiciously taken into account the two principal forces that drive demand for this proposed project and its extensive experience in financially managing ambulatory surgical care to ensure that the proposed project is financially feasible. The two principal forces that will drive demand are: 1).the forecasted population growth of its service area that is among the highest rates in the State; and, 2) the large number of service area residents currently being served at other STSC surgery centers in Williamson and Davidson Counties who will be redirected to care in the proposed ASTC. These patients have been carefully examined by ZIP code of residence and by the clinical specialty of the surgeon.

8) Staffing.

RESPONSE: STSC-NS has appropriately staffed for 1,945 surgeries in 2020 (Year 1) and 2,712 surgeries in 2021 (Year 2). It bases its projections on the substantial prior experience in facility operations and start-up that exhibits both cost-effective care and quality outcomes. STSC-NS has the ability to recruit and retain the right people to fill 7.0 FTEs of Registered Nurses, 2.5 FTEs of Surgical Techs, 5.0 FTEs of Support/Clerical Staff, and a Facility Manager by 2020 through its network of Human Resource development and recruitment efforts at St. Thomas Health and at USPI.

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area. This section should provide rationale for each criterion using the data and information points provided in Section B. of this application. Please summarize in one page or less each of the criteria:

1) Need;

RESPONSE: STSC-NS has established its service area based on utilization records from its other outpatient surgical facilities at other locations in Davidson and Williamson Counties. From its records and from its understanding of the larger region, its service area has been established in the table below:

		To Murfreesboro	
City	County	Miles	Minutes
Murfreesboro	Rutherford	0	0
Shelbyville	Bedford	25.6	37
Woodbury	Cannon	18.9	23
Manchester	Coffee	32.8	33
Tullahoma	Coffee	45.1	50
McMinnville	Warren	39.6	47
Average		**32.4**	**38**

As STSC-NS will show, utilization at service area ASTCs has increased 9.7% in the past three years. Cases per room exceeded the 844 minimum in 2016, including procedure volumes.

STSC-NS will serve a five-county primary and secondary service area. The rapid growth in Rutherford County, the primary service area county, is the most distinguishing characteristic of the population served. Rutherford County leads the state of Tennessee (number one ranking of 95 counties) in projected population growth from 2017 to 2021 – 36,154 persons.[1] As the ranking implies, this number exceeds the growth projected for even Davidson or Shelby counties. In terms of percentage population growth, Rutherford County is second in the state – 11.2%.

In 2017, the total service area had an estimated population of 485,746. Official sources indicate that the service area population will grow by approximately 8.5%% or 41,310 persons by 2021. This is significantly higher growth than the 4.4% projected for Tennessee.

The projected service area for STSC New Salem is based upon the residency of existing Saint Thomas ASTC patients using the Saint Thomas ASTCs in Davidson and Williamson counties. Please refer to the table below.

			# of Cases	
Zip Codes	County	% of Cases	Year 1	Year 2
37167	Rutherford	18.8%	366	510
37129	Rutherford	11.1%	216	301
37086	Rutherford	10.4%	202	282
37128	Rutherford	9.4%	183	255
37130	Rutherford	6.8%	132	184
37160	Bedford	5.0%	97	136
37355	Coffee	4.4%	86	119
37388	Coffee	4.1%	80	111
37110	Warren	3.9%	76	106
37127	Rutherford	3.1%	60	84
37060	Rutherford	1.7%	33	46
37037	Rutherford	1.4%	27	38
37086	Rutherford	1.3%	25	35

[1] Davidson County is number two, followed by Williamson County at number three.

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Zip Codes	County	% of Cases	#of Cases Year 1	#of Cases Year 2
Other Zip Codes	Bedford, Cannon, Coffee, Rutherford and Warren	8.6%	167	233
Service Area Subtotal		**90.0%**	**1,750**	**2,440**
Other Zip Codes	Outside Service Area	10.0%	195	271
Total			**1,945**	**2,712**

2) Economic Feasibility;

RESPONSE: As indicated in the Need projections and the Projected Data Chart, STSC-NS has judiciously taken into account the two principal forces that drive demand for this proposed project and its extensive experience in financially managing ambulatory surgical care to ensure that the proposed project is financially feasible. The two principal forces that will drive demand are: 1).the forecasted population growth of its service area that is among the highest rates in the State; and, 2) the large number of service area residents currently being operated on at other STSC surgery centers in Williamson and Davidson Counties who will be redirected to care in the proposed ASTC. These patients have been carefully examined by ZIP code of residence and by the clinical specialty of the surgeon.

3) Appropriate Quality Standards; and

RESPONSE: STSC-NS will be licensed by the state of Tennessee and will be accredited by The Joint Commission. As part of the Saint Thomas Health network and USPI, STSC-NS also has access to a full range of quality and utilization management resources.

4) Orderly Development to adequate and effective health care.

RESPONSE: STSC-NS is part of a larger family of existing ambulatory surgery centers that benefit from a partnership between Saint Thomas Health and USPI. The demonstrated experience in providing cost-effective, quality outpatient surgical care will be extended to the fastest growing area in Tennessee. This project will also permit care for service area residents in the local area instead of traveling into Nashville.

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three years. Cases per room exceeded the 884 minimum in 2016, including procedure volumes.

		Surgical Rooms, 2016			Encounters			Cases per Surg Rm		
County	Facility Name	ORs	PRs	Total	2014	2015	2016	2014	2015	2016
Coffee	Tullahoma Surgery Center	2	1	3	4,088	4,101	4,243	1,363	1,367	1,414
Rutherford	Middle TN Ambulatory Surg Center	6	1	7	5,471	5,859	6,267	782	837	895
Rutherford	Mid-State Endoscopy Center	0	1	1	1,873	2,160	2,314	1,873	2,160	2,314
Rutherford	Physicians Pavilion Surgery Center	4	1	5	2,823	2,004	2,255	565	401	451
Coffee	Center for Day Surgery	1	0	1	809	776	858	809	776	858
Rutherford	Spine & Pain Surgery Center	0	1	1	92	564	899	92	564	899
Rutherford	Surgicenter of Murfreesboro Medical Clinic	3	3	6	8,414	9,124	9,252	1,402	1,521	1,542
Rutherford	Williams Surgery Center	1	0	1	67	56	44	67	56	44
		17	**8**	**25**	**25,651**	**26,659**	**28,148**	**1,026**	**1,066**	**1,126**

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are know and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

   RESPONSE: As indicated above, the area average exceeds the 884 case minimum. Please note that need for the STSC project is based upon service area population growth and the redirection of existing patients from highly utilized Saint Thomas ASTCs in Nashville.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An

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RESPONSE: All five service area counties are federally designated medically underserved areas ("MUAs").

b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program;

RESPONSE: Not applicable.

c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program; or

RESPONSE: As part of Saint Thomas Health, the proposed facility will participate in all MCOs.

d. Who is proposing to use the ASTC for patients that typically require longer preparation and scanning times. The applicant shall provide in its application information supporting the additional time required per Case and the impact on the need standard.

RESPONSE: Not applicable. Providence is not seeking special consideration for case times.

2) Construction, Renovation, Expansion and Replacement of Health Care institutions

1. Any project that includes the addition of beds, services, or medical equipment will be reviewed under the standards for those specific activities.

RESPONSE: The standards for ASTCs are addressed immediately above.

2. For relocation or replacement of an existing licensed health care institution:

a. The applicant should provide plans which include costs for both renovation and relocation, demonstrating the strengths and weaknesses of each alternative.

b. The applicant should demonstrate that there is an acceptable existing or projected future demand for the proposed project.

RESPONSE: Not applicable.

3. For renovation or expansions of an existing licensed health care institution:

a. The applicant should demonstrate that there is an acceptable existing demand for the proposed project.

RESPONSE: Not applicable.

E. 1) Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Chart for Year 1 and Year 2 of the proposed project. Please complete the following table.

	Previous Year	Current Year	Year One	Year Two	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*			9,479	9,716	
Deduction from Revenue *(Total Deductions/Utilization Data)*			7,180	7,360	
Average Net Charge *(Net Operating Revenue/Utilization Data)*			2,299	2,356	

2) Provide the proposed charges for the project and discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the project and the impact on existing patient charges.

RESPONSE: As a new facility, historical data are not available. Gross and net charges are projected to increase at 2.5% per year.

3) Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: There only medical-surgical hospital in the service area remotely comparable to STSC-NS in terms of size and services is TriStar StoneCrest Medical Center. A comparison of the 2015 JAR data indicate an average gross charge per admission of $31,001 at STSC-NS compared to $37,367 at StoneCrest.

F. 1) Discuss how projected utilization rates will be sufficient to support the financial performance. Indicate when the project's financial breakeven is expected and demonstrate the availability of sufficient cash flow until financial viability is achieved. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-F1. NOTE: Publicly held entities only need to reference their SEC filings.**

RESPONSE: As indicated in the Projected Data Chart, STSC-NS is expected to be financially feasible.

Audited financial statements are not available. Please refer to the SEC filing of Tenet Healthcare the parent of USPI.

2) Net Operating Margin Ratio – Demonstrates how much revenue is left over after all the variable or operating costs have been paid. The formula for this ratio is: (Earnings before interest, Taxes, and Depreciation/Net Operating Revenue).

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following table:

Year	2nd Year previous to Current Year	1st Year previous to Current Year	Current Year	Projected Year 1	Projected Year 2
Net Operating Margin Ratio	N/A	N/A	N/A	17.5%	27.5%

3) Capitalization Ratio (Long-term debt to capitalization) – Measures the proportion of debt financing in a business's permanent (Long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: (Long-term debt/(Long-term debt + Total Equity (Net assets)) x 100).

For the entity (applicant and/or parent company) that is funding the proposed project please provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. The Capitalization Ratios are not expected from outside the company lenders that provide funding.

RESPONSE: Tenet, the parent of USPI is appropriately capitalized to undertake the proposed bed project. Please refer to the table below.

Tenet Capitalization Ratio Calculation

Dollars in (millions)	**2016**	**2015**
Long-term debt	$ 15,064	$ 14,383
Total net assets	$ 24,701	$ 23,682
Capitalization Ratio	**37.9%**	**37.8%**

Source: Audited Financial Statements, Consolidated Balance Sheet

G. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid and medically indigent patients will be served by the project. Additionally, report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below.

RESPONSE: STSC-NS will maintain the same payor relationships, including contracts with Medicare and all TennCare MCOs, that are currently in place for Saint Thomas Health. Furthermore, STSC-NS will follow the same financial assistance policies that are currently in place at sister facilities. Please refer to **Tab 13 – Attachment Section B-G** for a copy of the STSC-NS financial assistance policies.

Applicant's Projected Payor Mix, Year 1

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	$4,701,534	25.5%
TennCare/Medicaid	$1,493,429	8.1%
Commercial/Other Managed Care	$9,827,128	53.3%
Self-Pay	$940,307	5.1%
Other (Other gov't, Workers Comp)	$1,474,991	8.0%
Total	$18,437,389	100.0%
Charity Care	$27,656	0.2%

H. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Additionally, please identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources.

RESPONSE: The following table compares the staffing for STSC-NS before and after the proposed bed addition.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1 2020	Average Wage (Contractual Rate) 2020	Area Wide/Statewide Average Wage 2016
A. Direct Patient Care Positions				
RNs		7.0	30.00	28.94
LPNs				
Tech		2.5	25.00	19.68
Rec Therapists				
Manager		1.0	45.67	42.56
Total Direct Patient Care Positions		10.5	30.30	28.03
B. Non-Patient Care Positions				
Management				
Total Non-Patient Care Positions		5.0	42.73	33.04
Total Employees *(A+B)*		15.5	34.31	29.65
C. Contractual Staff				
Total Staff *(A+B+C)*		15.5	34.31	29.65

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Attachment 2

SUPPLEMENTAL #1

Record Book
869 Pg 3012
July 27, 2017
4:03 pm

THIS INSTRUMENT PREPARED BY:
BASS, BERRY & SIMS PLC (MDS)
315 Deaderick Street, Suite 2700
Nashville, Tennessee 37238-3001
Doc. 6995076 08/28/08 gh

QUITCLAIM DEED

Address New Owner(s) As Follows:	Send Tax Bills to:	Map Parcel Numbers:
New Salem Strategic Investments, L.P. 2789 Highway 99 Murfreesboro, TN 37128	Same Attn: Terri L. Weakland	Part of Map 114, Parcel 21

FOR AND IN CONSIDERATION OF ONE DOLLAR ($1.00), cash in hand paid, the receipt of which is hereby acknowledged, I, **TERRI L. WEAKLAND, AS SUCCESSOR TRUSTEE OF THE HOLDER REVOCABLE LIVING TRUST** (pursuant to an instrument, a copy of which is attached hereto as Exhibit A), do hereby quitclaim and convey unto **NEW SALEM STRATEGIC INVESTMENTS, L.P.**, a Tennessee limited partnership, its successors and assigns, all of my right, title and interest in and to the property described on Exhibit B hereto.

The legal description is the same as that contained in the prior deed.

Said property is conveyed subject to such limitations, restrictions, and encumbrances as may affect the premises.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 6th day of Sept, 2008.

THE HOLDER REVOCABLE LIVING TRUST

By: Terri L. Weakland
Terri L. Weakland, Trustee

Horace O. Holder, joins in this deed for the purpose of quitclaiming and conveying any and all interest he may have in the above-described real property.

Horace O. Holder
HORACE O. HOLDER, Individually

STATE OF TENNESSEE)
COUNTY OF Rutherford)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, TERRI L. WEAKLAND, Trustee of The Holder Revocable Living Trust, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that she executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at Murfreesboro, Tennessee, this 6th day of September, 2008.

Rugenia Hines
Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

STATE OF TENNESSEE)
COUNTY OF Rutherford)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, Horace O. Holder, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at Murfreesboro, Tennessee, this 6th day of September, 2008.

Rugenia Hines
Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

SUPPLEMENTAL #1

July 27, 2017

4:03 pm
Record Book
869 Pg 3014

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

The actual consideration for this transfer is $0.

TERRI L. WEAKLAND, Trustee of
The Holder Revocable Living Trust

Subscribed and sworn to before me this 6th day of September, 2008.

Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

SUPPLEMENTAL #1
Record Book
869 Pg 3015
July 27, 2017
4:03 pm

EXHIBIT A

RESIGNATION AS TRUSTEE

I, Horace O. Holder of Murfreesboro, Tennessee, am serving as Trustee of the Holder Revocable Living Trust, dated May 25, 2007.

I hereby voluntarily resign from the role of Trustee of the above referenced trust, and, pursuant to the terms of Paragraph 4.1, First Successor Trustee, of the Holder Revocable Trust Agreement, I hereby consent to the appointment of Terri L. Weakland as Successor Trustee.

Horace O. Holder
Horace O. Holder

STATE OF TENNESSEE
COUNTY OF RUTHERFORD

Sworn to and subscribed before me this 25 day of June, 2008.

Cathy Parker
Notary Public

CATHY PARKER
STATE OF TENNESSEE NOTARY PUBLIC
WILSON COUNTY

My commission expires: 9.8.09

ICS Law Group
370 Mallory Station Road, Suite 512
Franklin, TN 37067
(615) 224-1290

SUPPLEMENTAL #1
July 27, 2017
Record Book
864:09 pg16

EXHIBIT B

Located in the 12th Civil District of Rutherford County, Tennessee. Bound on the north by Salem Pike (aka S.R. 99); on the east by Kimbro Road; on the south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at a point at the intersection of the centerline of Salem Pike and the centerline of Kimbro Road; thence leaving Salem Pike and with the centerline of Kimbro Road S-10°22'05"-W, 299'± to a nail for the Point of Beginning, being on the east line of this tract; thence with the centerline of Kimbro Road S-10°22'05"-W, 713.08 feet to a nail; thence continuing with the centerline of Kimbro Road S-10°12'05"-W, 406.75 feet to a nail, being the northeast corner of Tract 9 and the southeast corner of this tract; thence leaving Kimbro Road N-79°47'55"-W, through and iron pin set 30 feet off the centerline of the road and continuing for a total distance of 777.49 feet to an iron pin set 1.0 feet west of fence line, being the northwest corner of Tract 9 and the southwest corner of this tract; thence with the east fence line of Tract 1 N-05°13'27"-E, 608.97 feet to an iron pin found by corner post; thence continuing with the east line of Tract 1 N-11 °35'09"-W, 416.76 feet to an iron pin found, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike N-79°34'59"-E, 1006.25 feet to an iron pin set, being the northeast corner of this tract; thence with the west right-of-way of Kimbro Road S-04°45'11"-W, 229.10 feet to a concrete monument found; thence S-79°32'30"-E, 23.54 feet to the nail at the point of beginning, containing 23.29 acres, More or less.

Being the same property conveyed to Horace O. Holder, Trustee of The Holder Revocable Living Trust by quitclaim deed of record in Record Book 747, page 3164, Register's Office for Rutherford County, Tennessee.

The foregoing described real property includes, but the conveyance evidenced hereby specifically excludes the following described real property

LESS AND EXCEPT:

Tract 8

Located in the 12th Civil District of Rutherford County, Tennessee. Bound on the north by Salem Pike (aka S.R. 99); on the east and south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at an iron pin set in the south right-of-way of Salem Pike (a.k.a. S.R. 99), and the west right-of-way of Kimbro Road, said pin being the northeast corner of Tract 9; thence with the south right-of-way of Salem Pike (a.k.a. S.R. 99), S-79°34'59"-W, 685.25 feet to an iron pin set for the Point of Beginning, being the northeast corner of this tract; thence leaving the south right-of-way of Salem Pike (a.k.a. S.R. 99) with the west line of Tract 9, S-04°41'47"-E, 333.68

SUPPLEMENTAL #1

Recorded 2008
869 Pg 3017
4:03 pm

feet to an iron pin set, being the southeast corner of this tract; thence with a north line of Tract 9, S-80°34'45"-W; 281.11 feet to an iron pin set in the east line of Tract 1, being the southwest corner of this tract; thence with the east line of Tract 1, N-11°35'09"-W, 327.20 feet to an iron pin found in the south right-of-way of Salem Pike, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike, N-79°34'59"-E, 321.00 feet to the pin at the Point of Beginning, containing 2.28 acres, more or less.

Being the same property conveyed to Horace O. Holder, Trustee of The Holder Revocable Living Trust by quitclaim deed of record in Record Book 747, page 3162, Register's Office for Rutherford County, Tennessee.

6995076.1

Jennifer M Gerhart, Register
Rutherford County Tennessee

Rec #:	568768	
Rec'd:	30.00	Instrument #: 1584224
State:	0.00	
Clerk:	0.00	Recorded
EDP:	2.00	9/11/2008 at 12:03 PM
Total:	32.00	in
		Record Book 869 Pgs 3012-3017

SUPPLEMENTAL #1

Record Book 1467 Pg 3513
July 27, 2017
4:03 pm

THIS INSTRUMENT PREPARED BY:
BASS, BERRY & SIMS PLC (MDS)
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

Address New Owner(s)	Send Tax Bills To:	Parcel ID Number(s)
Terri L. Weakland 2789 Highway 99 Murfreesboro, TN 37128	Same	Map 114 Parcel 21.00 Rutherford County

TRUSTEE'S QUITCLAIM DEED

FOR AND IN CONSIDERATION OF One Dollar ($1.00) cash in hand paid, the receipt of which is hereby acknowledged, TERRI L. WEAKLAND, as TRUSTEE OF THE HOLDER REVOCABLE LIVING TRUST, as amended and restated September 6, 2008 and not further or otherwise, hereby quitclaims and conveys unto TERRI L. WEAKLAND her heirs and assigns all of her right, title and interest, as Trustee of the Holder Revocable Living Trust, in and to the real property located in the 12th Civil District of Rutherford County, Tennessee, more particularly described as follows:

Tract 8

Located in the 12th Civil District of Rutherford County, Tennessee,. Bound on the north by Salem Pike (aka S.R. 99); on the east and south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at an iron pin set in the south right-of-way of Salem Pike (a.k.a. S.R. 99), and the west right-of-way of Kimbro Road, said pin being the northeast corner of Tract 9; thence with the south right-of-way of Salem Pike (a.k.a. S.R. 99), S-79°34'59"-W, 685.25 feet to an iron pin set for the Point of Beginning, being the northeast corner of this tract; thence leaving the south right-of-way of Salem Pike (a.k.a. S.R. 99) with the west line of Tract 9, S-04°41'47"-E, 333.68 feet to an iron pin set, being the southeast corner of this tract; thence with a north line of Tract 9, S-80°34'45"-W, 281.11 feet to an iron pin set in the east line of Tract 1, being the southwest corner of this tract; thence with the east line of Tract 1, N-11°35'09"-W, 327.20 feet to an iron pin found in the south right-of-way of Salem Pike, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike, N-79°34'59"-E, 321.00 feet to the pin at the Point of Beginning, containing 2.28 acres, more of less.

Being the same property conveyed to the Holder Revocable Living Trust by deed of record recorded in Deed Book 747, Page 3162, Register's Office of Rutherford County, Tennessee.

SUPPLEMENTAL #1
Record Book
1167 Page 3514
July 27, 2017
4:03 pm

The description herein is the same as that contained in the prior deed.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 9th day of October, 2012.

Terri L. Weakland, as Trustee of the Holder Revocable Living Trust, and not further or otherwise

STATE OF TENNESSEE)
COUNTY OF Davidson)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, Terri L. Weakland, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that she executed the within instrument as the Trustee of the Holder Revocable Living Trust for the purposes therein contained.

WITNESS my hand, at office, this 9th day of October, 2012.

Notary Public

My Commission Expires:
11-03-2015

Heather Dawson, Register
Rutherford County Tennessee

Rec #:	714831	
Rec'd:	10.00	Instrument #: 1808018
State:	0.00	
Clerk:	0.00	Recorded
Other:	2.00	10/22/2012 at 9:00 AM
Total:	12.00	in

Record Book 1167 Pgs 3513-3514

STATE OF TENNESSEE)
COUNTY OF Davidson)

The actual consideration for this transfer is $-0-.

Terri L. Weakland

Subscribed and sworn to before me
this 9th day of October, 2012.

Notary Public

My Commission Expires:

11-03-2015

SUPPLEMENTAL #1

July 27, 2018 Book 869 Pg 3012
4:03 pm

THIS INSTRUMENT PREPARED BY:
BASS, BERRY & SIMS PLC (MDS)
315 Deaderick Street, Suite 2700
Nashville, Tennessee 37238-3001
Doc. 6995076 08/28/08 gh

QUITCLAIM DEED

Address New Owner(s) As Follows:	Send Tax Bills to:	Map Parcel Numbers:
New Salem Strategic Investments, L.P. 2789 Highway 99 Murfreesboro, TN 37128	Same Attn: Terri L. Weakland	Part of Map 114, Parcel 21

FOR AND IN CONSIDERATION OF ONE DOLLAR ($1.00), cash in hand paid, the receipt of which is hereby acknowledged, I, **TERRI L. WEAKLAND, AS SUCCESSOR TRUSTEE OF THE HOLDER REVOCABLE LIVING TRUST** (pursuant to an instrument, a copy of which is attached hereto as Exhibit A), do hereby quitclaim and convey unto **NEW SALEM STRATEGIC INVESTMENTS, L.P.**, a Tennessee limited partnership, its successors and assigns, all of my right, title and interest in and to the property described on Exhibit B hereto.

The legal description is the same as that contained in the prior deed.

Said property is conveyed subject to such limitations, restrictions, and encumbrances as may affect the premises.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 6th day of Sept, 2008.

THE HOLDER REVOCABLE LIVING TRUST

By: Terri L. Weakland
Terri L. Weakland, Trustee

Horace O. Holder, joins in this deed for the purpose of quitclaiming and conveying any and all interest he may have in the above-described real property.

Horace O. Holder
HORACE O. HOLDER, Individually

SUPPLEMENTAL #1

July 27, 2017
4:03 pm

Record Book
869 Pg 3013

STATE OF TENNESSEE)
COUNTY OF Rutherford)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, TERRI L. WEAKLAND, Trustee of The Holder Revocable Living Trust, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that she executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at Murfreesboro Tennessee, this 6th day of September, 2008.

Rugenia Hines
Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

STATE OF TENNESSEE)
COUNTY OF Rutherford)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, Horace O. Holder, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at Murfreesboro, Tennessee, this 6th day of September, 2008.

Rugenia Hines
Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

SUPPLEMENTAL #1

July 27, 2017
4:03 pm

Record Book
869 Pg 3014

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

The actual consideration for this transfer is $0.

Terri L. Weakland

TERRI L. WEAKLAND, Trustee of
The Holder Revocable Living Trust

Subscribed and sworn to before me this 6th day of September, 2008.

Rugenia Hines

Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

SUPPLEMENTAL #1

Record Book
July 27, 2017
869 Pg 3015
4:03 pm

EXHIBIT A

RESIGNATION AS TRUSTEE

I, Horace O. Holder of Murfreesboro, Tennessee, am serving as Trustee of the Holder Revocable Living Trust, dated May 25, 2007.

I hereby voluntarily resign from the role of Trustee of the above referenced trust, and, pursuant to the terms of Paragraph 4.1, First Successor Trustee, of the Holder Revocable Trust Agreement, I hereby consent to the appointment of Terri L. Weakland as Successor Trustee.

Horace O. Holder

Horace O. Holder

STATE OF TENNESSEE
COUNTY OF RUTHERFORD

Sworn to and subscribed before me this 25 day of June, 2008.

Cathy Parker

Notary Public

CATHY PARKER
STATE OF TENNESSEE NOTARY PUBLIC
WILSON COUNTY

My commission expires: 9.8.09

ICS Law Group
370 Mallory Station Road, Suite 512
Franklin, TN 37067
(615) 224-1290

EXHIBIT B

Located in the 12th Civil District of Rutherford County, Tennessee. Bound on the north by Salem Pike (aka S.R. 99); on the east by Kimbro Road; on the south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at a point at the intersection of the centerline of Salem Pike and the centerline of Kimbro Road; thence leaving Salem Pike and with the centerline of Kimbro Road S-10°22'05"-W, 299'± to a nail for the Point of Beginning, being on the east line of this tract; thence with the centerline of Kimbro Road S-10°22'05"-W, 713.08 feet to a nail; thence continuing with the centerline of Kimbro Road S-10°12'05"-W, 406.75 feet to a nail, being the northeast corner of Tract 9 and the southeast corner of this tract; thence leaving Kimbro Road N-79°47'55"-W, through and iron pin set 30 feet off the centerline of the road and continuing for a total distance of 777.49 feet to an iron pin set 1.0 feet west of fence line, being the northwest corner of Tract 9 and the southwest corner of this tract; thence with the east fence line of Tract 1 N-05°13'27"-E, 608.97 feet to an iron pin found by corner post; thence continuing with the east line of Tract 1 N-11 °35'09"-W, 416.76 feet to an iron pin found, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike N-79°34'59"-E, 1006.25 feet to an iron pin set, being the northeast corner of this tract; thence with the west right-of-way of Kimbro Road S-04°45'11"-W, 229.10 feet to a concrete monument found; thence S-79°32'30"-E, 23.54 feet to the nail at the point of beginning, containing 23.29 acres, More or less.

Being the same property conveyed to Horace O. Holder, Trustee of The Holder Revocable Living Trust by quitclaim deed of record in Record Book 747, page 3164, Register's Office for Rutherford County, Tennessee.

The foregoing described real property includes, but the conveyance evidenced hereby specifically excludes the following described real property

LESS AND EXCEPT:

Tract 8

Located in the 12th Civil District of Rutherford County, Tennessee. Bound on the north by Salem Pike (aka S.R. 99); on the east and south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at an iron pin set in the south right-of-way of Salem Pike (a.k.a. S.R. 99), and the west right-of-way of Kimbro Road, said pin being the northeast corner of Tract 9; thence with the south right-of-way of Salem Pike (a.k.a. S.R. 99), S-79°34'59"-W, 685.25 feet to an iron pin set for the Point of Beginning, being the northeast corner of this tract; thence leaving the south right-of-way of Salem Pike (a.k.a. S.R. 99) with the west line of Tract 9, S-04°41'47"-E, 333.68

feet to an iron pin set, being the southeast corner of this tract; thence with a north line of Tract 9, S-80°34'45"-W; 281.11 feet to an iron pin set in the east line of Tract 1, being the southwest corner of this tract; thence with the east line of Tract 1, N-11°35'09"-W, 327.20 feet to an iron pin found in the south right-of-way of Salem Pike, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike, N-79°34'59"-E, 321.00 feet to the pin at the Point of Beginning, containing 2.28 acres, more or less.

Being the same property conveyed to Horace O. Holder, Trustee of The Holder Revocable Living Trust by quitclaim deed of record in Record Book 747, page 3162, Register's Office for Rutherford County, Tennessee.

6995076.1

Jennifer M Gerhart, Register
Rutherford County Tennessee

Rec #:	568768	
Rec'd:	30.00	Instrument #: 1584224
State:	0.00	
Clerk:	0.00	Recorded
EDP:	2.00	9/11/2008 at 12:03 PM
Total:	32.00	in
		Record Book 869 Pgs 3012-3017

SUPPLEMENTAL #1

July 27, 2017

4403

By graphic plotting only, this property is in Zone(s) "X" of the Flood Insurance Rate Map Community Panel No. 47188C0255H which bears an effective date of January 5, 2007. No field surveying was performed to determine the zone and an elevation certificate may be needed to verify this determination or apply for a variance from the Federal Emergency Management Agency.

Being the property recorded in Record Book 1167 Page 3613 as recorded in the Register's Office, Rutherford County, Tennessee

PROPERTY MAP REFERENCE

This property currently identified as Parcel 21.18 on Tax Map No. 114

NOTES:

1. PROPERTY IS LOCATED WITHIN THE SALEM/BARFIELD ASSESSMENT DISTRICT

2. RELEASE AND COVENANT NOT TO SUE NOTE: UNDER THE CURRENT ADOPTED PLUMBING CODE, THE CITY OF MURFREESBORO REQUIRES THE MINIMUM FLOOR ELEVATION (M.F.E.) TO BE SET AT OR ABOVE THE TOP OF EXISTING ELEVATION OF THE NEAREST MANHOLE THAT IS UPSTREAM OF THE SEWER SERVICE CONNECTION. AS AN ALTERNATIVE, THE HOMEOWNER SHALL INSTALL A BACKWATER VALVE PER THE PLUMBING CODE AND EXECUTE AND RECORD A RELEASE OF INDEMNIFICATION AGAINST THE CITY OF MURFREESBORO WITH REGARDS TO THE SANITARY SEWER CONNECTION. THE BUILDER AND/OR HOMEOWNER SHALL BE RESPONSIBLE FOR COMPLIANCE WITH THIS REQUIREMENT.

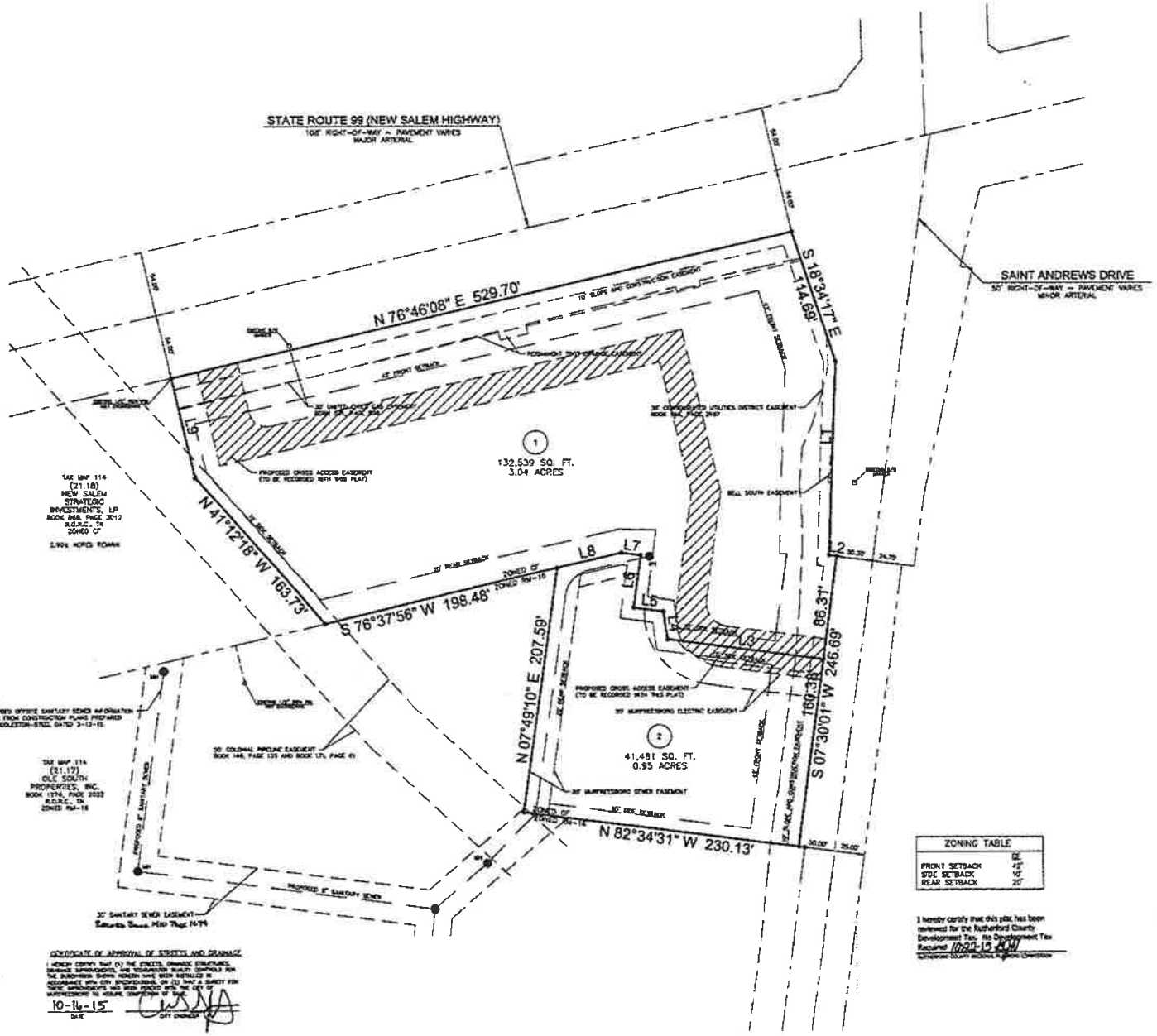
3. ROADWAY IMPROVEMENTS ON STATE ROUTE 99 SHOULD INCLUDE EXTENSION OF CONTINUOUS LANE WILL BE A PART OF FUTURE SITE CONSTRUCTION ON LOT 1.

4. STREET IDENTIFIED ON THE PLAT MAY BE CONSTRUCTED OR RECONSTRUCTED FUTURE WITHOUT CONSULTATION OR NOTICE TO THE OWNERS OF THE LOTS SUBDIVISION.

5. IMPROVEMENTS IN THE SUBDIVISION MAY NOT HAVE INFRASTRUCTURE CONSTRUCTED WITHIN PROPERTY. SOME FUTURE TIME AND THERE MAY BE NOT NOTICE OR CONSULTATION THE INDIVIDUAL LOT OWNERS OF THIS CONSTRUCTION.

6. THE STREETS IDENTIFIED ON THE PLAT MAY BE CONSTRUCTED OR RECONSTRUCTED AS THE FUTURE WITHOUT CONSULTATION OR NOTICE TO OWNERS OF THE LOTS IN THE SUBDIVISION.

7. CROSS ACCESS EASEMENT SHOWN ON LOT 1 IS FOR THE BENEFIT AND USE OF LOT 2 AND CROSS ACCESS EASEMENT ON LOT 2 IS FOR THE BENEFIT AND USE OF LOT 1.



ZONING TABLE	
FRONT SETBACK	40'
SIDE SETBACK	10'
REAR SETBACK	20'

I hereby certify that this plat has been reviewed for the Rutherford County Development Tax. No Development Tax Required 10-22-15 [illegible]
Rutherford County Regional Planning Commission

CERTIFICATE OF APPROVAL FOR ELECTRIC POWER

I HEREBY CERTIFY THAT THE SUBDIVISION SHOWN HEREON HAS BEEN APPROVED BY THE MURFREESBORO ELECTRIC DEPARTMENT (MLED) FOR ELECTRIC POWER SERVICE, THAT THE SUBDIVISION IS WITHIN THE SERVICE AREA OF MLED, AND THAT MLED IS ABLE TO PROVIDE ELECTRIC POWER SERVICE TO THE SUBDIVISION SUBJECT TO THE OWNER COMPLYING WITH THE APPLICABLE RULES AND REGULATIONS OF MLED. NO ELECTRIC POWER SERVICE WILL BE PROVIDED UNTIL MLED'S REQUIREMENTS FOR ELECTRIC POWER SERVICE HAVE BEEN MET.

10/12/15
DATE
MURFREESBORO ELECTRIC DEPARTMENT OFFICIAL

CERTIFICATE OF APPROVAL OF STREETS AND DRAINAGE

I HEREBY CERTIFY THAT (1) THE STREETS, DRAINAGE STRUCTURES, DRAINAGE IMPROVEMENTS, THE TOPOGRAPHICAL QUALITY CONTROLS FOR THE SUBDIVISION SHOWN HEREON HAVE BEEN INSTALLED IN ACCORDANCE WITH CITY ENGINEERING, OR (2) THAT A SURETY FOR THOSE IMPROVEMENTS HAS BEEN POSTED WITH THE CITY OF MURFREESBORO TO ASSURE COMPLETION OF THE SAME.

10-14-15
DATE
CITY ENGINEER

CERTIFICATE OF OWNERSHIP AND DEDICATION

I (WE) HEREBY CERTIFY THAT I AM (WE ARE) THE OWNER(S) OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT I (WE) HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH MY (OUR) FREE CONSENT AND ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES, AND DEDICATE ALL STREETS, ALLEYS, WALKS, AND UNUSED PORTIONS, PARKS AND OPEN SPACES TO PUBLIC OR PRIVATE USE AS NOTED. I (WE) FURTHER THE DEDICATION SHALL INCLUDE THE NECESSARY AND THOSE PURPOSES OF CROSS AND TRAVEL INCLUDE FOR CONVENIENCE AND PURPOSES THE COMPANY SHALL HAVE AND THE RIGHTS OF THE SUBDIVISION AUTHORIZES TO DISCHARGE RESPONSIBILITY.

CERTIFICATE OF APPROVAL OF WATER SYSTEMS

I HEREBY CERTIFY THAT (1) THE WATER LINES AND APPURTENANCES FOR THE WATER SYSTEM OF THE SUBDIVISION SHOWN HEREON HAVE BEEN INSTALLED IN ACCORDANCE WITH CITY CODES AND SPECIFICATIONS AND THE AND THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION, COMMUNITY PUBLIC WATER SYSTEMS DESIGN CRITERIA, OR (2) THAT A SURETY FOR THOSE IMPROVEMENTS HAS BEEN POSTED WITH THE CITY OF MURFREESBORO TO ASSURE COMPLETION OF SAME, OR (3) THAT A WAIVER HAS BEEN GRANTED BY THE LOCAL HEALTH AUTHORITY.

10/12/15
DATE
Valerie H. Smith

CERTIFICATE OF APPROVAL OF SEWER SYSTEMS

I HEREBY CERTIFY THAT (1) THE SEWER LINES AND APPURTENANCES FOR THE SEWER SYSTEM OF THE SUBDIVISION SHOWN HEREON HAVE BEEN INSTALLED IN ACCORDANCE WITH CITY CODES AND SPECIFICATIONS AND THE AND THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION, COMMUNITY PUBLIC SEWER SYSTEMS DESIGN CRITERIA, OR (2) THAT A SURETY FOR THOSE IMPROVEMENTS HAS BEEN POSTED WITH THE CITY OF MURFREESBORO TO ASSURE COMPLETION OF SAME, OR (3) THAT A WAIVER HAS BEEN GRANTED BY THE LOCAL HEALTH AUTHORITY.

10/12/15
DATE
Valerie H. Smith

CERTIFICATE OF APPROVAL FOR RECORDING

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS FOR THE CITY OF MURFREESBORO, TENNESSEE, WITH THE EXCEPTION OF SUCH VARIANCES, IF ANY, AS ARE NOTED IN THE MINUTES OF THE PLANNING COMMISSION AND THAT IT HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE RUTHERFORD COUNTY REGISTER OF DEEDS PROVIDED THAT IT IS TO BE RECORDED WITHIN ONE YEAR OF THIS DATE.

10/22/2015
DATE

CERTIFICATE OF ACCURACY

I HEREBY CERTIFY THAT THIS IS A [illegible] SURVEY AND THE RATIO OF PRECISION OF THE UNADJUSTED [illegible] RECORD AS SHOWN HEREON, IS 1:50,000 AND THAT THE WITHIN PLAT IS A TRUE AND CORRECT PLAT AS SHOWN HEREON. THE BOUNDARY [illegible] ENGINEER

10/12/15
DATE

102

Sheila Duggan, Register
Rutherford County Tennessee

Rec #:	842916	
Rec d:	10.00	Instrument #: 1290650
State:	0.00	
Clerk:	0.00	Recorded
Other:	2.00	11/9/2015 at 8:45 AM
Total:	12.00	in
		Plat Cabinet 38 Pgs 42-43

NEW

1

SUPPLEMENTAL #1

June 27, 2011 Book 869 Pg 3012
4:03 pm

THIS INSTRUMENT PREPARED BY:
BASS, BERRY & SIMS PLC (MDS)
315 Deaderick Street, Suite 2700
Nashville, Tennessee 37238-3001
Doc. 6995076 08/28/08 gh

QUITCLAIM DEED

Address New Owner(s) As Follows:	Send Tax Bills to:	Map Parcel Numbers:
New Salem Strategic Investments, L.P. 2789 Highway 99 Murfreesboro, TN 37128	Same Attn: Terri L. Weakland	Part of Map 114, Parcel 21

FOR AND IN CONSIDERATION OF ONE DOLLAR ($1.00), cash in hand paid, the receipt of which is hereby acknowledged, I, **TERRI L. WEAKLAND, AS SUCCESSOR TRUSTEE OF THE HOLDER REVOCABLE LIVING TRUST** (pursuant to an instrument, a copy of which is attached hereto as Exhibit A), do hereby quitclaim and convey unto **NEW SALEM STRATEGIC INVESTMENTS, L.P.**, a Tennessee limited partnership, its successors and assigns, all of my right, title and interest in and to the property described on Exhibit B hereto.

The legal description is the same as that contained in the prior deed.

Said property is conveyed subject to such limitations, restrictions, and encumbrances as may affect the premises.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 6th day of Sept, 2008.

THE HOLDER REVOCABLE LIVING TRUST

By: Terri L. Weakland
Terri L. Weakland, Trustee

Horace O. Holder, joins in this deed for the purpose of quitclaiming and conveying any and all interest he may have in the above-described real property.

Horace O. Holder
HORACE O. HOLDER, Individually

SUPPLEMENTAL #1

July 27, 2017
4:03 pm

Record Book
869 Pg 3013

STATE OF TENNESSEE)
COUNTY OF Rutherford)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, TERRI L. WEAKLAND, Trustee of The Holder Revocable Living Trust, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that she executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at Murfreesboro Tennessee, this 6th day of September, 2008.

Rugenia Hines
Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

STATE OF TENNESSEE)
COUNTY OF Rutherford)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, Horace O. Holder, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at Murfreesboro, Tennessee, this 6th day of September, 2008.

Rugenia Hines
Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

SUPPLEMENTAL #1

July 27, 2017
4:03 pm

Record Book
869 Pg 3014

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

The actual consideration for this transfer is $0.

TERRI L. WEAKLAND, Trustee of
The Holder Revocable Living Trust

Subscribed and sworn to before me this 6th day of September, 2008.

Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

SUPPLEMENTAL #1

June 27, 2011 Book 869 Pg 3015
4:03 pm

EXHIBIT A

RESIGNATION AS TRUSTEE

I, Horace O. Holder of Murfreesboro, Tennessee, am serving as Trustee of the Holder Revocable Living Trust, dated May 25, 2007.

I hereby voluntarily resign from the role of Trustee of the above referenced trust, and, pursuant to the terms of Paragraph 4.1, First Successor Trustee, of the Holder Revocable Trust Agreement, I hereby consent to the appointment of Terri L. Weakland as Successor Trustee.

Horace O Holder
Horace O. Holder

STATE OF TENNESSEE
COUNTY OF RUTHERFORD

Sworn to and subscribed before me this 25 day of June, 2008.

Cathy Parker
Notary Public

CATHY PARKER
STATE OF TENNESSEE NOTARY PUBLIC
WILSON COUNTY

My commission expires: 9-8-09

ICS Law Group
370 Mallory Station Road, Suite 512
Franklin, TN 37067
(615) 224-1290

EXHIBIT B

Located in the 12th Civil District of Rutherford County, Tennessee. Bound on the north by Salem Pike (aka S.R. 99); on the east by Kimbro Road; on the south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at a point at the intersection of the centerline of Salem Pike and the centerline of Kimbro Road; thence leaving Salem Pike and with the centerline of Kimbro Road S-10°22'05"-W, 299'± to a nail for the Point of Beginning, being on the east line of this tract; thence with the centerline of Kimbro Road S-10°22'05"-W, 713.08 feet to a nail; thence continuing with the centerline of Kimbro Road S-10°12'05"-W, 406.75 feet to a nail, being the northeast corner of Tract 9 and the southeast corner of this tract; thence leaving Kimbro Road N-79°47'55"-W, through and iron pin set 30 feet off the centerline of the road and continuing for a total distance of 777.49 feet to an iron pin set 1.0 feet west of fence line, being the northwest corner of Tract 9 and the southwest corner of this tract; thence with the east fence line of Tract 1 N-05°13'27"-E, 608.97 feet to an iron pin found by corner post; thence continuing with the east line of Tract 1 N-11 °35'09"-W, 416.76 feet to an iron pin found, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike N-79°34'59"-E, 1006.25 feet to an iron pin set, being the northeast corner of this tract; thence with the west right-of-way of Kimbro Road S-04°45'11"-W, 229.10 feet to a concrete monument found; thence S-79°32'30"-E, 23.54 feet to the nail at the point of beginning, containing 23.29 acres, More or less.

Being the same property conveyed to Horace O. Holder, Trustee of The Holder Revocable Living Trust by quitclaim deed of record in Record Book 747, page 3164, Register's Office for Rutherford County, Tennessee.

The foregoing described real property includes, but the conveyance evidenced hereby specifically excludes the following described real property

LESS AND EXCEPT:

Tract 8

Located in the 12th Civil District of Rutherford County, Tennessee. Bound on the north by Salem Pike (aka S.R. 99); on the east and south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at an iron pin set in the south right-of-way of Salem Pike (a.k.a. S.R. 99), and the west right-of-way of Kimbro Road, said pin being the northeast corner of Tract 9; thence with the south right-of-way of Salem Pike (a.k.a. S.R. 99), S-79°34'59"-W, 685.25 feet to an iron pin set for the Point of Beginning, being the northeast corner of this tract; thence leaving the south right-of-way of Salem Pike (a.k.a. S.R. 99) with the west line of Tract 9, S-04°41'47"-E, 333.68

feet to an iron pin set, being the southeast corner of this tract; thence with a north line of Tract 9, S-80°34'45"-W; 281.11 feet to an iron pin set in the east line of Tract 1, being the southwest corner of this tract; thence with the east line of Tract 1, N-11°35'09"-W, 327.20 feet to an iron pin found in the south right-of-way of Salem Pike, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike, N-79°34'59"-E, 321.00 feet to the pin at the Point of Beginning, containing 2.28 acres, more or less.

Being the same property conveyed to Horace O. Holder, Trustee of The Holder Revocable Living Trust by quitclaim deed of record in Record Book 747, page 3162, Register's Office for Rutherford County, Tennessee.

6995076.1

Jennifer M Gerhart, Register
Rutherford County Tennessee

Rec #:	568768	
Rec'd:	30.00	Instrument #: 1584224
State:	0.00	
Clerk:	0.00	Recorded
EDP:	2.00	9/11/2008 at 12:03 PM
Total:	32.00	in
		Record Book 869 Pgs 3012-3017

2

SUPPLEMENTAL #1
Record Book
Page 7513
July 27, 2017
4:03 pm

THIS INSTRUMENT PREPARED BY:
BASS, BERRY & SIMS PLC (MDS)
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

Address New Owner(s)	Send Tax Bills To:	Parcel ID Number(s)
Terri L. Weakland 2789 Highway 99 Murfreesboro, TN 37128	Same	Map 114 Parcel 21.00 Rutherford County

TRUSTEE'S QUITCLAIM DEED

FOR AND IN CONSIDERATION OF One Dollar ($1.00) cash in hand paid, the receipt of which is hereby acknowledged, TERRI L. WEAKLAND, as TRUSTEE OF THE HOLDER REVOCABLE LIVING TRUST, as amended and restated September 6, 2008 and not further or otherwise, hereby quitclaims and conveys unto TERRI L. WEAKLAND her heirs and assigns all of her right, title and interest, as Trustee of the Holder Revocable Living Trust, in and to the real property located in the 12th Civil District of Rutherford County, Tennessee, more particularly described as follows:

Tract 8

Located in the 12th Civil District of Rutherford County, Tennessee,. Bound on the north by Salem Pike (aka S.R. 99); on the east and south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at an iron pin set in the south right-of-way of Salem Pike (a.k.a. S.R. 99), and the west right-of-way of Kimbro Road, said pin being the northeast corner of Tract 9; thence with the south right-of-way of Salem Pike (a.k.a. S.R. 99), S-79°34'59"-W, 685.25 feet to an iron pin set for the Point of Beginning, being the northeast corner of this tract; thence leaving the south right-of-way of Salem Pike (a.k.a. S.R. 99) with the west line of Tract 9, S-04°41'47"-E, 333.68 feet to an iron pin set, being the southeast corner of this tract; thence with a north line of Tract 9, S-80°34'45"-W, 281.11 feet to an iron pin set in the east line of Tract 1, being the southwest corner of this tract; thence with the east line of Tract 1, N-11°35'09"-W, 327.20 feet to an iron pin found in the south right-of-way of Salem Pike, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike, N-79°34'59"-E, 321.00 feet to the pin at the Point of Beginning, containing 2.28 acres, more of less.

Being the same property conveyed to the Holder Revocable Living Trust by deed of record recorded in Deed Book 747, Page 3162, Register's Office of Rutherford County, Tennessee.

SUPPLEMENTAL #1
Record Book 1167 Pg 3514
July 27, 2017
4:03 pm

The description herein is the same as that contained in the prior deed.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 9th day of October, 2012.

Terri L. Weakland, as Trustee of the Holder Revocable Living Trust, and not further or otherwise

STATE OF TENNESSEE)
COUNTY OF Davidson)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, Terri L. Weakland, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that she executed the within instrument as the Trustee of the Holder Revocable Living Trust for the purposes therein contained.

WITNESS my hand, at office, this 9th day of October, 2012.

Notary Public

My Commission Expires:
11-03-2015

Heather Dawbarn, Register
Rutherford County Tennessee
Rec #: 714831
Rec'd: 10.00 Instrument #: 1808018
State: 0.00
Clerk: 0.00 Recorded
Other: 2.00 10/22/2012 at 9:00 AM
Total: 12.00 in
Record Book 1167 Pgs 3513-3514

STATE OF TENNESSEE)
COUNTY OF Davidson)

The actual consideration for this transfer is $-0-.

Terri L. Weakland

Subscribed and sworn to before me
this 9th day of October, 2012.

Notary Public

My Commission Expires:

11-03-2015

3

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

Send Tax Statements To:
New Owner
201 E. Main St. Ste. 300
Murfreesboro, TN 37130

Name and Address of New Owner:

Ole South Properties, Inc.
15.92 Acres Saint Andrews Drive
Murfreesboro, TN 37128

This Instrument Prepared By:
JOHN G. MITCHELL, III
Attorney at Law
1535 W. Northfield Blvd., Unit 16
Murfreesboro, TN 37129

From Information Furnished By
The Parties

Map & Parcel:
PART OF: TAX MAP 114 D2117
P/O R0104161

STATE OF TENNESSEE)
)
COUNTY OF RUTHERFORD)

WARRANTY DEED

FOR AND IN CONSIDERATION of the sum of TEN AND NO/100 DOLLARS ($10.00), cash in hand paid, and other good and valuable considerations, the receipt of which is hereby acknowledged, the undersigned, **NEW SALEM STRATEGIC INVESTMENTS, LP,** has this day bargained and sold and does hereby transfer and convey unto **OLE SOUTH PROPERTIES, INC., A TENNESSEE CORPORATION,** his heirs and assigns, forever, that certain parcel of real estate located in Rutherford County, State of Tennessee, within the corporate limits of the City of Murfreesboro, and being described as follows, to-wit:

Located in the 13th Civil District of Rutherford County, Tennessee. Bound on the North by the remaining property of New Salem Strategic Investments, LP(Record Book 869, page 3012) and Holder Revocable Living Trust (Record Book 1167, page 3513); on the east by Saint Andrews Drive; on the south by Belle Haven, Section I (Plat Book 30, page 130); and Lot 1, Belle Haven, Section I (Plat Book 30, page 130); and on the west by L & T Development, Inc. (Record Book 771, page 2842).

Beginning at a nail in the in the center line of Saint Andrews Drive, said nail being the northeast corner of Lot I, Belle Haven, Section I, and the southeast corner of this tract; thence leaving the centerline of Saint Andrews Drive with the north line of Lot 1, Belle Haven, Section I and Lots 12-17, Belle Haven, Section I, respectively, N-79°47'55"-W, 777.49 feet to an iron pin 1.0 feet west of fence line, being the southwest corner of this tract; thence with the east line of L & T Development, Inc., N-05°13'27"-E, 608.97 feet to an iron pin by corner post; thence continuing with the east line of L & T Development, Inc., N-11°35'09"-W, 89.56 feet to a point, being the northwest corner of this tract; thence with the south line of Holder Revocable Living Trust, N-80°34'45"-E, 281.11feet to a point; thence with the east line of Holder Revocable Living Trust N-04°41'47"-W, 99.53 feet to a point; thence with the south line of New Salem Strategic Investments, LP, N-79°27'35"-E, 391.23 feet to a point; thence continuing with New Salem Strategic Investments, LP S-10°38'49"-W, 207.59 feet to a point; thence S-79°44'52"-E, 261.29 feet to a point in the centerline of Saint Andrews Drive, being the northeast corner of this tract; thence with said centerline , S-10°22'05"-W, 110.40 feet to a nail; thence continuing with the centerline of Saint Andrews Drive, S-10°22'05"-W, 294.02 feet to a nail; thence S-10°12'03"-W, 406.74 feet to the nail at the beginning, containing 15.92 acres, more or less.

This tract is subject to a Colonial Pipeline Co. gas line easement, prescriptive Right-of-Way for Saint Andrews Drive, and all other easements and/or restrictions either recorded or by prescription that a complete title search may reveal.

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

Being a portion of the same property conveyed to New Salem Strategic Investments, LP, by deed from Terri L. Weakland, as Successor Trustee of the Holder Revocable Living Trust, dated September 6, 2008, appearing of record in Record Book 869, page 3012, of the Register's Office of Rutherford County, Tennessee.

THIS conveyance is subject to any and all existing easements and/or restrictions of record.

TO HAVE AND TO HOLD said real estate, together with all of the appurtenances, estate and title thereunto belonging unto the said **OLE SOUTH PROPERTIES, INC., A TENNESSEE CORPORATION,** his heirs and assigns, forever.

The undersigned covenants with the said Grantee that it is lawfully seized and possessed of said parcel of real estate, and that it has a good right to convey the same and that it is un-encumbered, except for the lien of the 2014 real property taxes which have been prorated between the parties and are assumed by the Grantee.

The undersigned further covenants and binds itself, its successors and assigns to forever warrant and defend the title to said real estate to the Grantee, his heirs and assigns, against the lawful claims of all persons, whomsoever.

This property is subject to and includes any and all lawful easements, setback lines, restrictions, etc. of record and applying to the within described property and to the zoning regulations of the appropriate governmental body.

IN WITNESS WHEREOF, the undersigned has executed this instrument 7th day of February, 2014.

New Salem Strategic Investments, LP,

BY: _____

Terri L. Weakland-General Partner

STATE OF TENNESSEE)
)
COUNTY OF RUTHERFORD)

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State, the within named **Terri L. Weakland,** with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged herself to be the **General Partner** of **New Salem Strategic Investments, LP,** the bargainor, and that he as such **General Partner,** executed the foregoing instrument **(WARRANTY DEED)** for the purposes therein contained, by signing the name of the corporation by herself as its **General Partner.**

WITNESS MY HAND AND OFFICIAL SEAL in Murfreesboro, Tennessee, this the 7th day of February, 2014.

_____
NOTARY PUBLIC
My Commission Expires: 1/24/17

TAREE L. RUSS
STATE

SUPPLEMENTAL #1

July 27, 2017
4:03 pm

AFFIDAVIT

I hereby swear or affirm that the actual consideration for this transfer or value of the property transferred, whichever is greater, is $580,000.00, which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

Brendita D. Turner
AFFIANT

SWORN to and subscribed before me,
this 7th day of February, 2014.

Tarrie L Russell
NOTARY PUBLIC

My Commission Expires: 1/24/17

TARRIE L RUSSELL
STATE OF TENNESSEE NOTARY PUBLIC
ORD COUNTY

SUPPLEMENTAL #1

July 27, 2017

4:03 pm

4

By graphic plotting only, this property is in Zone(s) "X" of the Flood Insurance Rate Map Community Panel No. 47149C0235H which bears an effective date of January 5, 2007. No field surveying was performed to determine this zone and an elevation certificate may be needed to verify this determination or apply for a variance from the Federal Emergency Management Agency.

Being the property recorded as Record Book 1167 Page 2513 as recorded in the Register's Office, Rutherford County, Tennessee

PROPERTY MAP REFERENCE

This property currently identified as Parcel 21.16 on Tax Map No. 114

NOTES:

1. PROPERTY IS LOCATED WITHIN THE SALEM/BARFIELD ASSESSMENT DISTRICT

2. RELEASE AND COVENANT NOT TO SUE NOTE:
UNDER THE CURRENT ADOPTED PLUMBING CODE, THE CITY OF MURFREESBORO REQUIRES THE MINIMUM FLOOR ELEVATION (MF.E.) TO BE SET AT OF ABOVE THE TOP OF CASTING ELEVATION OF THE NEAREST MANHOLE THAT IS UPSTREAM OF THE SEWER SERVICE CONNECTION. AS AN ALTERNATIVE, THE HOMEOWNER SHALL INSTALL A BACKWATER VALVE PER THE PLUMBING CODE AND EXECUTE AND RECORD A RELEASE OF INDEMNIFICATION AGAINST THE CITY OF MURFREESBORO WITH REGARDS TO THE SANITARY SEWER CONNECTION. THE BUILDER AND/OR HOMEOWNER SHALL BE RESPONSIBLE FOR COMPLIANCE WITH THIS REQUIREMENT.

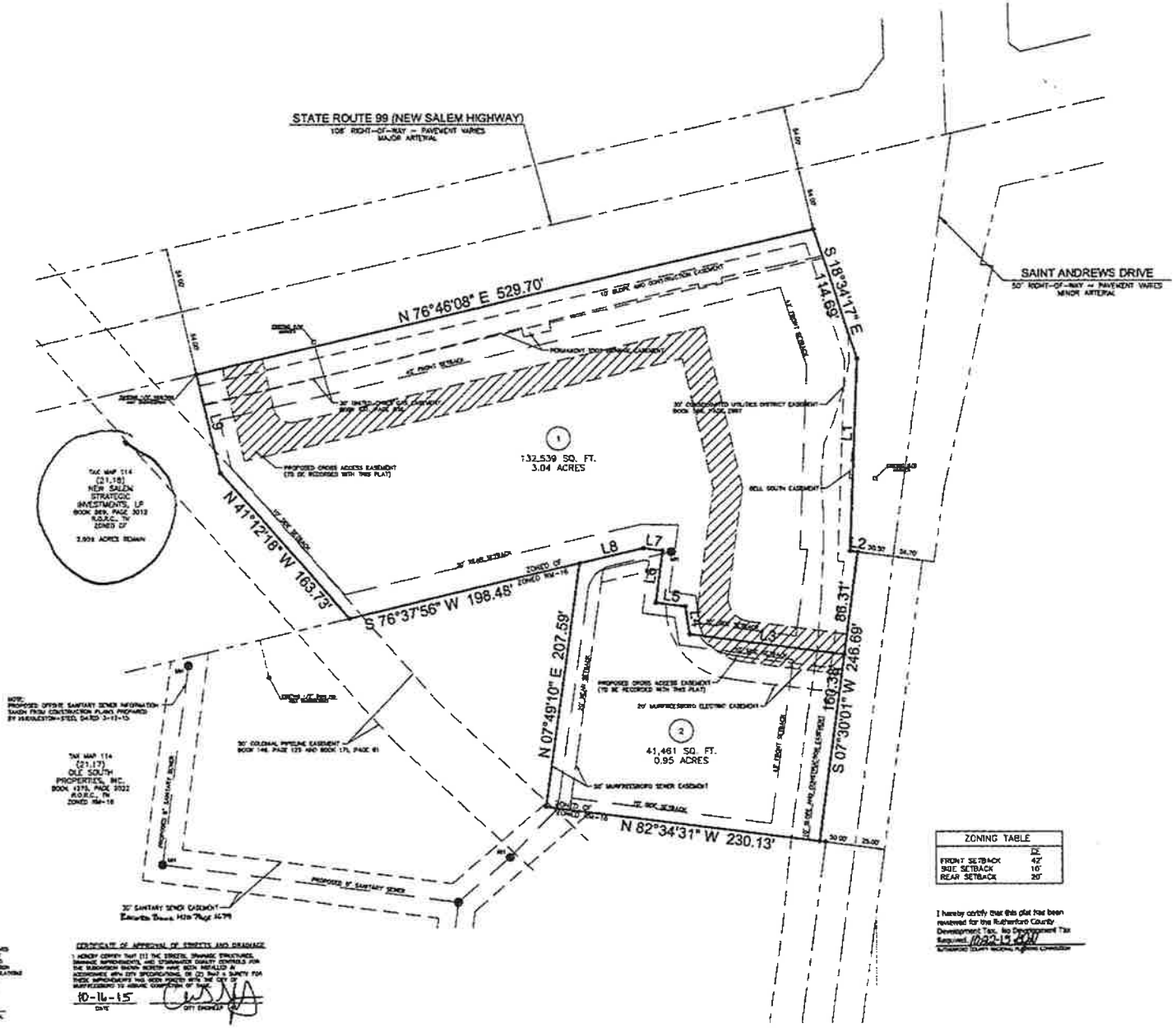
3. ROADWAY IMPROVEMENTS ON STATE ROUTE 99 SHOULD INCLUDE EXTENSION OF CONTINUOUS LANE WILL BE A PART OF FUTURE SITE CONSTRUCTION ON LOT 1.

THE STREET IDENTIFIED ON THE PLAT MAY BE CONSTRUCTED OR RECONSTRUCTED IN THE FUTURE WITHOUT CONSULTATION OR NOTICE TO THE OWNERS OF THE LOTS IN THE SUBDIVISION.

EASEMENTS IN THE SUBDIVISION MAY NOT HAVE INFRASTRUCTURE CONSTRUCTED WITHIN THEM UNTIL SOME FUTURE TIME AND THERE MAY BE NOT NOTICE OR CONSULTATION WITH THE INDIVIDUAL LOT OWNERS OF THIS CONSTRUCTION.

THE STREETS IDENTIFIED ON THE PLAT MAY BE CONSTRUCTED OR RECONSTRUCTED IN THE FUTURE WITHOUT CONSULTATION OR NOTICE TO OWNERS OF THE LOTS IN THE SUBDIVISION.

INGRESS ACCESS EASEMENT SHOWN ON LOT 1 IS FOR THE BENEFIT AND USE OF LOT 2 AND GRANT ACCESS EASEMENT ON LOT 2 IS FOR THE BENEFIT AND USE OF LOT 1.



ZONING TABLE	
	DZ
FRONT SETBACK	42'
SIDE SETBACK	10'
REAR SETBACK	20'

I hereby certify that this plat has been reviewed for the Rutherford County Development Tax. No Development Tax Required. 10-22-15

CERTIFICATE OF APPROVAL FOR ELECTRIC POWER

I HEREBY CERTIFY THAT THE SUBDIVISION SHOWN HEREON HAS BEEN APPROVED BY THE MURFREESBORO ELECTRIC DEPARTMENT (MEAD) FOR ELECTRIC POWER SERVICE, THAT THE SUBDIVISION IS WITHIN THE SERVICE AREA OF MEAD, AND THAT MEAD IS ABLE TO PROVIDE ELECTRIC POWER SERVICE TO THE SUBDIVISION SUBJECT TO THE OWNER COMPLYING WITH THE APPLICABLE RULES AND REGULATIONS OF MEAD. NO ELECTRIC POWER SERVICE WILL BE PROVIDED UNTIL MEAD'S REQUIREMENTS FOR ELECTRIC POWER SERVICE HAVE BEEN MET.

10/12/15 DATE — MURFREESBORO ELECTRIC DEPARTMENT OFFICIAL

CERTIFICATE OF APPROVAL OF STREETS AND DRAINAGE

I HEREBY CERTIFY THAT (1) THE STREETS, DRAINAGE STRUCTURES, DRAINAGE IMPROVEMENTS, AND STORMWATER QUALITY CONTROLS FOR THE SUBDIVISION SHOWN HEREON HAVE BEEN INSTALLED IN ACCORDANCE WITH CITY SPECIFICATIONS, OR (2) THAT A SURETY FOR THOSE IMPROVEMENTS HAS BEEN POSTED WITH THE CITY OF MURFREESBORO IN ADVANCE COMPLETION OF SAME, OR (3) THAT A GUARANTEE SURETY WITH ALL OF MURFREESBORO TO ANNUAL COMPLETION OF THE

10-16-15 DATE — CITY ENGINEER

CERTIFICATE OF OWNERSHIP AND DEDICATION

I (WE) HEREBY CERTIFY THAT I AM (WE ARE) THE OWNER(S) OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT (WE) HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH MY (OUR) FREE CONSENT AND DEDICATE THE MINIMUM BUILDING RESTRICTION LINES AND DEDICATE ALL STREETS, ALLEYS, WALKS, AND UTILITIES THEREON, PARKS AND OTHER OPEN SPACES TO PUBLIC OR PRIVATE USE AS NOTED. (NOTE: THIS DEDICATION SHALL INCLUDE THE DEDICATION AND THOSE NUMBERS OF DRAINS AND SHALL INCLUDE FOR DEDICATING AND PARTICIPATE THE COMPANY NAME AND THE TITLE OF THE PERSON(S) AUTHORIZED TO EXECUTE DEDICATIONS)

Genie Middlebrooks Middlebrooks

CERTIFICATE OF APPROVAL OF WATER SYSTEMS

I HEREBY CERTIFY THAT (1) THE WATER LINES AND APPURTENANCES FOR THE WATER SYSTEM OF THE SUBDIVISION SHOWN HEREON HAVE BEEN INSTALLED IN ACCORDANCE WITH CITY CODES AND SPECIFICATIONS AND THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION, COMMUNITY PUBLIC WATER SYSTEMS DESIGN CRITERIA, REGULATIONS

10/12/15 DATE

CERTIFICATE OF APPROVAL OF SEWER SYSTEMS

I HEREBY CERTIFY THAT (1) THE SEWER LINES AND APPURTENANCES FOR THE SEWER SYSTEM OF THE SUBDIVISION SHOWN HEREON HAVE BEEN INSTALLED IN ACCORDANCE WITH CITY CODES AND SPECIFICATIONS AND THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION, DESIGN CRITERIA FOR SEWAGE WORKS, OR (2) THAT A SURETY FOR THOSE IMPROVEMENTS HAS BEEN POSTED WITH THE CITY OF MURFREESBORO IN ADVANCE COMPLETION OF SAME, OR (3) THAT A GUARANTEE SURETY WITH ALL OF MURFREESBORO TO THE APPROVAL OF THE LOCAL REGULATORY AGENCY.

10/12/15 DATE — MURFREESBORO WATER AND SEWER OFFICE

CERTIFICATE OF APPROVAL FOR RECORDING

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS FOR THE CITY OF MURFREESBORO, TENNESSEE, WITH THE EXCEPTION OF SUCH VARIANCES, IF ANY, AS ARE NOTED IN THE MINUTES OF THE PLANNING COMMISSION AND THAT IT HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE RUTHERFORD COUNTY REGISTER OF DEEDS PROVIDED THAT IT IS SO RECORDED WITHIN ONE YEAR OF THIS DATE.

10/22/2015 DATE

CERTIFICATE OF ACCURACY

I HEREBY CERTIFY THAT THE [illegible] SURVEY AND THE PLAT OF PROPERTY OF THE UNDERSIGNED [illegible] AS SHOWN HEREON, AND ALSO CERTIFY THAT THE MONUMENTS HAVE BEEN OR WILL BE PLACED AS SHOWN HEREON TO THE BEST OF MY KNOWLEDGE.

10/12/15 DATE

Matthew Barnhart, Registered
Rutherford County Tennessee

Date 6:	04/04/15
Area:	10.00
Scale:	1:00
Client:	9:00
Drawn:	9:00
Total:	17.00

Rutherford
11/9/2015 at 7 00 am
in
Plat Cabinet 39 Pgs 10-13

NEW

SUPPLEMENTAL #1

July 27, 2010 Book 869 Pg 3012
4:03 pm

THIS INSTRUMENT PREPARED BY:
BASS, BERRY & SIMS PLC (MDS)
315 Deaderick Street, Suite 2700
Nashville, Tennessee 37238-3001
Doc. 6995076 08/28/08 gh

QUITCLAIM DEED

Address New Owner(s) As Follows:	Send Tax Bills to:	Map Parcel Numbers:
New Salem Strategic Investments, L.P. 2789 Highway 99 Murfreesboro, TN 37128	Same Attn: Terri L. Weakland	Part of Map 114, Parcel 21

FOR AND IN CONSIDERATION OF ONE DOLLAR ($1.00), cash in hand paid, the receipt of which is hereby acknowledged, I, **TERRI L. WEAKLAND, AS SUCCESSOR TRUSTEE OF THE HOLDER REVOCABLE LIVING TRUST** (pursuant to an instrument, a copy of which is attached hereto as Exhibit A), do hereby quitclaim and convey unto **NEW SALEM STRATEGIC INVESTMENTS, L.P.**, a Tennessee limited partnership, its successors and assigns, all of my right, title and interest in and to the property described on Exhibit B hereto.

The legal description is the same as that contained in the prior deed.

Said property is conveyed subject to such limitations, restrictions, and encumbrances as may affect the premises.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 6th day of Sept, 2008.

THE HOLDER REVOCABLE LIVING TRUST

By: Terri L. Weakland
Terri L. Weakland, Trustee

Horace O. Holder, joins in this deed for the purpose of quitclaiming and conveying any and all interest he may have in the above-described real property.

Horace O. Holder
HORACE O. HOLDER, Individually

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

Record Book
869 Pg 3013

STATE OF TENNESSEE)
COUNTY OF Rutherford)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, TERRI L. WEAKLAND, Trustee of The Holder Revocable Living Trust, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that she executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at Murfreesboro Tennessee, this 6th day of September, 2008.

Rugenia Hines
Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

STATE OF TENNESSEE)
COUNTY OF Rutherford)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, Horace O. Holder, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that he executed the within instrument for the purposes therein contained.

WITNESS my hand and official seal at Murfreesboro, Tennessee, this 6th day of September, 2008.

Rugenia Hines
Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

SUPPLEMENTAL #1

July 27, 2017
4:03 pm

Record Book
869 Pg 3014

STATE OF TENNESSEE)
COUNTY OF DAVIDSON)

The actual consideration for this transfer is $0.

Terri L. Weakland

TERRI L. WEAKLAND, Trustee of
The Holder Revocable Living Trust

Subscribed and sworn to before me this 6th day of September, 2008.

Rugenia Hines

Notary Public

My Commission Expires:
11-07-2011

RUGENIA HINES
STATE OF TENNESSEE NOTARY PUBLIC
Comm. Exp. Nov. 7, 2011
DAVIDSON COUNTY

SUPPLEMENTAL #1

June 27, 2011 Book 869 Pg 3015
4:03 pm

EXHIBIT A

RESIGNATION AS TRUSTEE

I, Horace O. Holder of Murfreesboro, Tennessee, am serving as Trustee of the Holder Revocable Living Trust, dated May 25, 2007.

I hereby voluntarily resign from the role of Trustee of the above referenced trust, and, pursuant to the terms of Paragraph 4.1, First Successor Trustee, of the Holder Revocable Trust Agreement, I hereby consent to the appointment of Terri L. Weakland as Successor Trustee.

Horace O Holder
Horace O. Holder

STATE OF TENNESSEE
COUNTY OF RUTHERFORD

Sworn to and subscribed before me this 25 day of June, 2008.

Cathy Parker
Notary Public

CATHY PARKER
STATE OF TENNESSEE NOTARY PUBLIC
WILSON COUNTY

My commission expires: 9-8-09

ICS Law Group
370 Mallory Station Road, Suite 512
Franklin, TN 37067
(615) 224-1290

EXHIBIT B

Located in the 12th Civil District of Rutherford County, Tennessee. Bound on the north by Salem Pike (aka S.R. 99); on the east by Kimbro Road; on the south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at a point at the intersection of the centerline of Salem Pike and the centerline of Kimbro Road; thence leaving Salem Pike and with the centerline of Kimbro Road S-10°22'05"-W, 299'± to a nail for the Point of Beginning, being on the east line of this tract; thence with the centerline of Kimbro Road S-10°22'05"-W, 713.08 feet to a nail; thence continuing with the centerline of Kimbro Road S-10°12'05"-W, 406.75 feet to a nail, being the northeast corner of Tract 9 and the southeast corner of this tract; thence leaving Kimbro Road N-79°47'55"-W, through and iron pin set 30 feet off the centerline of the road and continuing for a total distance of 777.49 feet to an iron pin set 1.0 feet west of fence line, being the northwest corner of Tract 9 and the southwest corner of this tract; thence with the east fence line of Tract 1 N-05°13'27"-E, 608.97 feet to an iron pin found by corner post; thence continuing with the east line of Tract 1 N-11 °35'09"-W, 416.76 feet to an iron pin found, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike N-79°34'59"-E, 1006.25 feet to an iron pin set, being the northeast corner of this tract; thence with the west right-of-way of Kimbro Road S-04°45'11"-W, 229.10 feet to a concrete monument found; thence S-79°32'30"-E, 23.54 feet to the nail at the point of beginning, containing 23.29 acres, More or less.

Being the same property conveyed to Horace O. Holder, Trustee of The Holder Revocable Living Trust by quitclaim deed of record in Record Book 747, page 3164, Register's Office for Rutherford County, Tennessee.

The foregoing described real property includes, but the conveyance evidenced hereby specifically excludes the following described real property

LESS AND EXCEPT:

Tract 8

Located in the 12th Civil District of Rutherford County, Tennessee. Bound on the north by Salem Pike (aka S.R. 99); on the east and south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at an iron pin set in the south right-of-way of Salem Pike (a.k.a. S.R. 99), and the west right-of-way of Kimbro Road, said pin being the northeast corner of Tract 9; thence with the south right-of-way of Salem Pike (a.k.a. S.R. 99), S-79°34'59"-W, 685.25 feet to an iron pin set for the Point of Beginning, being the northeast corner of this tract; thence leaving the south right-of-way of Salem Pike (a.k.a. S.R. 99) with the west line of Tract 9, S-04°41'47"-E, 333.68

feet to an iron pin set, being the southeast corner of this tract; thence with a north line of Tract 9, S-80°34'45"-W; 281.11 feet to an iron pin set in the east line of Tract 1, being the southwest corner of this tract; thence with the east line of Tract 1, N-11°35'09"-W, 327.20 feet to an iron pin found in the south right-of-way of Salem Pike, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike, N-79°34'59"-E, 321.00 feet to the pin at the Point of Beginning, containing 2.28 acres, more or less.

Being the same property conveyed to Horace O. Holder, Trustee of The Holder Revocable Living Trust by quitclaim deed of record in Record Book 747, page 3162, Register's Office for Rutherford County, Tennessee.

6995076.1

Jennifer M Gerhart, Register
Rutherford County Tennessee

Rec #:	568768	
Rec'd:	30.00	Instrument #: 1584224
State:	0.00	
Clerk:	0.00	Recorded
EDP:	2.00	9/11/2008 at 12:03 PM
Total:	32.00	in
		Record Book 869 Pgs 3012-3017

SUPPLEMENTAL #1
Record Book
1467 Pg 3513
July 27, 2017
4:03 pm

THIS INSTRUMENT PREPARED BY:
BASS, BERRY & SIMS PLC (MDS)
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

Address New Owner(s)	Send Tax Bills To:	Parcel ID Number(s)
Terri L. Weakland 2789 Highway 99 Murfreesboro, TN 37128	Same	Map 114 Parcel 21.00 Rutherford County

TRUSTEE'S QUITCLAIM DEED

FOR AND IN CONSIDERATION OF One Dollar ($1.00) cash in hand paid, the receipt of which is hereby acknowledged, TERRI L. WEAKLAND, as TRUSTEE OF THE HOLDER REVOCABLE LIVING TRUST, as amended and restated September 6, 2008 and not further or otherwise, hereby quitclaims and conveys unto TERRI L. WEAKLAND her heirs and assigns all of her right, title and interest, as Trustee of the Holder Revocable Living Trust, in and to the real property located in the 12th Civil District of Rutherford County, Tennessee, more particularly described as follows:

Tract 8

Located in the 12th Civil District of Rutherford County, Tennessee,. Bound on the north by Salem Pike (aka S.R. 99); on the east and south by Tract 9 of this survey; and on the west by Tract 1 of this survey.

Commencing at an iron pin set in the south right-of-way of Salem Pike (a.k.a. S.R. 99), and the west right-of-way of Kimbro Road, said pin being the northeast corner of Tract 9; thence with the south right-of-way of Salem Pike (a.k.a. S.R. 99), S-79°34'59"-W, 685.25 feet to an iron pin set for the Point of Beginning, being the northeast corner of this tract; thence leaving the south right-of-way of Salem Pike (a.k.a. S.R. 99) with the west line of Tract 9, S-04°41'47"-E, 333.68 feet to an iron pin set, being the southeast corner of this tract; thence with a north line of Tract 9, S-80°34'45"-W, 281.11 feet to an iron pin set in the east line of Tract 1, being the southwest corner of this tract; thence with the east line of Tract 1, N-11°35'09"-W, 327.20 feet to an iron pin found in the south right-of-way of Salem Pike, being the northeast corner of Tract 1 and the northwest corner of this tract; thence with the south right-of-way of Salem Pike, N-79°34'59"-E, 321.00 feet to the pin at the Point of Beginning, containing 2.28 acres, more of less.

Being the same property conveyed to the Holder Revocable Living Trust by deed of record recorded in Deed Book 747, Page 3162, Register's Office of Rutherford County, Tennessee.

SUPPLEMENTAL #1
Record Book
1167 Pg 3514
July 27, 2017
4:03 pm

The description herein is the same as that contained in the prior deed.

IN WITNESS WHEREOF, the undersigned has executed this instrument on this 9th day of October, 2012.

Terri L. Weakland, as Trustee of the Holder Revocable Living Trust, and not further or otherwise

STATE OF TENNESSEE)
COUNTY OF Davidson)

Personally appeared before me, the undersigned, a Notary Public in and for the State and County aforesaid, Terri L. Weakland, the within named bargainor, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledged that she executed the within instrument as the Trustee of the Holder Revocable Living Trust for the purposes therein contained.

WITNESS my hand, at office, this 9th day of October, 2012.

Notary Public

My Commission Expires:
11-03-2015

Heather Dawkarn, Register
Rutherford County Tennessee
Rec #: 714831
Rec'd: 10.00 Instrument #: 1808018
State: 0.00
Clerk: 0.00 Recorded
Other: 2.00 10/22/2012 at 9:00 AM
Total: 12.00 in
Record Book 1167 Pgs 3513-3514

STATE OF TENNESSEE)
COUNTY OF Davidson)

The actual consideration for this transfer is $-0-.

Terri L. Weakland

Subscribed and sworn to before me
this 9th day of October, 2012.

Notary Public

My Commission Expires:

11-03-2015

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

Send Tax Statements To:
New Owner
201 E. Main St, Ste. 300
Murfreesboro, TN 37130

Name and Address of New Owner:

Ole South Properties, Inc.
15.92 Acres Saint Andrews Drive
Murfreesboro, TN 37128

This Instrument Prepared By:
JOHN G. MITCHELL, III
Attorney at Law
1535 W. Northfield Blvd., Unit 16
Murfreesboro, TN 37129

From Information Furnished By
The Parties

Map & Parcel:
PART OF: TAX MAP 114 02.117
P/O R0104161

STATE OF TENNESSEE)
)
COUNTY OF RUTHERFORD)

WARRANTY DEED

FOR AND IN CONSIDERATION of the sum of TEN AND NO/100 DOLLARS ($10.00), cash in hand paid, and other good and valuable considerations, the receipt of which is hereby acknowledged, the undersigned, **NEW SALEM STRATEGIC INVESTMENTS, LP,** has this day bargained and sold and does hereby transfer and convey unto **OLE SOUTH PROPERTIES, INC., A TENNESSEE CORPORATION,** his heirs and assigns, forever, that certain parcel of real estate located in Rutherford County, State of Tennessee, within the corporate limits of the City of Murfreesboro, and being described as follows, to-wit:

Located in the 13th Civil District of Rutherford County, Tennessee. Bound on the North by the remaining property of New Salem Strategic Investments, LP(Record Book 869, page 3012) and Holder Revocable Living Trust (Record Book 1167, page 3513); on the east by Saint Andrews Drive; on the south by Belle Haven, Section I (Plat Book 30, page 130); and Lot 1, Belle Haven, Section I (Plat Book 30, page 130); and on the west by L & T Development, Inc. (Record Book 771, page 2842).

Beginning at a nail in the in the center line of Saint Andrews Drive, said nail being the northeast corner of Lot I, Belle Haven, Section I, and the southeast corner of this tract; thence leaving the centerline of Saint Andrews Drive with the north line of Lot 1, Belle Haven, Section I and Lots 12-17, Belle Haven, Section I, respectively, N-79°47'55"-W, 777.49 feet to an iron pin 1.0 feet west of fence line, being the southwest corner of this tract; thence with the east line of L & T Development, Inc., N-05°13'27"-E, 608.97 feet to an iron pin by corner post; thence continuing with the east line of L & T Development, Inc., N-11°35'09"-W, 89.56 feet to a point, being the northwest corner of this tract; thence with the south line of Holder Revocable Living Trust, N-80°34'45"-E, 281.11feet to a point; thence with the east line of Holder Revocable Living Trust N-04°41'47"-W, 99.53 feet to a point; thence with the south line of New Salem Strategic Investments, LP, N-79°27'35"-E, 391.23 feet to a point; thence continuing with New Salem Strategic Investments, LP S-10°38'49"-W, 207.59 feet to a point; thence S-79°44'52"-E, 261.29 feet to a point in the centerline of Saint Andrews Drive, being the northeast corner of this tract; thence with said centerline , S-10°22'05"-W, 110.40 feet to a nail; thence continuing with the centerline of Saint Andrews Drive, S-10°22'05"-W, 294.02 feet to a nail; thence S-10°12'03"-W, 406.74 feet to the nail at the beginning, containing 15.92 acres, more or less.

This tract is subject to a Colonial Pipeline Co. gas line easement, prescriptive Right-of-Way for Saint Andrews Drive, and all other easements and/or restrictions either recorded or by prescription that a complete title search may reveal.

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

Being a portion of the same property conveyed to New Salem Strategic Investments, LP, by deed from Terri L. Weakland, as Successor Trustee of the Holder Revocable Living Trust, dated September 6, 2008, appearing of record in Record Book 869, page 3012, of the Register's Office of Rutherford County, Tennessee.

THIS conveyance is subject to any and all existing easements and/or restrictions of record.

TO HAVE AND TO HOLD said real estate, together with all of the appurtenances, estate and title thereunto belonging unto the said **OLE SOUTH PROPERTIES, INC., A TENNESSEE CORPORATION,** his heirs and assigns, forever.

The undersigned covenants with the said Grantee that it is lawfully seized and possessed of said parcel of real estate, and that it has a good right to convey the same and that it is un-encumbered, except for the lien of the 2014 real property taxes which have been prorated between the parties and are assumed by the Grantee.

The undersigned further covenants and binds itself, its successors and assigns to forever warrant and defend the title to said real estate to the Grantee, his heirs and assigns, against the lawful claims of all persons, whomsoever.

This property is subject to and includes any and all lawful easements, setback lines, restrictions, etc. of record and applying to the within described property and to the zoning regulations of the appropriate governmental body.

IN WITNESS WHEREOF, the undersigned has executed this instrument 7th day of February, 2014.

New Salem Strategic Investments, LP,

BY: _____

Terri L. Weakland-General Partner

STATE OF TENNESSEE)
)
COUNTY OF RUTHERFORD)

Personally appeared before me, the undersigned authority, a Notary Public in and for said County and State, the within named **Terri L. Weakland,** with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged herself to be the **General Partner** of **New Salem Strategic Investments, LP,** the bargainor, and that he as such **General Partner,** executed the foregoing instrument **(WARRANTY DEED)** for the purposes therein contained, by signing the name of the corporation by herself as its **General Partner.**

WITNESS MY HAND AND OFFICIAL SEAL in Murfreesboro, Tennessee, this the 7th day of February, 2014.

_____
NOTARY PUBLIC
My Commission Expires: 1/24/17

TAREE L RUSS
STATE

SUPPLEMENTAL #1

July 27, 2017
4:03 pm

AFFIDAVIT

I hereby swear or affirm that the actual consideration for this transfer or value of the property transferred, whichever is greater, is $580,000.00, which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

Brandie D. Turner
AFFIANT

SWORN to and subscribed before me,
this 7th day of February, 2014.

Tareé L. Russell
NOTARY PUBLIC

My Commission Expires: 1/24/17

TAREE L RUSSELL
STATE OF TENNESSEE NOTARY PUBLIC
RD COUNTY

SUPPLEMENTAL #1

July 27, 2017

403

By graphic plotting only, this property is in Zone(s) "X" of the Flood Insurance Rate Map Community Panel No. 47188C0208H which bears an effective date of January 5, 2010. No field surveying was performed to determine this zone and an elevation certificate may be needed to verify this determination or apply for a variance from the Federal Emergency Management Agency.

Being the property recorded as Record Book 1167 Page 2813 as recorded in the Register's Office, Rutherford County, Tennessee

PROPERTY MAP REFERENCE

This property currently identified as Parcel 21.18 on Tax Map No. 114

NOTES:

1. PROPERTY IS LOCATED WITHIN THE SALEM/BARFIELD ASSESSMENT DISTRICT

2. PLEASE BID CONSIDER NOT TO SUE NOTE:
UNDER THE CURRENT ADOPTED PLUMBING CODE, THE CITY OF MURFREESBORO REQUIRES THE MINIMUM FLOOR ELEVATION (MFFE) TO BE SET AT OR ABOVE THE TOP OF CASTING ELEVATION OF THE NEAREST MANHOLE THAT IS UPSTREAM OF THE SEWER SERVICE CONNECTION. AS AN ALTERNATIVE, THE HOMEOWNER SHALL INSTALL A BACKWATER VALVE PER THE PLUMBING CODE AND EXECUTE AND RECORD A RELEASE OF INDEMNIFICATION AGAINST THE CITY OF MURFREESBORO WITH REGARDS TO THE SANITARY SEWER CONNECTION. THE BUILDER AND/OR HOMEOWNER SHALL BE RESPONSIBLE FOR COMPLIANCE WITH THIS REQUIREMENT.

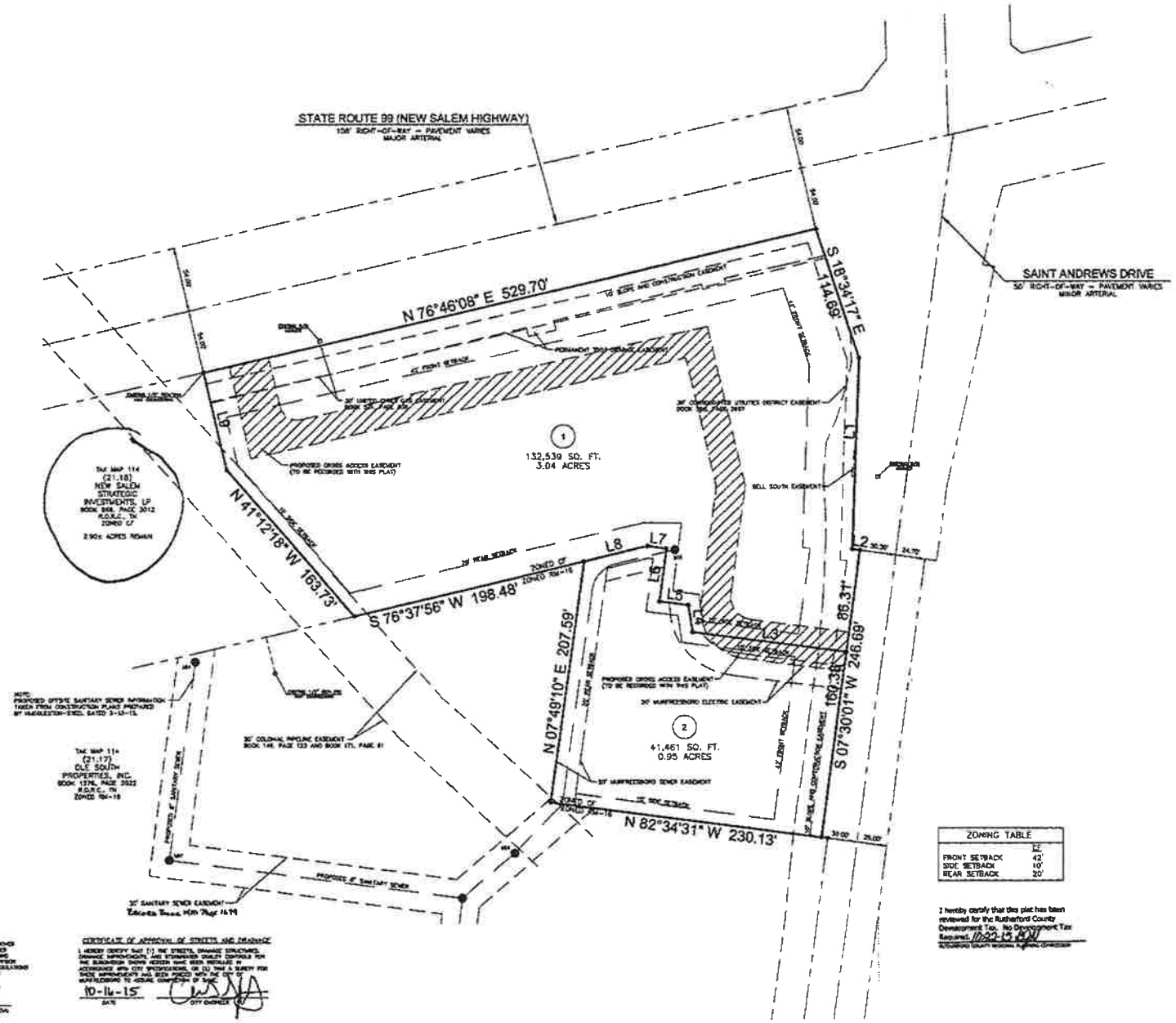
3. ROADWAY IMPROVEMENTS ON STATE ROUTE 99 SHOULD INCLUDE EXTENSION OF CONTINUOUS LANE WILL BE A PART OF FUTURE SITE CONSTRUCTION ON LOT 1.

THE STREET SHOWN ON THE PLAT MAY BE CONSTRUCTED OR RECONSTRUCTED AT SOME FUTURE WITHOUT CONSULTATION OR NOTICE TO THE OWNERS OF THE LOTS IN THE SUBDIVISION.

AMENDMENTS IN THE SUBDIVISION MAY ADD NEW INFRASTRUCTURE CONSTRUCTED WITHIN THE UNITS, SOME FUTURE TIME AND THERE MAY BE NOT NOTICE OF CONSTRUCTION TO THE INDIVIDUAL LOT OWNERS OF THIS CONSTRUCTION.

THE STREETS SHOWN ON THE PLAT MAY BE CONSTRUCTED OR RECONSTRUCTED IN THE FUTURE WITHOUT CONSULTATION OR NOTICE TO OWNERS OF THE LOTS IN THE SUBDIVISION.

CROSS ACCESS EASEMENT SHOWN ON LOT 1 IS FOR THE BENEFIT AND USE OF LOT 2 AND CROSS ACCESS EASEMENT ON LOT 2 IS FOR THE BENEFIT AND USE OF LOT 1.



ZONING TABLE	
	EZ
FRONT SETBACK	42'
SIDE SETBACK	10'
REAR SETBACK	20'

I hereby certify that this plat has been reviewed for the Rutherford County Development Tax. No Development Tax Required. 10-22-15

CERTIFICATE OF APPROVAL FOR ELECTRIC POWER

I HEREBY CERTIFY THAT THE SUBDIVISION SHOWN HEREON HAS BEEN APPROVED BY THE MURFREESBORO ELECTRIC DEPARTMENT (MLEA) FOR ELECTRIC POWER SERVICE, THAT THE SUBDIVISION IS WITHIN THE SERVICE AREA OF MLEA, AND THAT MLEA IS ABLE TO PROVIDE ELECTRIC POWER SERVICE TO THE SUBDIVISION SUBJECT TO THE OWNER COMPLYING WITH THE APPLICABLE RULES AND REGULATIONS OF MLEA. AND ELECTRIC POWER SERVICE WILL BE PROVIDED UNDER MLEA'S REQUIREMENTS FOR ELECTRIC POWER SERVICE THAT MEET.

10/12/15 DATE — MURFREESBORO ELECTRIC DEPARTMENT APPROVAL

CERTIFICATE OF APPROVAL OF STREETS AND DRAINAGE

I HEREBY CERTIFY THAT (1) THE STREETS, DRAINAGE STRUCTURES, DRAINAGE IMPROVEMENTS, AND STORMWATER QUALITY CONTROLS FOR THE SUBDIVISION SHOWN HEREON HAVE BEEN INSTALLED IN ACCORDANCE WITH CITY SPECIFICATIONS, OR (2) THAT A SURETY FOR THESE IMPROVEMENTS HAS BEEN POSTED WITH THE CITY OF MURFREESBORO TO ENSURE COMPLETION OF SAME; OR (3) THAT A DEFERRAL SCHEME PETITION HAS BE PERMITTED PURSUANT TO THE DIRECTION OF THE LOCAL HEALTH AUTHORITY.

10-16-15 DATE — CITY ENGINEER

CERTIFICATE OF OWNERSHIP AND DEDICATION

I (WE) HEREBY CERTIFY THAT I AM (WE ARE) THE OWNER(S) OF THE PROPERTY SHOWN AND DESCRIBED HEREON AND THAT (WE) HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH MY (OUR) FREE CONSENT AND ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES, AND DEDICATE ALL STREETS, ALLEYS, WALKS, AND UTILITIES THEREON, PARKS AND OPEN SPACES TO PUBLIC USE FOREVER. I (WE) FURTHER CERTIFY THAT I (WE) HAVE THE FEE SIMPLE TITLE TO THE LAND SHOWN AND THAT I (WE) HAVE THE RIGHT TO DEDICATE THE SAME FOR PUBLIC USE AND THAT I (WE) AM (ARE) AUTHORIZED TO DEDICATE THE STREETS OF THE INDIVIDUALS AUTHORIZED TO DEDICATE PROPERTY.

10/12/15

CERTIFICATE OF APPROVAL OF WATER SYSTEMS

I HEREBY CERTIFY THAT (1) THE WATER LINES AND APPURTENANCES FOR THE WATER SYSTEM OF THE SUBDIVISION SHOWN HEREON HAVE BEEN INSTALLED IN ACCORDANCE WITH CITY CODES AND SPECIFICATIONS AND THE AND THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION, DESIGN CRITERIA FOR SEWERS, SEWERS; OR (2) THAT A SURETY FOR THESE IMPROVEMENTS HAS BEEN POSTED WITH THE CITY OF MURFREESBORO TO ENSURE COMPLETION OF SAME; OR (3) THAT A DEFERRAL SCHEME PETITION HAS BE PERMITTED PURSUANT TO THE DIRECTION OF THE LOCAL HEALTH AUTHORITY.

10/12/15 — MURFREESBORO WATER AND SEWER DIVISION

CERTIFICATE OF APPROVAL OF SEWER SYSTEMS

I HEREBY CERTIFY THAT (1) THE SEWER LINES AND APPURTENANCES FOR THE SEWER SYSTEM OF THE SUBDIVISION SHOWN HEREON HAVE BEEN INSTALLED IN ACCORDANCE WITH CITY CODES AND SPECIFICATIONS AND THE AND THE TENNESSEE DEPARTMENT OF ENVIRONMENT AND CONSERVATION, DESIGN CRITERIA FOR SEWERS, SEWERS; OR (2) THAT A SURETY FOR THESE IMPROVEMENTS HAS BEEN POSTED WITH THE CITY OF MURFREESBORO TO ENSURE COMPLETION OF SAME; OR (3) THAT A DEFERRAL SCHEME PETITION HAS BE PERMITTED PURSUANT TO THE DIRECTION OF THE LOCAL HEALTH AUTHORITY.

10/12/15 — MURFREESBORO WATER AND SEWER DIVISION

CERTIFICATE OF APPROVAL FOR RECORDING

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS FOR THE CITY OF MURFREESBORO, TENNESSEE, WITH THE EXCEPTION OF SUCH VARIANCES, IF ANY, AS ARE NOTED IN THE MINUTES OF THE PLANNING COMMISSION AND THAT IT HAS BEEN APPROVED FOR RECORDING IN THE OFFICE OF THE RUTHERFORD COUNTY REGISTER OF DEEDS PROVIDED THAT IT IS SO RECORDED WITHIN ONE YEAR OF THIS DATE.

10/22/2015

CERTIFICATE OF ACCURACY

I HEREBY CERTIFY THAT THIS IS A PLAT OF SURVEY AND THE MONUMENTS OF PERMANENCE AS INDICATED HEREON HAVE BEEN PLACED AS SHOWN HEREON. ALSO CERTIFY THAT THE MONUMENTS OF PERMANENCE WILL BE PLACED AS SHOWN HEREON TO THE BEST OF MY KNOWLEDGE.

10/12/15

Rutherford County, Registry
Rutherford County Tennessee
Rec #: 0 00 00
Rec'd: 15 00 Instrument #: 1598934
Scan: 0 00
Clerk: 0 00 Recorded
Copy: 3 00 11/9/2015 at 9:05 AM
Total: 17 00 in
Book Cabinet 38 Pgs 43-45

) "X" of the Flood Insurance Rate Map
; an effective date of January 5, 2007.
is zone and an elevation certificate may
· a variance from the Federal Emergency

DEED REFERENCE

Being the property recorded as Record Book 1167 Page 3513 as recorc
Register's Office, Rutherford County, Tennessee.

PROPERTY MAP REFERENCE

This property currently identified as Parcel 21.18 on Tax Map No. 114.

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

Attachment 3

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

July 25, 2017

Saint Thomas Surgery Center – New Salem, LLC
2779 New Salem Highway
Murfreesboro, TN 37128
Attn: Tenant

Re: Proposed terms regarding approximately 14,500 rentable square foot Ambulatory Surgery Center ("ASC") to be constructed at 2779 New Salem Highway in Murfreesboro, Tennessee ("***Building***")

Dear Tenant,

The following Letter of Intent outlines terms and conditions upon which Landlord (defined below) proposes to cause the development of, own, and lease the Building to Tenant (defined below) pursuant to a lease agreement (the "***Lease***"). Other than as provided in Section 18, the parties mutually intend that neither shall have any binding contractual obligations to the other with respect to the matters referenced herein unless or until a formal written lease has been fully executed and delivered by the parties.

1. Building: A Medical Office Building containing approximately 29,000 rentable square feet of space, to be constructed at 2779 New Salem Highway in Murfreesboro, Tennessee

2. Landlord: Tennessee Healthcare Holdings II, LLC

3. Tenant: Saint Thomas Surgery Center – New Salem, LLC

4. Premises: Approximately 14,500 RSF Ambulatory Surgery Center

5. Design and Construction: Landlord and Tenant will collaborate to engage an architect, which will be subject to Tenant's approval, to design the Premises. Plans and specifications for the Premises will be developed in collaboration and mutually approved by Landlord and Tenant on a progress basis (conceptual plans, schematic plans, design development plans and construction drawings and specifications, with each set being a logical progression of the previously approved plans). Tenant will engage a general contractor, subject to Landlord's approval, to construct the Premises in accordance with the approved plans.

6. Term & Estimated Commencement Date:	12-15 year initial term, commencing on the date that is the earlier of (i) 30 days post receipt of Certificate of Occupancy for Premises or (ii) first surgical case performed in Premises
7. Base Rent:	$23.50/RSF with tenant improvements allowance of $50 per square foot. Base rent will escalate 2.5% per year.
8. Operating Expenses:	Tenant shall be responsible for its pro rata share of all operating expenses, ground lease payments, real estate taxes, personal property taxes, and insurance premiums associated with the Building. Operating Expenses will not include correction of design or construction defects, environmental remediation of pre-existing conditions, or any costs included in Development Cost.
9. Option to Renew:	Provided Tenant is not in default under the Lease, Tenant shall have the option to renew the lease for four additional five-year terms all upon the same terms and conditions set forth herein. Base Rent during such renewal periods shall be fair market value, with an arbitration mechanism included to resolve disputes regarding such rate.
9. Permitted Use:	The Premises shall be used for an Ambulatory Surgery Center
10. Security Deposit:	Security deposit shall be as mutually agreed.
11. Signage:	To be mutually agreed upon by Landlord and Tenant, subject to applicable laws and ordinances, restrictive covenants, and Ground Lease
12. Brokers:	No commissions shall be payable in connection with the lease. Neither party is represented by a broker in connection with this lease transaction.
13. Parking:	Parking will be provided per code requirements, in either surface parking, a structured garage, or a combination (as may be necessary based upon the final site plan).
14. Disclaimer:	The terms as outlined herein are not all-inclusive, but comprise a summary of the general business terms upon which Landlord and Tenant would consider entering into a lease agreement with respect to the Building.

16. Exclusivity: In consideration of the significant expenditure of time and resources that Landlord will devote to furthering the development planning and Lease negotiation, Tenant agrees to exclusively deal with Landlord with respect to its potential surgical facility, for a period of 180 days following the date of this Letter of Intent (*i.e.*, Tenant agrees to not solicit, consider, or discuss terms of a possible alternate site or transaction for this facility). Tenant agrees to work in good faith with Landlord during such 180-day period to develop the potential Lease.

17. Confidentiality: This Letter of Intent, and all information provided by either party to the other in connection herewith, is confidential and proprietary information. Landlord and Tenant shall not disclose any information provided by the other to any other person or entity without the prior written approval of Landlord or Tenant, as applicable, except that both Landlord and Tenant may disclose information to their respective agents, employees, attorneys, accountants, architects, engineers and other consultants, and may also disclose information to the extent required by applicable law.

18. Binding/Non-Binding: This Letter of Intent is only intended to set forth general understandings and agreements of the parties and to provide the basis for negotiating the Lease. Except for Paragraphs 16 and 17 above, this Letter of Intent is not a binding commitment or agreement between the parties to develop or lease the referenced facility until the Lease, which must be in form and content satisfactory to each party and its counsel, has been executed by the parties. If the parties fail to enter into the Lease on or before 180 days from acceptance of this Letter of Intent, this Letter of Intent shall be of no further force or effect except with respect to agreements concerning confidentiality set forth in Paragraph 17 above.

[Signatures appear on the following page]

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

Agreed and Accepted this the 25th day of July, 2017.

Tenant:

_____

By: _____
Name: _____
Title: _____

Landlord:

Tennessee Healthcare Holdings II, LLC

By: [signature]
Name: Kenneth R. Birdsong
Title: Manager

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

Attachment 4

SUPPLEMENTAL #1
July 27, 2017
4:03 pm

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The operating results data presented above is not necessarily indicative of our future results of operations. Reasons for this include, but are not limited to: overall revenue and cost trends, particularly the timing and magnitude of price changes; fluctuations in contractual allowances and cost report settlements and valuation allowances; managed care contract negotiations, settlements or terminations and payer consolidations; changes in Medicare and Medicaid regulations; Medicaid and other supplemental funding levels set by the states in which we operate; the timing of approval by the Centers for Medicare and Medicaid Services ("CMS") of Medicaid provider fee revenue programs; trends in patient accounts receivable collectability and associated provisions for doubtful accounts; fluctuations in interest rates; levels of malpractice insurance expense and settlement trends; the timing of when we meet the criteria to recognize electronic health record incentives; impairment of long-lived assets and goodwill; restructuring charges; losses, costs and insurance recoveries related to natural disasters and other weather-related occurrences; litigation and investigation costs; acquisitions and dispositions of facilities and other assets; gains (losses) on sales, consolidation and deconsolidation of facilities; income tax rates and deferred tax asset valuation allowance activity; changes in estimates of accruals for annual incentive compensation; the timing and amounts of stock option and restricted stock unit grants to employees and directors; gains or losses from early extinguishment of debt; and changes in occupancy levels and patient volumes. Factors that affect patient volumes and, thereby, the results of operations at our hospitals and related healthcare facilities include, but are not limited to: the business environment, economic conditions and demographics of local communities in which we operate; the number of uninsured and underinsured individuals in local communities treated at our hospitals; seasonal cycles of illness; climate and weather conditions; physician recruitment, retention and attrition; advances in technology and treatments that reduce length of stay; local healthcare competitors; managed care contract negotiations or terminations; the number of patients with high-deductible health insurance plans; any unfavorable publicity about us, or our joint venture partners, that impacts our relationships with physicians and patients; changes in healthcare regulations and the participation of individual states in federal programs; and the timing of elective procedures.

BALANCE SHEET DATA

	December 31,				
	2016	2015	2014	2013	2012
	(In Millions)				
Working capital (current assets minus current liabilities)	$ 1,223	$ 863	$ 393	$ 599	$ 918
Total assets	24,701	23,682	17,951	16,450	9,044
Long-term debt, net of current portion	15,064	14,383	11,505	10,696	5,158
Redeemable noncontrolling interests in equity of consolidated subsidiaries	2,393	2,266	401	340	16
Noncontrolling interests	665	267	134	123	75
Total equity	1,082	958	785	878	1,218

CASH FLOW DATA

	Years Ended December 31,				
	2016	2015	2014	2013	2012
	(In Millions)				
Net cash provided by operating activities	$ 558	$ 1,026	$ 687	$ 589	$ 593
Net cash used in investing activities	(430)	(1,317)	(1,322)	(2,164)	(662)
Net cash provided by financing activities	232	454	715	1,324	320

Source: TENET HEALTHCARE CORP, 10-K, February 27, 2017 Powered by Morningstar® Document Research℠
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CONSOLIDATED BALANCE SHEETS
Dollars in Millions

	December 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 716	$ 356
Accounts receivable, less allowance for doubtful accounts ($1,031 at December 31, 2016 and $887 at December 31, 2015)	2,897	2,704
Inventories of supplies, at cost	326	309
Income tax receivable	4	7
Assets held for sale	29	550
Other current assets	1,285	1,245
Total current assets	**5,257**	**5,171**
Investments and other assets	1,250	1,175
Deferred income taxes	871	776
Property and equipment, at cost, less accumulated depreciation and amortization ($4,974 at December 31, 2016 and $4,323 at December 31, 2015)	8,053	7,915
Goodwill	7,425	6,970
Other intangible assets, at cost, less accumulated amortization ($772 at December 31, 2016 and $659 at December 31, 2015)	1,845	1,675
Total assets	**$ 24,701**	**$ 23,682**
LIABILITIES AND EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 191	$ 127
Accounts payable	1,329	1,380
Accrued compensation and benefits	872	880
Professional and general liability reserves	181	177
Accrued interest payable	210	205
Liabilities held for sale	9	101
Accrued legal settlement costs	8	294
Other current liabilities	1,234	1,144
Total current liabilities	**4,034**	**4,308**
Long-term debt, net of current portion	15,064	14,383
Professional and general liability reserves	613	578
Defined benefit plan obligations	626	595
Deferred income taxes	279	37
Other long-term liabilities	610	557
Total liabilities	**21,226**	**20,458**
Commitments and contingencies		
Redeemable noncontrolling interests in equity of consolidated subsidiaries	2,393	2,266
Equity:		
Shareholders' equity:		
Common stock, $0.05 par value; authorized 262,500,000 shares; 148,106,249 shares issued at December 31, 2016 and 146,920,454 shares issued at December 31, 2015	7	7
Additional paid-in capital	4,827	4,815
Accumulated other comprehensive loss	(258)	(164)
Accumulated deficit	(1,742)	(1,550)
Common stock in treasury, at cost, 48,420,650 shares at December 31, 2016 and 48,425,298 shares at December 31, 2015	(2,417)	(2,417)
Total shareholders' equity	**417**	**691**
Noncontrolling interests	**665**	**267**
Total equity	**1,082**	**958**
Total liabilities and equity	**$ 24,701**	**$ 23,682**

See accompanying Notes to Consolidated Financial Statements.

Source: TENET HEALTHCARE CORP, 10-K, February 27, 2017 Powered by Morningstar® Document Research℠
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SUPPLEMENTAL #1
July 27, 2017
4:03 pm

Attachment 5

SUPPLEMENTAL #1

July 27, 2017
4:03 pm

JUL 27 1 PM 4:03

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Williamson

NAME OF FACILITY: Saint Thomas Surgery Center New Salem, LLC

I, M. Corey Ridgway, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Market President
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 27 day of July, 2017, witness my hand at office in the County of Davidson, State of Tennessee.

Lori Marlar
NOTARY PUBLIC

My commission expires Sept 10, 2018.

LORI MARLAR
STATE OF TENNESSEE NOTARY PUBLIC
COUNTY OF DAVIDSON

HF-0043

Revised 7/02

Supplemental #2

Saint Thomas Surgery Center-New Salem

CN1707-022

JUL 31 '17 PM 12:09

SUPPLEMENTAL #2
July 31, 2017
12:10 pm

THE STRATEGY HOUSE
Healthcare Advisors

71 Vickery Street
Atlanta, Georgia 30075
Telephone 770-394-8465
Facsimile 770-394-5470
www.thestrategyhouse.net

July 31, 2017

Via Hand Delivery

Phillip M. Earhart
Health Services Development Examiner
Health Services and Development Agency
Andrew Jackson State Office Building, 9th Floor
502 Deaderick Street, Nashville, TN 37243

RE: Certificate of Need Application CN1707-022
Saint Thomas Surgery Center New Salem, LLC

Dear Mr. Earhart:

Thank you for your letter of July 28, 2017 acknowledging the receipt of our July 27, 2017 supplemental response for a Certificate of Need for the establishment of a multi-specialty ambulatory surgical treatment center (ASTC) with two operating rooms and one procedure room located at 2779 New Salem Road, Murfreesboro, (Rutherford County), TN 37128. The proposed project involves construction of 14,500 square feet (rentable) of new ASTC space.

The following responses are provided for clarification or additional documentation. As requested, **this information is being submitted in triplicate by 12:00 p.m., Monday, July 31, 2017.**

GENERAL RESPONSE: Several requests were made to provide "case" data from Schedule E of the 2016 ASTC JAR rather than using Schedule D. However, Schedule E reports utilization data by "patients" or "unduplicated patients". Schedule D reports case data.

To avoid any misunderstandings, and in the spirit of full compliance, both case-level and patient-level data are provided in the tables below. Also note that Ambulatory Surgical Treatment Center guidelines rely upon case-level data for need projections. Finally, note some ASTC reporting differences due to the inclusion/exclusion of closed facilities in prior years or dental and cancer treatment facilities.

SUPPLEMENTAL #2
July 31, 2017
12:10 pm

1. **Item 3, Section A. Executive Summary A. Overview (1) Description**

The following chart that provides the 2016 JAR utilization of the Saint Thomas' ASTCs in the Nashville Franklin Area and the number of patients that will be redirected from each existing ASTC to the proposed New Salem ASTC is noted. However, the number of cases from the Joint Annual Reports are incorrect. When calculating cases, please use Schedule E of the 2016 JAR report, rather than Schedule D.

RESPONSE: Data previously reported was based on internal information from the USPI (management company) data base, where "cases" by county of residence can be obtained. Case-level data were used to comport with the case-level projections in the application's Projected Data Chart.

The table below utilizes the JAR report and patients by county, where cases by county are not available.

Saint Thomas ASTC Patient Utilization
2016

County	ASTC	Total # of patients	# of patients from the proposed 5 county service area	# of patients redirected to proposed ASTC (80%)	Oper. Rms	Oper. Cases	% of 884 Cases per OR		Proc. Rooms	Proc. Cases	% of 1,867 Procedures per PR
Davidson	Baptist ASC	6,581	427	342	6	5,321	100.3%		1	1,260	67.5%
Davidson	Bapt Plaza Surgicare	7,713	538	430	9	6,702	84.2%		1	1,011	54.2%
Davidson	St Thomas Surgicare	6,048	387	310	6	4,730	89.2%		1	1,318	70.6%
Davidson	Eye Surg Ctr Nashvl	3,110	248	198	1	3,089	349.4%		1	21	1.1%
Davidson	Nashvl Endosurg	3,518	193	154	0	0	N/A		3	3,518	62.8%
Williamson	Franklin Endo Ctr	4,607	181	145	2	1,234	69.8%		2	3,373	90.3%
	Grand Total	**31,577**	**1,974**	**1,579**	**24**	**21,076**	**99.3%**		**9**	**10,501**	**62.5%**

Please Note: When calculating cases, please use Schedule E of the 2016 JAR report, rather than Schedule D.

RESPONSE: The table in **Attachment 1** uses a ratio of Total Cases to Total Patients to project both the patients and cases to be redirected to the New Salem facility, based on the JAR data. This JAR information is consistent with the USPI internal data reported previously.

SUPPLEMENTAL #2
July 31, 2017
12:10 pm

2. **Section B, Need, (Specific Criteria –ASTC) Item 3.**

Please complete the following chart for the proposed service area. There are numerous errors in the table submitted in Supplemental #1.

Please Note: When calculating cases, please use Schedule E of the 2014, 2015, and 2016 JAR report, rather than Schedule D.

Unduplicated Patients from Schedule E

County	Single Specialty ASTC	2014			2015				2016			
		# ORs	# PRs	Pats	# ORs	OR Pats	# PRs	# PR Pats	# ORs	# OR Pats	# PRs	# PR Pats
Coffee	Center for Day Surg.	1	0	809	1	776	0	0	1	858	0	0
Rutherford	Mid-State Endoscopy Center	0	2	1873	0	0	2	2160	0	0	1	2314
Rutherford	Spine and Surgery Center [1]	0	1	275	0	0	1	564	0	0	1	899
Rutherford	Williams Surgery Center	1	0	67	1	56	0	0	1	44	0	0
Service Area	**Single-Specialty Subtotal**	**2**	**3**	**3024**	**2**	**832**	**3**	**2724**	**2**	**902**	**2**	**3213**
	Multi-specialty ASTCs											
Bedford	Center for ENT and Cosmetic Surgery	2	0	319	2	279	0	0				
Coffee	Tullahoma Surgery Center	2	1	4088	2	2130	1	1971	2	2315	1	1928
Rutherford	Middle TN Ambulatory Surg. Ctr.	6	1	5471	6	5338	1	521	6	5693	1	574
Rutherford	Surgicenter of Murfreesboro Med. Clinic	3	3	8414	3	4104	3	5020	3	5746	3	3506
Rutherford	Physicians Pavilion Surgery Ctr.	4	1	2823	4	1436	1	568	4	1925	1	330
Service Area	**Multi-specialty ASTCs Subtotal**	**17**	**6**	**21115**	**17**	**13287**	**6**	**8080**	**15**	**15679**	**6**	**6338**
	Grand Total/Average	**19**	**9**	**24139**	**19**	**14119**	**9**	**10804**	**17**	**16581**	**8**	**9551**

[1] The 2014 reporting period was 122 days; this facility's 2014 statistic is annualized to 365 days

SUPPLEMENTAL #2
July 31, 2017
12:10 pm

Cases from Schedule D

County	Single Specialty ASTC	2014				2015				2016			
		# ORs	OR Cases	# PRs	PR Cases	# ORs	OR Cases	# PRs	# PR Cases	# ORs	# OR Cases	# PRs	# PR Cases
Coffee	Center for Day Surg.	1	994	0	0	1	941	0	0	1	1132	0	0
Rutherford	Mid-State Endoscopy Center	0	0	2	3209	0	0	2	2160	0	0	1	2395
Rutherford	Spine and Surgery Center [1]	0	0	1	275	0	0	1	841	0	0	1	1464
Rutherford	Williams Surgery Center	1	67	0	0	1	56	0	0	1	44	0	0
Service Area	**Single-Specialty Subtotal**	**2**	**1061**	**3**	**3484**	**2**	**997**	**3**	**3001**	**2**	**1176**	**2**	**3859**
	Multi-specialty ASTCs												
Bedford	Center for ENT and Cosmetic Surgery	2	340	0	0	2	313	0	0				
Coffee	Tullahoma Surgery Center	2	2537	1	2327	2	2996	1	1971	2	3161	1	2011
Rutherford	Middle TN Ambulatory Surg. Ctr.	6	5609	1	666	6	5837	1	873	6	6214	1	934
Rutherford	Surgicenter of Murfreesboro Med. Clinic	3	3729	3	5138	3	4034	3	5456	3	4237	3	6036
Rutherford	Physicians Pavilion Surgery Ctr.	4	2272	1	551	4	1991	1	568	4	2183	1	694
Service Area	**Multi-specialty ASTCs Subtotal**	**17**	**14487**	**6**	**8682**	**17**	**15171**	**6**	**8868**	**15**	**15795**	**6**	**9675**
	Grand Total/Average	**19**	**15548**	**9**	**12166**	**19**	**16168**	**9**	**11869**	**17**	**16971**	**8**	**13534**

[1] The 2014 reporting period was 122 days; this facility's 2014 statistic is annualized to 365 days

Please note Community Cancer Center of Tullahoma should be excluded since it is a cancer treatment center.

The applicant verified the Center for ENT, Laser, and Cosmetic Surgery located in Coffee County *(sic)* is closed. Please include the Center for ENT, Laser, and Cosmetic Surgery in the following chart. The utilization for the Center for ENT, Laser, and Cosmetic Surgery should include the Years 2014 and 2015.

The chart on page 15 and page 28 appears to have several errors. Please use Schedule E of the 2016 JAR report, rather than Schedule D when calculating cases. Please revise the table verifying JAR data and separate cases by operating room and procedure room and submit a replacement page 15 and 28.

RESPONSE: The chart on page 15 addressed eight facilities while the chart on page 28 addressed ten facilities. Due to space and data limitations on these two pages, OR and PR data were combined. Replacement pages 15-R and 28-R, for nine facilities, are provided in **Attachment 2**. Data for ORs and PRs separately are provided in the tables in Item 3, below.

SUPPLEMENTAL #2
July 31, 2017
12:10 pm

Please complete the following table for the proposed service area ASTCs.

Unduplicated Patients from Schedule E

Multi-Specialty	2014 [1]	2015	2016	% Change from 15-16
Operating Rooms	23	17	15	-11.8%
Patients	21,115	13,287	15,679	20.5%
Patients Per OR	918	782	1,045	36.6%
Procedure Rooms	Included	6	6	0.0%
Patients	Included	8,080	6,338	-21.6%
Patients Per PR	Included	1,347	1,056	-21.6%
Single-Specialty	2014 [1]	2015	2016	% Change from 15-16
Operating Rooms	5	2	2	0.0%
Patients	3,024	832	902	8.4%
Patients Per OR	605	416	451	8.4%
Procedure Rooms	Included	3	2	-33.3%
Patients	Included	2,724	3,213	-2.7%
Patients Per PR	Included	908	1,606	46.0%

[1] Schedule E data was not separated by room type for multi-specialty ASTCs

SUPPLEMENTAL #2
July 31, 2017
12:10 pm

Cases from Schedule D

Multi-Specialty	2014	2015	2016	% Change from 14-16
Operating Rooms	17	17	15	-11.8%
Cases	14,487	15,171	15,795	9.0%
Case Per OR	852	892	1,053	23.6%
Procedure Rooms	6	6	6	0.0%
Cases	8,682	8,868	9,675	11.4%
Cases Per PR	1,447	1,478	1,612	11.4%
Single-Specialty	2014	2015	2016	% Change from 14-16
Operating Rooms	2	2	2	-50.0%
Cases	1,061	997	1,176	10.8%
Case Per OR	531	498	588	121.9%
Procedure Rooms	3	3	2	-50.0%
Cases	3,484	3,001	3,859	10.4%
Cases Per PR	1,161	1,000	1,930	120.8%

The following table that provides the 5 county proposed service area hospital outpatient surgical utilization from the latest three year period is noted. However, many of the cases reported do not match the figures reported in the hospitals' JARs. Please clarify.

RESPONSE: Data was originally reported for both inpatients and outpatients, using encounters (the JAR description) as a proxy for cases. Please note that another measure of volume, procedures, was not used. The data below are for outpatients only.

County	Hospital	2013 Cases (Encounters)	2014 Cases (Encounters)	2015 Cases (Encounters)	% Change 2013-2015
Rutherford	Saint Thomas Rutherford Hospital	4,376	4,422	4,992	14.1%
Rutherford	TriStar StoneCrest Hospital	5,015	4,920	5,455	8.8%
Bedford	Heritage Medical Center	1,496	1,248	1,327	-11.3%
Cannon	Saint Thomas Stones River Hospital	36	NA	NA	NA
Coffee	Harton Regional Medical Center	4,628	4,674	4,364	-5.7%
Coffee	Medical Center of Manchester	1,151	1,141	303	-73.7%
Coffee	United Regional Med Center	839	746	892	6.3%
Warren	Saint Thomas River Park Hospital	1,646	3,452	3,651	111.8%
	Total	**19,187**	**20,603**	**20,984**	**9.4%**

SUPPLEMENTAL #2
July 31, 2017
12:10 pm

3. **Section B, Need, (Specific Criteria –ASTC) Item 4**

Please complete the following table using 2016 Joint Annual Report Data.

Please Note: When calculating cases, please use Schedule E of the 2016 JAR report, rather than Schedule D.

The applicant verified the Center for ENT, Laser, and Cosmetic Surgery located in Coffee County is closed. Please include the Center for ENT, Laser, and Cosmetic Surgery in the following chart. The utilization for the ASTC should include the Years 2014 and 2015.

RESPONSE: Data Tables for 2014, 2015 and 2016 are provided below based on both patients and cases.

Unduplicated Patients for 2014, Schedule E
(Patients are not split by Room Type in 2014 JAR)

County	ASTC	# ORs	# PRs	Total Rooms	Total Pts	# Pts per Room	% of meeting 884 Minimum	% of meeting 1,867 Minimum
Coffee	Center for Day Surg.	1	0	1	809	809	91.5%	43.3%
Rutherford	Mid-State Endoscopy Center	0	2	2	1,873	936	105.9%	50.1%
Rutherford	Spine and Surgery Center [1]	0	1	1	275	275	31.1%	14.7%
Rutherford	Williams Surgery Center	1	0	1	67	67	7.6%	3.6%
Service Area	**Single-Specialty Subtotal**	**2**	**3**	**5**	**3,024**	**605**	**68.4%**	**32.4%**
	Multi-specialty ASTCs							
Bedford	Ctr. For ENT & Cos. Surg.	2	0	2	319	160	18.1%	8.6%
Coffee	Tullahoma Surg. Ctr.	2	1	3	4,088	1,363	154.8%	73.0%
Rutherford	Middle N Ambulatory Surg. Ctr.	6	1	7	5,471	782	88.5%	41.9%
Rutherford	Surgicenter of Murfreesboro Med. Clinic	3	3	6	8,414	1,402	158.6%	75.1%
Rutherford	Physicians Pavilion Surgery Ctr.	4	1	5	2,823	565	63.9%	30.3%
Service Area	**Multi-specialty ASTCs Subtotal**	**17**	**6**	**23**	**21,115**	**918**	**103.8%**	**49.2%**
	Grand Total/Average	**19**	**9**	**28**	**24,139**	**862**	**97.5%**	**46.2%**

[1] The 2014 reporting period was 122 days; this facility's 2014 statistic is annualized to 365 days

SUPPLEMENTAL #2
July 31, 2017
12:10 pm

Cases for 2014, Schedule D

County	ASTC	# ORs	# OR Cases	# Cases per OR	% of meeting 884 Minimum		# PRs	# PR Cases	# Cases per PR	% of Meeting 1,867 Minimum
Coffee	Center for Day Surg.	1	994	994	112.4%		0	0	0	
Rutherford	Mid-State Endoscopy Center	0	0	0			2	3,209	1,604	85.9%
Rutherford	Spine and Surgery Center	0	0	0			1	275	275	14.7%
Rutherford	Williams Surgery Center	1	67	67	7.6%		0	0	0	
Service Area	**Single-Specialty Subtotal**	**2**	**1,061**	**531**	**60.1%**		**3**	**3,484**	**1,161**	**62.2%**
	Multi-specialty ASTCs									
Bedford	Ctr. For ENT & Cos. Surg.	2	340	170	19.2%		0	0	0	
Coffee	Tullahoma Surg. Ctr.	2	2,537	1,268	143.4%		1	2,327	2,327	124.6%
Rutherford	Middle N Ambulatory Surg. Ctr.	6	5,609	935	105.8%		1	666	666	35.7%
Rutherford	Surgicenter of Murfreesboro Med. Clinic	3	3,729	1,243	140.6%		3	5,138	1,713	91.8%
Rutherford	Physicians Pavilion Surgery Ctr.	4	2,272	568	64.3%		1	551	551	29.5%
Service Area	**Multi-specialty ASTCs Subtotal**	**17**	**14,487**	**852**	**96.4%**		**6**	**8,682**	**1,447**	**77.5%**
	Grand Total/Average	**19**	**15,548**	**818**	**92.5%**		**9**	**12,166**	**1,352**	**72.4%**

SUPPLEMENTAL #2
July 31, 2017
12:10 pm

Unduplicated Patients for 2015, Schedule E

County	ASTC	# ORs	# OR Pts	# Pts per OR	% of meeting 884 Minimum		# PRs	# PR Pts	# Pts per PR	% of Meeting 1,867 Minimum
Coffee	Center for Day Surg.	1	776	776	87.8%		0	0	0	
Rutherford	Mid-State Endoscopy Center	0	0	0			2	2,160	1,080	57.8%
Rutherford	Spine and Surgery Center	0	0	0			1	564	564	30.2%
Rutherford	Williams Surgery Center	1	56	56	6.3%		0	0	0	
Service Area	**Single-Specialty Subtotal**	**2**	**832**	**416**	**47.1%**		**3**	**2,724**	**908**	**48.6%**
	Multi-specialty ASTCs									
Bedford	Ctr. For ENT & Cos. Surg.	2	279	140	15.8%		0	0	0	
Coffee	Tullahoma Surg. Ctr.	2	2,130	1,065	120.5%		1	1,971	1,971	105.6%
Rutherford	Middle N Ambulatory Surg. Ctr.	6	5,338	890	100.7%		1	521	521	27.9%
Rutherford	Surgicenter of Murfreesboro Med. Clinic	3	4,104	1,368	154.8%		3	5,020	1,673	89.6%
Rutherford	Physicians Pavilion Surgery Ctr.	4	1,436	359	40.6%		1	568	568	30.4%
Service Area	**Multi-specialty ASTCs Subtotal**	**17**	**13,287**	**782**	**88.5%**		**6**	**8,080**	**1,347**	**72.1%**
	Grand Total/Average	**19**	**14,119**	**743**	**84.0%**		**9**	**10,804**	**1,200**	**64.3%**

Cases for 2015, Schedule D

County	ASTC	# ORs	# OR Cases	# Cases per OR	% of meeting 884 Minimum		# PRs	# PR Cases	# Cases per PR	% of Meeting 1,867 Minimum
Coffee	Center for Day Surg.	1	941	941	106.4%		0	0	0	
Rutherford	Mid-State Endoscopy Center	0	0	0			2	2,160	1,080	57.8%
Rutherford	Spine and Surgery Center	0	0	0			1	841	841	45.0%
Rutherford	Williams Surgery Center	1	56	56	6.3%		0	0	0	
Service Area	**Single-Specialty Subtotal**	**2**	**997**	**498**	**56.3%**		**3**	**3,001**	**1,000**	**53.6%**
	Multi-specialty ASTCs									
Bedford	Ctr. For ENT & Cos. Surg.	2	313	156	17.6%		0	0	0	
Coffee	Tullahoma Surg. Ctr.	2	2,996	1,498	169.5%		1	1,971	1,971	105.6%
Rutherford	Middle N Ambulatory Surg. Ctr.	6	5,837	973	110.1%		1	873	873	46.8%
Rutherford	Surgicenter of Murfreesboro Med. Clinic	3	4,034	1,345	152.1%		3	5,456	1,819	97.4%
Rutherford	Physicians Pavilion Surgery Ctr.	4	1,991	498	56.3%		1	568	568	30.4%
Service Area	**Multi-specialty ASTCs Subtotal**	**17**	**15,171**	**892**	**100.9%**		**6**	**8,868**	**1,478**	**79.2%**
	Grand Total/Average	**19**	**16,168**	**851**	**96.3%**		**9**	**11,869**	**1,319**	**70.6%**

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Unduplicated Patients for 2016, Schedule E

County	ASTC	# ORs	# OR Patients	# Pts per OR	% of meeting 884 Minimum		# PRs	# PR Pats	# Pts per PR	% of Meeting 1,867 Minimum
Coffee	Center for Day Surg.	1	858	858	97.1%		0	0	0	
Rutherford	Mid-State Endoscopy Center	0		0			1	2,314	2,314	123.9%
Rutherford	Spine and Surgery Center	0		0			1	899	899	48.2%
Rutherford	Williams Surgery Center	1	44	44	5.0%		0	0	0	
Service Area	**Single-Specialty Subtotal**	**2**	**902**	**451**	**51.0%**		**2**	**3,213**	**1,606**	**86.0%**
	Multi-specialty ASTCs									
Bedford	Ctr. For ENT & Cos. Surg.	Closed					Closed			
Coffee	Tullahoma Surg. Ctr.	2	2,315	1,158	131.0%		1	1,928	1,928	103.3%
Rutherford	Middle N Ambulatory Surg. Ctr.	6	5,693	949	107.4%		1	574	574	30.7%
Rutherford	Surgicenter of Murfreesboro Med. Clinic	3	5,746	1,915	216.7%		3	3,506	1,169	62.6%
Rutherford	Physicians Pavilion Surgery Ctr.	4	1,925	481	54.4%		1	330	330	17.7%
Service Area	**Multi-specialty ASTCs Subtotal**	**15**	**15,679**	**1,045**	**118.2%**		**6**	**6,338**	**1,056**	**56.6%**
	Grand Total/Average	**17**	**16,581**	**975**	**110.3%**		**8**	**9,551**	**1,194**	**64.0%**

Cases for 2016, Schedule D

County	ASTC	# ORs	# OR Cases	# Cases per OR	% of meeting 884 Minimum		# PRs	# PR Cases	# Cases per PR	% of Meeting 1,867 Minimum
Coffee	Center for Day Surg.	1	1,132	1,132	128.1%		0	0	0	
Rutherford	Mid-State Endoscopy Center	0		0			1	2,395	2,395	128.3%
Rutherford	Spine and Surgery Center	0		0			1	1,464	1,464	78.4%
Rutherford	Williams Surgery Center	1	44	44	5.0%		0	0	0	
Service Area	**Single-Specialty Subtotal**	**2**	**1,176**	**588**	**66.5%**		**2**	**3,859**	**1,930**	**103.4%**
	Multi-specialty ASTCs									
Bedford	Ctr. For ENT & Cos. Surg.	Closed					Closed			
Coffee	Tullahoma Surg. Ctr.	2	3,161	1,580	178.7%		1	2,011	2,011	107.7%
Rutherford	Middle N Ambulatory Surg. Ctr.	6	6,214	949	107.4%		1	934	934	50.0%
Rutherford	Surgicenter of Murfreesboro Med. Clinic	3	4,237	1,036	117.2%		3	6,036	2,012	107.8%
Rutherford	Physicians Pavilion Surgery Ctr.	4	2,183	546	61.8%		1	694	694	37.2%
Service Area	**Multi-specialty ASTCs Subtotal**	**15**	**15,795**	**1,053**	**119.1%**		**6**	**9,675**	**1,612**	**86.3%**
	Grand Total/Average	**17**	**16,971**	**998**	**112.9%**		**8**	**13,534**	**1,692**	**90.6%**

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A letter of interest in the New Salem facility from the Murfreesboro Anesthesia Group, PA is included in **Attachment 3**.

A notarized affidavit accompanies these responses and is found at **Attachment 4**. On behalf of Saint Thomas Surgery Center New Salem, we look forward to having this application deemed complete to start the formal review process.

Sincerely,

THE STRATEGY HOUSE, INC.

Robert M. Limyansky
Partner

attachments

Attachment 1

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		Sched E	Sched E	80%	1.15	Sched D	Sched D	884		Sched D	Sched D	1,867	Sched D	
County	**ASTC**	**Total # of patients**	**# of patients from the proposed 5 county service area**	**# of patients redirected to proposed ASTC (80%)**	**# of cases redirected to proposed ASTC (pats x1.15)**	**Oper. Rms**	**Oper. Cases**	**% of 884 Cases per OR**		**Proc. Rooms**	**Proc. Cases**	**% of 1,867 Cases per PR**	**(Total Cases, OR + PR)**	**Ratio of Total Cases to Total Patients**
Davidson	Baptist ASC	6,581	427	342	393	6	5,650	106.5%		1	1,960	105.0%	7,610	1.16
Davidson	Baptist Plaza Surgi	7,713	538	430	495	9	8,487	106.7%		1	282	15.1%	8,769	1.14
Davidson	St Thomas Surgicare	6,048	387	310	357	6	5,973	112.6%		1	1,317	70.5%	7,290	1.21
Davidson	Eye Surg Ctr Nashvl	3,110	248	198	228	1	4,879	551.9%		1	38	2.0%	4917	1.58
Davidson	Nashvl Endosurg	3,518	193	154	177	0	0	N/A		3	3,633	64.9%	3,633	1.03
Williamson	Franklin Endo Ctr	4,607	181	145	167	2	1,283	72.6%		2	3,449	92.4%	4,732	1.03
	Grand Total	**31,577**	**1,974**	**1,579**	**1,817**	**24**	**26,272**	123.8%		**9**	**10,679**	63.6%	**36,951**	**1.17**

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Attachment 2

Though STSC does not project that its single procedure room will exceed the minimum case guidelines initially, this service is a necessary adjunct to the surgery center and is permissible under this guideline.

2. Need and Economic Efficiencies. An applicant must estimate the projected surgical hours to be utilized per year for two years based on the types of surgeries to be performed, including the preparation time between surgeries. Detailed support for estimates must be provided.

RESPONSE: Projections provided below are based on the assumptions found in the ASTC standards and criteria for operating rooms and procedure rooms.

STSC-NS Projected ASTC Utilization Hours

	Year 1 2019	Year 2 2020
Cases		
OR	1,375	1,917
PR	570	795
	1,945	2,712
Min/Case		
OR	95	95
PR	45	45
Total Min		
OR	130,625	182,115
PR	25,650	35,775
	156,275	217,890
Total Hours		
OR	2,177	3,035
PR	428	596
	2,605	3,631

3. Need; Economic Efficiencies; Access. To determine current utilization and need, an applicant should take into account both the availability and utilization of either: a) all existing outpatient Operating Rooms and Procedure Rooms in a Service Area, including physician office based surgery rooms (when those data are officially reported and available) OR b) all existing comparable outpatient Operating Rooms and Procedure Rooms based on the type of Cases to be performed. Additionally, applications should provide similar information on the availability of nearby out-of-state existing outpatient Operating Rooms and Procedure Rooms, if that data are available, and provide the source of that data. Unstaffed dedicated outpatient Operating Rooms and unstaffed dedicated outpatient Procedure Rooms are considered available for ambulatory surgery and are to be included in the inventory and in the measure of capacity.

RESPONSE: As indicated below, utilization at area ASTCs has increased 9.0% in the past

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three years. Patients per room exceeded the 884 minimum in 2016 including procedure volumes.

		Surgical Rooms, 2016			OR + PR Patients			Pats per Room [1]		
County	Facility Name	ORs	PRs	Total	2014	2015	2016	2014	2015	2016
Coffee	Tullahoma Surgery Center	2	1	3	4,088	4,101	4,243	1,363	1,367	1,414
Rutherford	Middle TN Ambulatory Surg Center	6	1	7	5,471	5,859	6,267	782	837	895
Rutherford	Mid-State Endoscopy Center	0	1	1	1,873	2,160	2,314	1,873	2,160	2,314
Rutherford	Physicians Pavilion Surgery Center	4	1	5	2,823	2,004	2,255	565	401	451
Bedford	Center for ENT, Laser, & Cosmetic Surgery	2	0	2	340	313	0	170	157	
Coffee	Center for Day Surgery	1	0	1	809	776	858	809	776	858
Rutherford	Spine & Pain Surgery Center	0	1	1	92	564	899	92	564	899
Rutherford	Surgicenter of Murfreesboro Medical Clinic	3	3	6	8,414	9,124	9,252	1,402	1,521	1,542
Rutherford	Williams Surgery Center	1	0	1	67	56	44	67	56	44
		19	**8**	**27**	**23,977**	**24,957**	**26,132**	**888**	**924**	**968**

[1] includes both Operating Rooms and Procedure Rooms

4. Need and Economic Efficiencies. An applicant must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON application to establish an ASTC or to expand existing services of an ASTC should not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed, if those services are know and relevant, within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above.

   RESPONSE: As indicated above, the area average exceeds the 884 case minimum. Please note that need for the STSC project is based upon service area population growth and the redirection of existing patients from highly utilized Saint Thomas ASTCs in Nashville.

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An

2) Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: Like all STH facilities, the STSC-NS will provide care to all patients regardless of sex, race, ethnicity or income. It also provides care to uninsured and low-income populations as well as TennCare patients.

In Tennessee, Ascension's Saint Thomas Health operates nine hospitals in addition to a comprehensive network of affiliated joint ventures, medical practices, clinics and rehabilitation facilities that cover a 68-county area and employ more than 8,000 associates. Across the state, Saint Thomas Health provided more than $78 million in community benefit and care of persons living in poverty in fiscal year 2016. Serving Tennessee for 15 years, Ascension is a faith-based healthcare organization committed to delivering compassionate, personalized care to all, with special attention to persons living in poverty and those most vulnerable. Ascension is the largest non-profit health system in the U.S. and the world's largest Catholic health system, operating 2,500 sites of care – including 141 hospitals and more than 30 senior living facilities – in 24 states and the District of Columbia.

In terms of the service area population, Rutherford County leads the state of Tennessee (number one ranking of 95 counties) in projected population growth from 2017 to 2021 – 39,229 persons.[3] As the ranking implies, this number exceeds the growth projected for even Davidson or Shelby counties. In terms of percentage population growth, Rutherford County is second in the state – 11.2%. These statistics indicate that there will be a need for the beds proposed by STSC-NS.

E. Describe the existing and approved but unimplemented services of similar healthcare providers in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. List each provider and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: Admissions or discharges, patient days, average length of stay, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc. This doesn't apply to projects that are solely relocating a service.

RESPONSE: As indicated below, utilization at area ASTCs has increased 9.0% in the past three years. Patients per room exceeded the 884 minimum in 2016, including procedure volumes.

[3] Davidson County is number two, followed by Williamson County at number three.

		Surgical Rooms, 2016			OR + PR Patients			Pats per Room [1]		
County	Facility Name	ORs	PRs	Total	2014	2015	2016	2014	2015	2016
Coffee	Tullahoma Surgery Center	2	1	3	4,088	4,101	4,243	1,363	1,367	1,414
Rutherford	Middle TN Ambulatory Surg Center	6	1	7	5,471	5,859	6,267	782	837	895
Rutherford	Mid-State Endoscopy Center	0	1	1	1,873	2,160	2,314	1,873	2,160	2,314
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Bedford	Center for ENT, Laser, & Cosmetic Surgery	2	0	2	340	313	0	170	157	
Coffee	Center for Day Surgery	1	0	1	809	776	858	809	776	858
Rutherford	Spine & Pain Surgery Center	0	1	1	92	564	899	92	564	899
Rutherford	Surgicenter of Murfreesboro Medical Clinic	3	3	6	8,414	9,124	9,252	1,402	1,521	1,542
Rutherford	Williams Surgery Center	1	0	1	67	56	44	67	56	44
		19	**8**	**27**	**23,977**	**24,957**	**26,132**	**888**	**924**	**968**

[1] includes both Operating Rooms and Procedure Rooms

F. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three years and the projected annual utilization for each of the two years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology **must include** detailed calculations or documentation from referral sources, and identification of all assumptions.

RESPONSE: Projections below are based upon service area population growth and the redirection of some of the 2,273 existing service area patients from highly utilized Saint Thomas ASTCs in Nashville/Franklin to New Salem.

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Attachment 3

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July 28, 2017

M. Corey Ridgway
United Surgical Partners Intl, Inc.
8 Cadillac Dr., Suite 200
Brentwood, TN 37027

Dear Corey,

This letter is to confirm that our group, Murfreesboro Anesthesia Group, PA would be pleased to provide anesthesia services for the proposed Saint Thomas Surgery Center-New Salem, subject to final contract negotiations after you receive CON approval.

We are a group of 10 Board-certified anesthesiologists currently providing coverage at Saint Thomas Rutherford Hospital and Middle Tennessee Ambulatory Surgery Center. We are currently contracted with Tenncare and all major payors in the service area.

Please let me know if any additional information would be helpful at this time.

Respectfully,

Paul LeDoux, MD

Vice President

Murfreesboro Anesthesia Group

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Attachment 4

JUL 31 '17 PM 12:03

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AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Williamson

NAME OF FACILITY: Saint Thomas Surgery Center New Salem

I, M. Corey Rickman, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Market President
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 31 day of July, 2017, witness my hand at office in the County of Davidson, State of Tennessee.

Lori Marlar
NOTARY PUBLIC

My commission expires September 10, 2018.

HF-0043

Revised 7/02

LORI MARLAR
STATE OF TENNESSEE NOTARY PUBLIC
COUNTY OF DAVIDSON