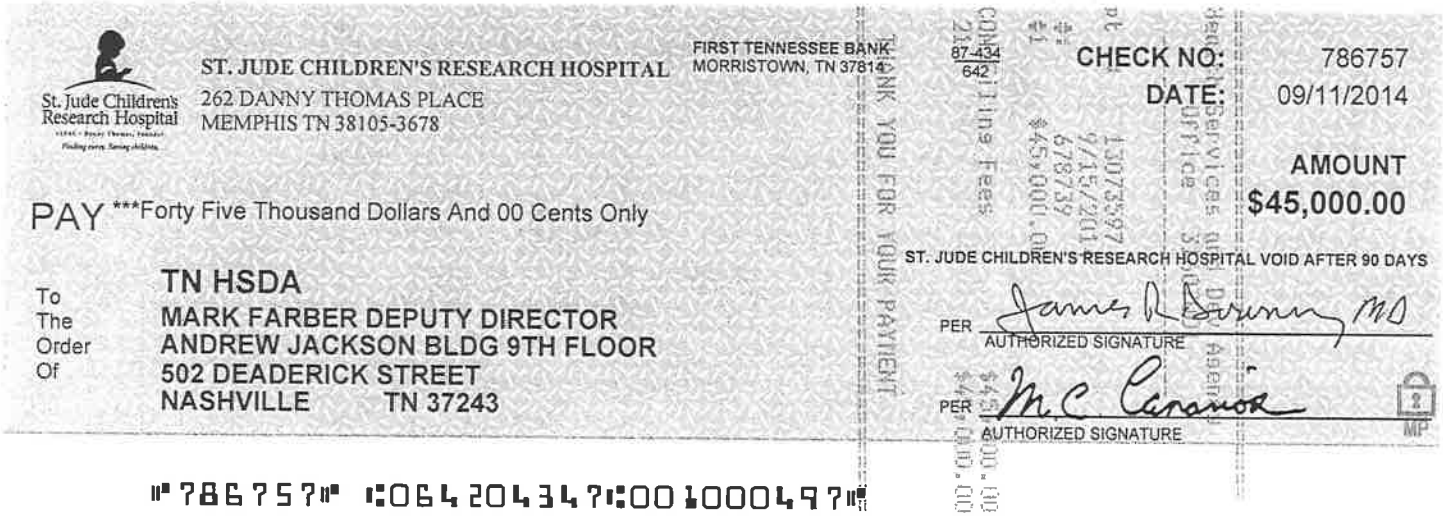
COPY-

-Application

St. Jude Children's Research Hosp.

CN1409-040



St. Jude Children's Research Hospital

ST. JUDE CHILDREN'S RESEARCH HOSPITAL
262 DANNY THOMAS PLACE
MEMPHIS TN 38105-3678

FIRST TENNESSEE BANK
MORRISTOWN, TN 37814

87-434
642

CHECK NO: 786757
DATE: 09/11/2014

AMOUNT
$45,000.00

PAY ***Forty Five Thousand Dollars And 00 Cents Only

To The Order Of
TN HSDA
MARK FARBER DEPUTY DIRECTOR
ANDREW JACKSON BLDG 9TH FLOOR
502 DEADERICK STREET
NASHVILLE TN 37243

ST. JUDE CHILDREN'S RESEARCH HOSPITAL VOID AFTER 90 DAYS

PER James R Downing MD
AUTHORIZED SIGNATURE

PER M.C. Cananos
AUTHORIZED SIGNATURE

THANK YOU FOR YOUR PAYMENT

CON Filing Fees 13073597 $45,000.00
Pt #: 9/15/201 $45,000.00
#: 678739 $45,000.00
#1 $45,000.00

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STATE OF TENNESSEE
Health Services and Dev Agency
Office 31607001
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$45,000.00
Transaction Total: $45,000.00
Check 21 $45,000.00

Thank you for your payment.
Have a nice day!

CN1409-040

DSG Development Support Group

SEP 15 '14 AM 11:55

September 15, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application Submittal
St. Jude Children's Research Hospital--Bed Replacement and Expansion
Memphis, Shelby County

Dear Mrs. Hill:

This letter transmits an original and two copies of the subject application. The affidavit and filing fee are enclosed.

I am the contact person for this project. Brant Phillips is legal counsel. Please advise me of any additional information you may need. We look forward to working with the Agency on this project.

Respectfully,

John Wellborn

John Wellborn
Consultant

4219 Hillsboro Road, Suite 203
Nashville, TN 37215
jwdsg@comcast.net
Tel 615.665.2022
Fax 615.665.2042

SEP 15 '14 AM 11:50

# AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent 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 to the best of the agent's knowledge.

JAN M. NORTH
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires July 2, 2018

John K Wellborn
SIGNATURE/TITLE

Sworn to and subscribed before me this 15th day of September (Month), 2014 (Year) a Notary

Public in and for the County/State of DAVIDSON

Jan M. North
NOTARY PUBLIC

My commission expires July 2 (Month/Day), 2018 (Year).

# ST. JUDE
# CHILDREN'S RESEARCH HOSPITAL

## MEMPHIS, SHELBY COUNTY

## CERTIFICATE OF NEED APPLICATION
## TO REPLACE AND TO ADD
## LICENSED PEDIATRIC ACUTE CARE BEDS

## Filed September 15, 2014

SEP 15'14 AM11:06

## *PART A*

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

| | | |
|---|---|---|
| St. Jude Children's Research Hospital | | |
| *Name* | | |
| 315 Danny Thomas Place | | Shelby |
| *Street or Route* | | *County* |
| Memphis | TN | 38105 |
| *City* | *State* | *Zip Code* |

### *2. Contact Person Available for Responses to Questions*

| | | | |
|---|---|---|---|
| John Wellborn | | Consultant | |
| *Name* | | *Title* | |
| Development Support Group | | jwdsg@comcast.net | |
| *Company Name* | | *E-Mail Address* | |
| 4219 Hillsboro Road, Suite 210 | Nashville | TN | 37215 |
| *Street or Route* | *City* | *State* | *Zip Code* |
| CON Consultant | 615-665-2022 | 615-665-2042 | |
| *Association With Owner* | *Phone Number* | *Fax Number* | |

### *3. Owner of the Facility, Agency, or Institution*

| | | |
|---|---|---|
| St. Jude Children's Research Hospital, Inc. | | 901-595-5687 |
| *Name* | | *Phone Number* |
| 262 DannyThomas Place, MS 280 | | Shelby |
| *Street or Route* | | *County* |
| Memphis | TN | 38105-3678 |
| *City* | *State* | *Zip Code* |

### *4. Type of Ownership or 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 | |
| D. Corporation (For-Profit) | | I. Other (Specify): | |
| E. Corporation (Not-for-Profit) | x | | |

**PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS**

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

| |
|---|
| |

*Name*

| |
|---|
| |

*Street or Route* *County*

| |
|---|
| |

*City* *State* *Zip Code*

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

| | | | |
|---|---|---|---|
| A. Ownership | | D. Option to Lease | |
| B. Option to Purchase | | E. Other (Specify): | |
| C. Lease of 99 Years | x | | |

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

| | | | |
|---|---|---|---|
| A. Hospital (Specify): General | x | I. Nursing Home | |
| B. Ambulatory Surgical Treatment Center (ASTC) Multi-Specialty | | J. Outpatient Diagnostic Center | |
| C. ASTC, Single Specialty | | K. Recuperation Center | |
| D. Home Health Agency | | L. Rehabilitation Center | |
| E. Hospice | | M. Residential Hospice | |
| F. Mental Health Hospital | | N. Non-Residential Methadone | |
| G. Mental Health Residential Faclity | | O. Birthing Center | |
| H. Mental Retardation Institutional Habilitation Facility (ICF/MR) | | P. Other Outpatient Facility (Specify): | |
| | | Q. Other (Specify): | |

## 8. *Purpose of Review (Check as appropriate—more than one may apply*

| | | | |
|---|---|---|---|
| A. New Institution | | G. Change in Bed Complement Please underline the type of Change: Increase, Decrease, Designation, Distribution, Conversion, Relocation | x |
| B. Replacement/Existing Facility | | H. Change of Location | |
| C. Modification/Existing Facility | x | I. Other (Specify): | |
| D. Initiation of Health Care Service as defined in TCA Sec 68-11-1607(4) (Specify) | | | |
| E. Discontinuance of OB Service | | | |
| F. Acquisition of Equipment | | | |

## 9. *Bed Complement Data*

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

| | Current Licensed Beds | CON approved beds (not in service) | Staffed Beds | Beds Proposed (Change) | TOTAL Beds at Completion |
|---|---|---|---|---|---|
| A. Medical | 70 | | 56 | +2 | 72 |
| B. Surgical | | | | | |
| C. Long Term Care Hosp. | | | | | |
| D. Obstetrical | | | | | |
| E. ICU/CCU | 8 | | 8 | | 8 |
| F. Neonatal | | | | | |
| G. Pediatric | | | | | |
| H. Adult Psychiatric | | | | | |
| I. Geriatric Psychiatric | | | | | |
| J. Child/Adolesc. Psych. | | | | | |
| K. Rehabilitation | | | | | |
| L. Nursing Facility (non-Medicaid certified) | | | | | |
| M. Nursing Facility Lev. 1 (Medicaid only) | | | | | |
| N. Nursing Facility Lev. 2 (Medicare only) | | | | | |
| O Nursing Facility Lev. 2 (dually certified for Medicare & Medicaid) | | | | | |
| P. ICF/MR | | | | | |
| Q. Adult Chemical Dependency | | | | | |
| R. Child/Adolescent Chemical Dependency | | | | | |
| S. Swing Beds | | | | | |
| T. Mental Health Residential Treatment | | | | | |
| U. Residential Hospice | | | | | |
| **TOTAL** | **78** | | **64** | | **80** |

| | |
|---|---|
| **10. Medicare Provider Number:** | 44302 |
| **Certification Type:** | Hospital |
| **11. Medicaid Provider Number:** | 44-3302 |
| **Certification Type:** | Hospital |

**12. & 13. See page 4**

**A.12. IF THIS IS A NEW FACILITY, WILL CERTIFICATION BE SOUGHT FOR MEDICARE AND/OR MEDICAID?**

This is an existing pediatric facility, certified for Medicare, and for TennCare and other States' Medicaid programs. It sees a small number of Medicare-eligible patients each year, but it does not bill Medicare for their care. The facility is an accepted Medicaid provider in 37 States.

**A.13. IDENTIFY ALL TENNCARE MANAGED CARE ORGANIZATIONS / BEHAVIORAL HEALTH ORGANIZATIONS (MCO'S/BHO'S) OPERATING IN THE PROPOSED SERVICE AREA. WILL THIS PROJECT INVOLVE THE TREATMENT OF TENNCARE PARTICIPANTS? Yes IF THE RESPONSE TO THIS ITEM IS YES, PLEASE IDENTIFY ALL MCO'S WITH WHICH THE APPLICANT HAS CONTRACTED OR PLANS TO CONTRACT.**

**DISCUSS ANY OUT-OF-NETWORK RELATIONSHIPS IN PLACE WITH MCO'S/BHO'S IN THE AREA.**

St. Jude Children's Research Hospital ("St. Jude" or "SJCRH") is a not-for-profit, charitable research and patient care provider for pediatric patients. The organization provides all of its care without charge to any patient. However, St. Jude does contract with all willing Medicaid programs and other third-party payers, to recover whatever reimbursement is available to its patients.

Because it has a nationwide service area, St. Jude contracts not only with Tennessee's TennCare MCO's listed in Table One on the next page, but also has Medicaid agreements of various types with 36 other States. This does not guarantee that other States' Medicaid programs will reimburse St. Jude, because some will not pay out-of-State providers for non-emergent care or for services that appear to be available in their State. Regardless, St. Jude does what it can to obtain reimbursement, while providing all needed care at its own risk.

| Table One: Contractual Relationships with Service Area MCO's | |
|---|---|
| **Available TennCare MCO's** | **Applicant's Relationship** |
| United Healthcare Community Plan | Contracted Statewide |
| BlueCare | Contracted Statewide |
| TennCare Select | Contracted Statewide |
| Amerigroup | Contract for Statewide participation in 2015 is being negotiated with October 2014 expectation of completion. |

In CY2015, TennCare will award its contracts to only three Statewide MCO's. St. Jude will be contracted to all three of them.

## SECTION B: PROJECT DESCRIPTION

**B.I. PROVIDE A BRIEF EXECUTIVE SUMMARY OF THE PROJECT NOT TO EXCEED TWO PAGES. TOPICS TO BE INCLUDED IN THE EXECUTIVE SUMMARY ARE A BRIEF DESCRIPTION OF PROPOSED SERVICES AND EQUIPMENT, OWNERSHIP STRUCTURE, SERVICE AREA, NEED, EXISTING RESOURCES, PROJECT COST, FUNDING, FINANCIAL FEASIBILITY AND STAFFING.**

The Applicant

• St. Jude Children's Research Hospital is a unique, not-for-profit pediatric research and patient care hospital, with state-of-the-art research facilities and clinics. It is the only National Cancer Institute-designated Comprehensive Cancer Center devoted solely to children.

• St. Jude improves the health of children with cancer and other life-threatening diseases through patient care, clinical trials and biomedical research. The hospital also focuses on the advancement of scientific knowledge and its rapid translation into new therapies for these children.

• St. Jude has treated children from all 50 states and around the world. On average, 7,800 active patients visit the hospital annually. Treatments developed at St. Jude have helped push the overall childhood cancer survival rate from 20 percent to 80 percent since the hospital opened more than 50 years ago. St. Jude freely shares the breakthroughs it makes, meaning doctors and scientists worldwide can use that knowledge to save thousands more children.

• Because the majority of St. Jude funding comes from individual contributors, St. Jude has the freedom to focus on saving kids regardless of their financial situation. Families never receive a bill from St. Jude for treatment, travel, housing and food. Insurance coverage is not a factor in accepting patients. If a child is accepted for admission and the family does not have insurance, St. Jude will cover all treatment costs. If the family has insurance, St. Jude will work with that health insurance provider and will cover all treatment costs not covered by insurance.

• The St. Jude Affiliate Program is a network of pediatric hematology-oncology clinics, hospitals and universities united to extend the mission of St. Jude. The physicians and staff at these sites work in collaboration with St. Jude staff to deliver protocol-related care to pediatric hematology and oncology patients. Affiliate clinics are located in Louisiana, Alabama, Tennessee, Illinois and Missouri.

• Through the St. Jude – Washington University Pediatric Cancer Genome Project, the hospital has completed whole genome sequencing of more than 700 pediatric cancers along with 700 matched normal genomes from the same children. This project has produced significant discoveries for children with tough-to-treat cancers.

Proposed Services and Equipment

• Three years ago, St. Jude was awarded CN1105-017 for the construction of a nine-story, multi-purpose building referred to at that time as "Tower II". Some of Tower II's floors were to provide acute care services such as Intensive Care and Proton Beam Therapy. Tower Two is now in the final finishing stage and is named the Kay Research and Care Center ("Kay Center" in this application). Its intensive care units will open in November 2014 and its Proton Beam Therapy service will open in 2015.

• At that time of the 2011 CON application, the Kay Center's third, fourth, and fifth floors were to be shelled-in for future use; and that has been done. Now, in this CON application, St. Jude is proposing to build out those three shelled-in floors with 54 licensed private pediatric beds--52 of which will replace older pediatric beds located in St. Jude's Patient Care Center, a 25-year-old building nearby. Each of the three floors in the Kay Center will contain 18 pediatric beds. That will increase St. Jude's acute care license from 78 pediatric beds to 80 pediatric beds. Much more floor space will be provided, not only in patient and parent rooms, but throughout the support areas for families and hospital staff. The project will also finish out two shelled-in connectors linking the Kay Center's fourth and fifth floors to the adjoining Chili's Care Center, and will relocate St. Jude's Respiratory Therapy Department from the Patient Care Center to the Kay Center.

Ownership Structure

• The applicant is a not-for-profit corporation that owns no licensed healthcare facility other than St. Jude Children's Research Hospital.

Service Area

• St. Jude Children's Research Hospital is a unique national resource with an international service area. In the past year it has served children from 78 of Tennessee's 95 counties. Children have come to St. Jude from all fifty States, the District of Columbia and U.S. overseas territories, and from 54 foreign countries.

• St. Jude's current *Tennessee* primary service area, from which approximately 80% of its Tennessee patients come, consists of six counties in the southwest corner of the State: Shelby, Madison, Tipton, Dyer, Fayette, and Lauderdale Counties. From a *national* perspective, approximately 79% of its U.S. patients come from Tennessee, Mississippi, Louisiana, Arkansas, Alabama, Illinois, and Missouri, with another 6% coming from Florida, Texas, and Kentucky. St. Jude also cared for patients from 54 other countries.

Need

• Each pediatric patient room at St. Jude's has an attached parent room so that the child's parents can be near by as much as possible. In the Patient Care Center, the oldest inpatient care building on the campus, the remaining fifty-two medical-surgical patient/parent rooms are undersized by modern standards, and in some ways are difficult

to use efficiently and comfortably. They have less than optimal exterior light due to small windows. Their bathrooms have no space for showers. Outside the patient/parent rooms, support spaces for the patient, family, and staff are not sufficient in size or in number. The air exchange systems need to be more powerful for positive pressure levels in isolation rooms, and are generally at the stage where they should be modernized or replaced, which would involve construction within the pediatric care areas.

• Consistent with its internal long-range plans, St. Jude is proposing to relocate these inpatient rooms to larger space in its newest Tower, the Kay Research and Care Center. The capacity of the new patient/parent rooms will be increased by 62% and all current limitations and issues of these units will be addressed. It is essential to the bed relocation to also finish out all connectors between the new bed floors and the adjoining Chili's Care Center, and to relocate Respiratory Therapy.

Existing Resources

• There is no other facility in the State that can meet the needs of the patients served by St. Jude. This is a unique institution whose cutting-edge research in pediatric care requires bed capacity for seriously ill children enrolled in treatment protocols and trials, and special accommodations for their families within the patient care floors.

Project Cost, Funding, and Financial Feasibility

• The project cost is estimated at $62,500,516 for CON purposes--of which $38,532,236 is the actual capital expenditure required to implement the project. The balance of the CON cost is the market value of the already constructed shelled-in space that the project will occupy. All of the required funding will be provided to the applicant by ALSAC, a unique charity established to underwrite all aspects of St. Jude's programs. ALSAC's financial statements and the Chief Financial Officer's funding commitment letter document the availability of project funding.

• St. Jude has the unique advantage of having no issues of financial feasibility for any service or project it undertakes, because generous donations and ALSAC's substantial cash reserves are made available continuously, to cover all of St. Jude's financial needs that are not covered by other sources of revenue. ALSAC is obligated by its bylaws to support St. Jude, and only St. Jude. St. Jude runs a very large deficit every year in all of its patient care activities; and all of those deficits are covered by contributions from ALSAC. This is how St. Jude's research and patient care programs have been financially feasible for more than fifty years.

Staffing

• Fifty-two of the fifty-four beds to be constructed (96%) are replacements for those already in existence at another location on campus. The project will be developed in parallel with an overall expansion of St. Jude's patient care programs; and St. Jude projects that for these inpatient floors, its clinical staff will increase by 48 FTE's by FYE 2018 (July 2017-June 2018).

**B.II. PROVIDE A DETAILED NARRATIVE OF THE PROJECT BY ADDRESSING THE FOLLOWING ITEMS AS THEY RELATE TO THE PROPOSAL.**

**B.II.A. DESCRIBE THE CONSTRUCTION, MODIFICATION AND/OR RENOVATION OF THE FACILITY (EXCLUSIVE OF MAJOR MEDICAL EQUIPMENT COVERED BY T.C.A. 68-11-1601 *et seq.)* INCLUDING SQUARE FOOTAGE, MAJOR OPERATIONAL AREAS, ROOM CONFIGURATION, ETC.**

A. Description of the Project

St. Jude Children's Research Hospital in Memphis is nearing completion and occupancy of a nine-floor multi-purpose building now named the Kay Research and Care Center. It contains floors that provide pediatric acute care services, such as a replacement Intensive Care Unit and a large Proton Beam Therapy area. The acute care portions of the new building were approved under CN1105-017, when the building was referred to as "Tower II".

In that prior CON application, the Kay Center's third, fourth, and fifth floors were to be shelled in for future use. Now, three years later, St. Jude is proposing to build out those three floors and two shelled-in connectors between them and an adjoining building.

All three floors will be built out for acute inpatient care. Each floor will contain eighteen private patient rooms, for a total of fifty-four acute care beds. All but two of those beds will be replacement beds for fifty-two beds that are now located in a nearby building, the 25-year-old Patient Care Center. The project will also move the hospital's Respiratory Therapy Department from the Patient Care Building to the Kay Center. These changes will result in a small increase in St. Jude's bed license, from seventy-eight to eighty pediatric beds. Because St. Jude's current license is less than one hundred beds, the two-bed license increase by itself does not require CON approval; but the total project cost does exceed the $5 million capital expenditure threshold beyond which CON approval is required.

The design of each patient floor is almost exactly identical. Each floor will contain eighteen private patient rooms that are approximately 321 SF in size, including their bathrooms. Because this is a unique pediatric research and care facility, all eighteen patient rooms will have adjoining parent rooms that are approximately 210 SF in size, with bathrooms and showers. Sixteen of the eighteen parent rooms will have direct access (doors into) the patient room. Two patient rooms on each floor are isolation rooms whose adjoining parent rooms will have only visual access (window into) the patient room, to maintain infection control.

Each floor will have two wrap-around nursing stations on opposite corners of the floor, a rehabilitation room, a clinician workroom for medical documentation tasks, a staff lounge, and a variety of staff offices. Each floor will also have a nourishment room, a visitor activity room, a teen room, a child life playroom (for patients and siblings), and a large conference room.

On the Kay Center's third, fourth, and fifth floors, there are connectors to the adjoining Chili's Care Center building. The third floor connector was finished as part of the prior project. The fourth and fifth floor connectors are shelled-in. This project will build them out so that all three patient care floors will have access to the Chili's Center.

Finally, the hospital's Respiratory Therapy Department must be relocated from the older Patient Care Center building to the Plaza (ground) level of the Kay Center. The Department at its new location will have a "ventilators" room with 26 stations, a tank room, a ventilator test room, a Director's office, and an RT office and lounge.

Following this page are several tables that provide additional details of the project. Table Two-A shows the proposed changes in location of beds by floor and building. Table Two-B shows proposed changes in floor space, and the area of renovation, involved in this project (which has no new construction; only build-out). Table Two-C shows the renovation/build-out cost factors for the work proposed in this project. Table Two-D shows the new construction cost factors for shelling in these three floors from 2011 to 2014. The latter was a cost not included in the 2011 CON application, so it is being included in this new project even though it has been completed.

| Table Two-A: Current & Proposed Locations of Licensed Beds at St. Jude Children's Research Hospital (As of November 2014) | | | |
|---|---|---|---|
| | Current or Approved Location | | Proposed Location |
| **Building Name** | **Floors** | **Beds &Type** | **Beds & Type** |
| | | | |
| Chili's Care Center | 1 | 0 | 0 |
| | 2 | 18 transplant | 18 transplant |
| | 3 | 0 | 0 |
| | 4 | 0 | 0 |
| | 5 | 0 | 0 |
| | 6 | 0 | 0 |
| *Building Subtotal* | | *18* | *18* |
| | | | |
| Patient Care Center | 1 | 0 | 0 |
| | 2 | 38 med/surg | 0 |
| | 3 | 0 | 0 |
| | 4 | 14 med-surg | 0 |
| | 5 | 0 | 0 |
| *Building Subtotal* | | *52* | *0* |
| | | | |
| Kay Research and Care Center (Tower 2) | 1 | 0 | |
| | 2 | 8 pediatric ICU* | 8 pediatric ICU |
| | 3 | 0 | 18 med/surg |
| | 4 | 0 | 18 med/surg |
| | 5 | 0 | 18 med/surg |
| | 6 | 0 | 0 |
| | 7 | 0 | 0 |
| | 8 | 0 | 0 |
| | 9 | 0 | 0 |
| *Building Subtotal* | | *8* | *62* |
| | | | |
| ***Total Licensed Beds*** | | ***78*** | ***80*** |

* *The ICU beds will move from the Patient Care Center into the new Kay Center in November 2014, as part of the project approved in CN1105-017.*

| Table Two-B: Changes in Area in This Project | | | | | |
|---|---|---|---|---|---|
| **Floor and Area** | **Existing Space** | **Proposed Space (Change)** | **SF of Renovation** | **SF of New Construction** | **SF of Total Construction** |
| Ground Floor Respiratory Therapy | 1,560 SF | 1,700 SF (+9%) | 1,700 SF | 0 | 1,700 SF |
| 3rd Floor Patient Care | 28,625 SF | 28,625 SF | 27,242 | 0 | 27,242 |
| 3rd Floor Connector | 4,843 SF | 4,843 SF | 0 | 0 | 0 |
| 4th Floor Patient Care | 28,625 SF | 28,625 SF | 27,242 | 0 | 27,242 |
| 4th Floor Connector | 4,843 SF | 4,843 SF | 4,664 SF | 0 | 4,664 SF |
| 5th Floor Patient Care | 28,625 SF | 28,625 SF | 27,242 | 0 | 27,242 |
| 5th Floor Connector | 4,843 SF | 4,843 SF | 4,664 SF | 0 | 4,664 SF |
| ***Totals*** | ***101,964 SF*** | ***102,104 SF (+0.1%)*** | ***92,754 SF*** | ***0*** | ***92,754 SF*** |

*Note: Existing and proposed areas are stated in gross SF; renovation SF are actual SF being built out or renovated for the project.*

| Table Two-C: Renovation Costs of this Project | | | |
|---|---|---|---|
| | **Renovated Construction** | **New Construction** | **Total Construction** |
| Square Feet | 92,754 SF | 0 | 92,754 SF |
| Construction Cost | $27,623,696 | 0 | $27,623,696 |
| Constr. Cost PSF | $297.82 PSF | NA | $297.82 PSF |

| Table Two-D: Construction Costs of Shelled Floors 3-5, Prior CON Project | | | |
|---|---|---|---|
| | **Renovated Construction** | **New Construction** | **Total Construction** |
| Square Feet | 0 | 102,104 SF | 102,104 SF |
| Construction Cost | 0 | $23,968,220 | $23,968,220 |
| Constr. Cost PSF | 0 | $234.74 PSF | $234.74 PSF |

B. Costs and Funding

The total project cost for CON purposes is $62,500,516. It consists of two components. The first component is the cost already incurred to construct the three existing shelled floors and connectors--$23,968,220. That cost was not part of CN1105-017 because at the time, it was not known that the floors would contain reviewable acute care services. But now that the floors have been assigned to acute care use, it is appropriate to include their original costs in this current CON application.

The second component of project cost is the cost to complete the build-outs described in this application--$38,532,236 including all types of capital expenditures.

As in the prior application, this project will be entirely funded by a cash contribution from ALSAC (American Lebanese Syrian Associated Charities, Inc.), the charitable organization established at the time St. Jude was originally built. ALSAC's only mission and authorized role is to provide funding for the needs of St. Jude Children's Research Hospital.

C. Phased Implementation Schedule

If the application receives final CON approval in CY2014, St. Jude intends to start construction in March 2015 and to complete all renovations and license all fifty-four patient beds in the Kay Center before the start of FYE 2017. However, during FYE 2017, Year One of the project, St. Jude plans to staff forty-five of the fifty-four general medical-surgical beds. It will take until FYE 2018 before new treatment protocols will add sufficient patients and trained staff to open the remaining nine beds for patient care.

D. The Applicant--Ownership

The applicant, St. Jude Children's Research Hospital Inc., is a not-for-profit corporation organized in Tennessee. It owns no licensed health care facilities other than St. Jude Children's Research Hospital in Memphis.

E. Floor Plans of the Project

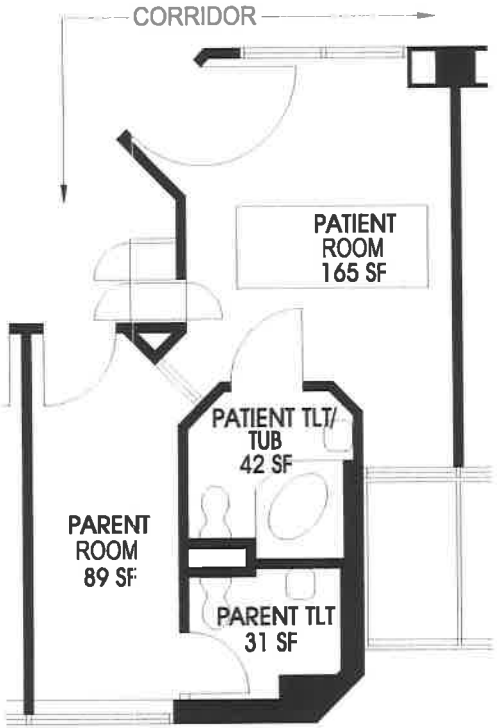
The Attachments section of this application contains a set of drawings of the proposed patient floors, connectors, and the Respiratory Therapy Department that will be renovated in this project. Following this page are selected plans from those Attachments.

First is a comparison between the spaces and layouts of the current Patient Care Center medical-surgical rooms and the Kay Center rooms that are proposed to replace them. As shown in Table Three below, both the pediatric patient and the patient's parents will have much larger spaces. In addition to more floor space, both the patient and the parent bathrooms on the new floors will gain showers, and the parent rooms will gain direct access into their child's room (except for the six isolation rooms in the project).

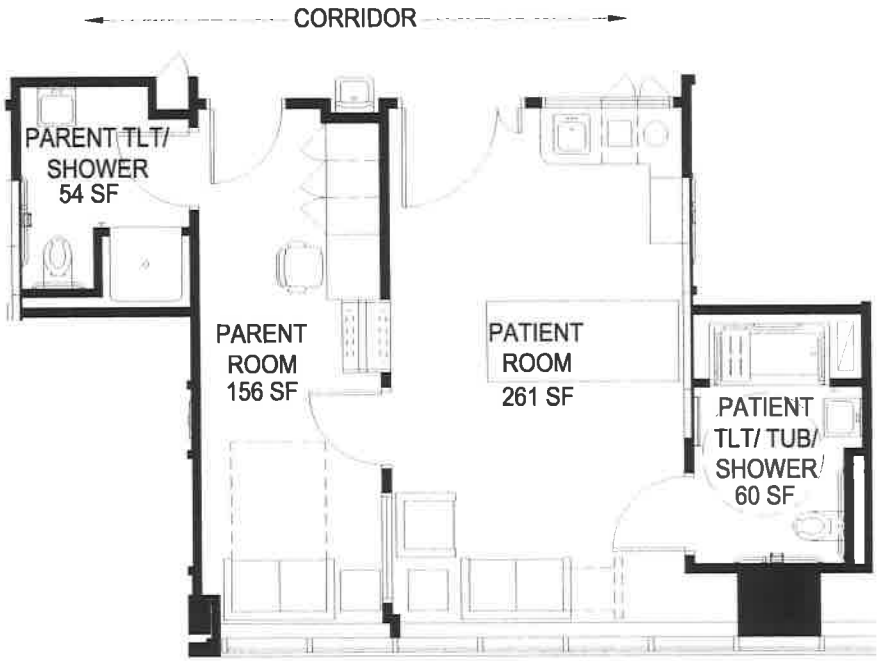
**Table Three: Space Comparisons**
**Existing and New Patient/Parent Rooms**

| Space | Existing SF | Proposed SF (Change) |
|---|---|---|
| Patient Room | 165 SF | 261 SF |
| Patient Bathroom | 42 SF | 60 SF |
| ***Subtotal, Patient Space*** | ***207 SF*** | ***321 SF (+55%)*** |
| Parent Room | 89 SF | 156 SF |
| Parent Bathroom | 31 SF | 54 SF |
| ***Subtotal, Parent Space*** | ***120 SF*** | ***210 SF (+75%)*** |
| | | |
| ***Total Patient/Parent Room*** | ***327 SF*** | ***531 SF (+62%)*** |

The second and third following pages are a two-part enlargement of a typical patient floor, making the room labels easier to read than in the single page floor plans in the Attachments.




EXISTING PATIENT/ PARENT ROOMS
(PATIENT CARE CENTER)
1/8"=1'-0"

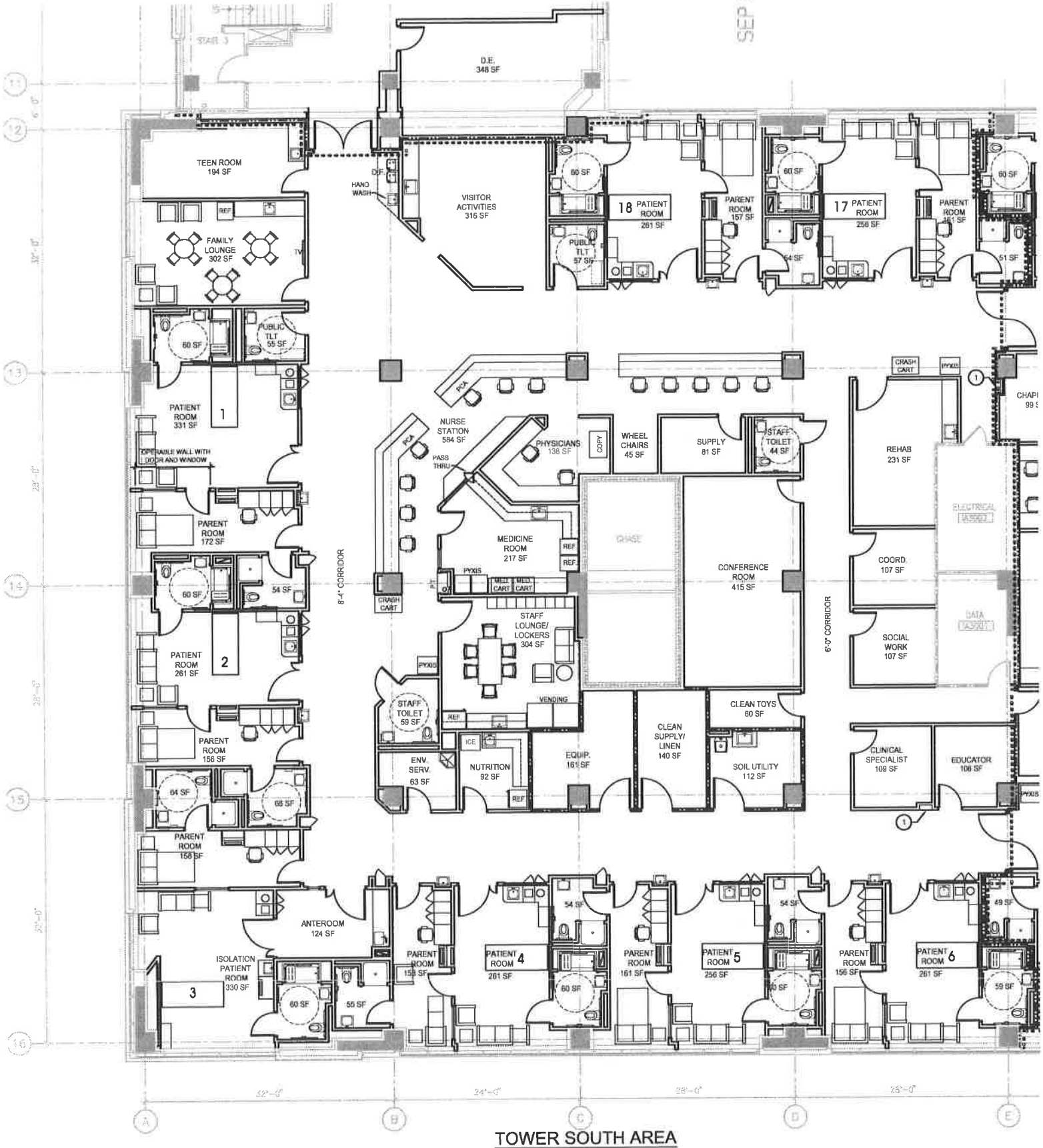



PROPOSED PATIENT/ PARENT ROOMS
(TOWER 2)
1/8"=1'-0"

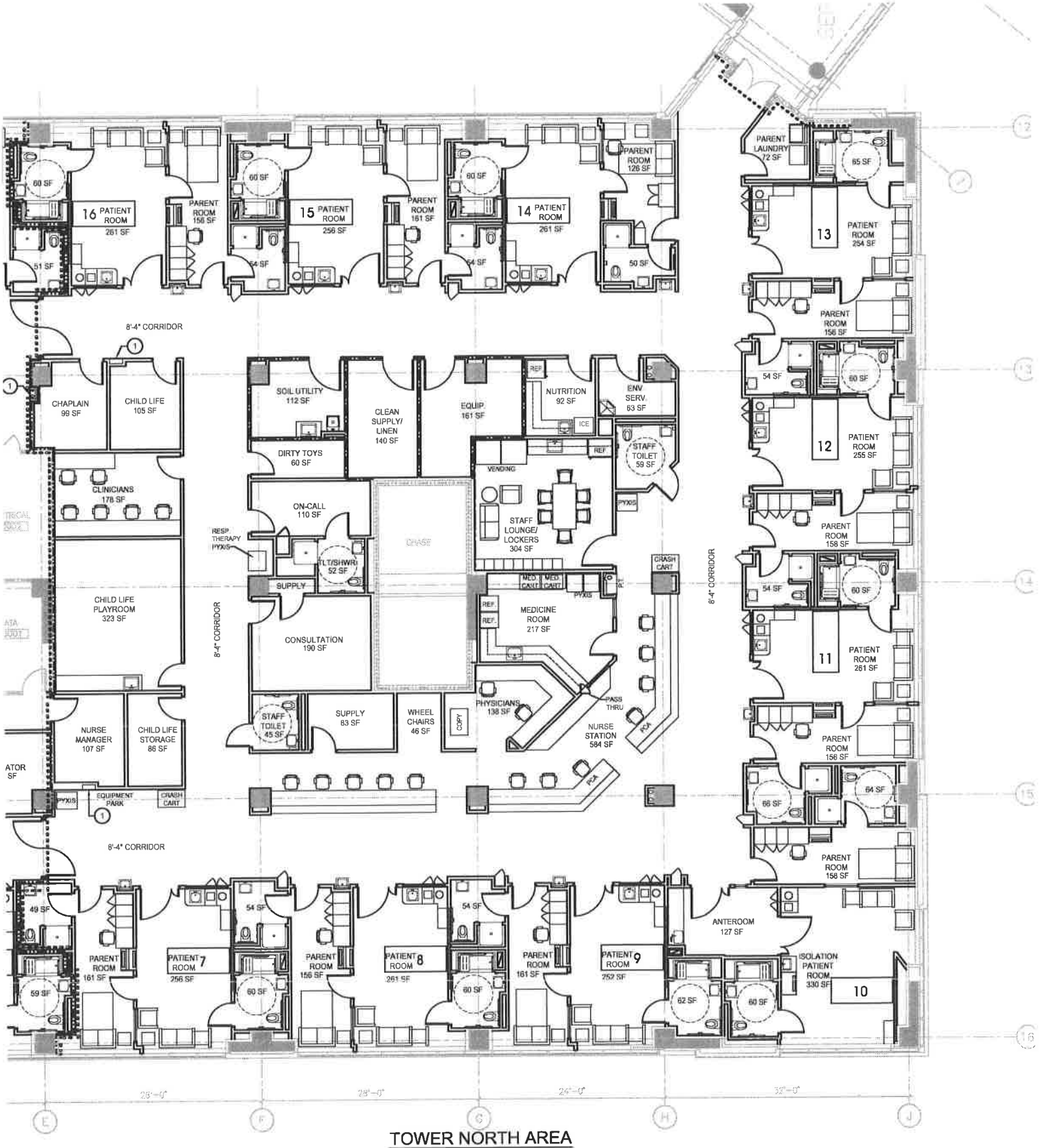


Tower 2 - Inpatient Rooms - Floors 3, 4 & 5
315 Danny Thomas Place, Memphis, TN 38105
for
St. Jude Children's Research Hospital

343 North Main Street
Memphis, Tennessee 38103
Telephone: 901.525.5344
Facsimile: 901.525.5420
Evans Taylor Foster Childress ▪ Architects




TOWER SOUTH AREA




TOWER NORTH AREA

**APPLICANTS WITH HOSPITAL PROJECTS (CONSTRUCTION COST IN EXCESS OF $5 MILLION) AND OTHER FACILITY PROJECTS (CONSTRUCTION COST IN EXCESS OF $2 MILLION) SHOULD COMPLETE THE SQUARE FOOTAGE AND COSTS PER SQUARE FOOTAGE CHART.**

**UTILIZING THE ATTACHED CHART, APPLICANTS WITH HOSPITAL PROJECTS SHOULD COMPLETE PARTS A-E BY IDENTIFYING, AS APPLICABLE, NURSING UNITS, ANCILLARY AREAS, AND SUPPORT AREAS AFFECTED BY THIS PROJECT. PROVIDE THE LOCATION OF THE UNIT/SERVICE WITHIN THE EXISTING FACILITY ALONG WITH CURRENT SQUARE FOOTAGE, WHERE, IF ANY, THE UNIT/SERVICE WILL RELOCATE TEMPORARILY DURING CONSTRUCTION AND RENOVATION, AND THEN THE LOCATION OF THE UNIT/SERVICE WITH PROPOSED SQUARE FOOTAGE. THE TOTAL COST PER SQUARE FOOT SHOULD PROVIDE A BREAKOUT BETWEEN NEW CONSTRUCTION AND RENOVATION COST PER SQUARE FOOT. OTHER FACILITY PROJECTS NEED ONLY COMPLETE PARTS B-E.**

See Attachment B.II.A for this Chart.

**PLEASE ALSO DISCUSS AND JUSTIFY THE COST PER SQUARE FOOT FOR THIS PROJECT.**

Hospital construction projects approved by the HSDA in 2011-2013 had the following construction costs per SF:

| Table Four-A: Hospital Construction Cost PSF<br>Years: 2011-2013 | | | |
|---|---|---|---|
| | **Renovated Construction** | **New Construction** | **Total Construction** |
| 1st Quartile | $107.15/sq ft | $235.00/sq ft | $151.56/sq ft |
| Median | $179.00/sq ft | $274.63/sq ft | $227.88/sq ft |
| 3rd Quartile | $249.00/sq ft | $324.00/sq ft | $274.63/sq ft |

*Source: HSDA, from CON approved applications during 2011-2013.*

As shown in Table Four-B below, the construction cost for the three floors, the connectors, and the Respiratory Therapy area, if one combines the already completed shelled space costs and the proposed build-out costs in this current application, is $505.29 PSF, which significantly exceeds the State average Total Construction cost listed in Table Four-A above.

However, this *current* application's proposed build-out/ renovation cost is estimated at approximately $297.82 PSF, which is only slightly above the third quartile Statewide average.

| Table Four-B: This Project--Prior New Construction Plus Build-out Costs | | | |
|---|---|---|---|
| | **Shelled Areas (Completed)** | **Build-out (Proposed)** | **Total Area of Completed Floors** |
| Square Feet | 102,104 SF | 92,754 SF | 102,104 SF |
| Construction Cost | $23,968,220 | $27,623,696 | $51,591,916 |
| Constr. Cost PSF | $234.74 PSF | ***$297.82 PSF*** | $505.29 PSF |

**IF THE PROJECT INVOLVES NONE OF THE ABOVE, DESCRIBE THE DEVELOPMENT OF THE PROPOSAL.**

Not applicable.

**B.II.B. IDENTIFY THE NUMBER AND TYPE OF BEDS INCREASED, DECREASED, CONVERTED, RELOCATED, DESIGNATED, AND/OR REDISTRIBUTED BY THIS APPLICATION. DESCRIBE THE REASONS FOR CHANGE IN BED ALLOCATIONS AND DESCRIBE THE IMPACT THE BED CHANGE WILL HAVE ON EXISTING SERVICES.**

Please see Table Two-A on page Eleven of the application for an illustration of proposed changes in locations and numbers of licensed beds. The project will move fifty-two licensed private rooms from St. Jude campus's Patient Care Center to its new Kay Research and Care Center, within the same campus. Those are (and will remain) designated as pediatric medical-surgical beds. At the same time, the project will add two new pediatric medical-surgical beds to St. Jude's licensed complement, so that a total of fifty-four licensed beds--eighteen per floor--can be provided on the third, fourth, and fifth floors of the Kay Center. There are no changes in bed assignments.

The most important reasons for relocating the beds are to have space to enlarge patient and family rooms, and to provide more and larger activity spaces on patient floors for patients, their families, and the professional staff of the hospital. The changes will allow all eighty of St. Jude's licensed beds to be in service during FYE 2018. At the current time, crowded conditions and infrastructure issues in the Patient Care Center have caused St. Jude to hold 14 licensed beds unstaffed temporarily. In FYE 2017, nine private beds will be held unstaffed as utilization builds, but all licensed beds will be staffed in FYE 2018 and beyond.

**B.II.C. AS THE APPLICANT, DESCRIBE YOUR NEED TO PROVIDE THE FOLLOWING HEALTH CARE SERVICES (IF APPLICABLE TO THIS APPLICATION):**

1. **ADULT PSYCHIATRIC SERVICES**
2. **ALCOHOL AND DRUG TREATMENT ADOLESCENTS >28 DAYS**
3. **BIRTHING CENTER**
4. **BURN UNITS**
5. **CARDIAC CATHETERIZATION SERVICES**
6. **CHILD AND ADOLESCENT PSYCHIATRIC SERVICES**
7. **EXTRACORPOREAL LITHOTRIPSY**
8. **HOME HEALTH SERVICES**
9. **HOSPICE SERVICES**
10. **RESIDENTIAL HOSPICE.....**

**(list partially omitted)**

A. Why Inpatient Beds Need to be Replaced

St. Jude needs to replace the 52 beds currently in its Patient Care Center with replacement beds in its new Kay Center, for several reasons. The existing patient rooms in the Patient Care Center are two decades old, and no longer conform to St. Jude design standards. They have limited outside light due to relatively small exterior windows. Patient rooms are too small for current technology and care teams. There is not enough floor space in the patient room to place all medical equipment on one side of the bed. This requires nurses to move back and forth from one side of the bed to the other side, while providing care. That is time-consuming and inefficient. Parents are often in their child's room standing up, moving around, or sitting on a sleeper sofa. Space around the bedside is limited--especially if the sleeper couch is open in the night (it must be stepped over to access the bed). Parent rooms adjoin every patient room; but the parent room has only an observation window into the patient room. To visit their child, parents must exit their parent room into the hallway, and enter their child's room by its hallway door. There is not enough room in existing patient or parent bathrooms to provide showers. Nor is there sufficient space in either patient or parent rooms to fully open sleeper couches without making that area of the room almost impassable.

In terms of infrastructure, the building's air systems provide less positive pressure for isolation room air changes than newer systems can provide, and twenty years of lint buildups throughout the ductwork are now difficult to fully address.

B. Proposed Improvements in the Inpatient Units

St. Jude has accordingly determined to move all of the Patient Care Center's acute care beds to the newer Kay Center tower. The new design will address all of the needs outlined above. Rooms will be much larger in size, as shown in Table Three of this application. Overall, the new patient/parent room combination will be 62% larger than those being replaced. Patient rooms and bathrooms will be 55% larger and parent rooms and bathrooms will be 75% larger. There will be room for all clinical equipment to be stationed on one side of the patient bed, making nursing care more efficient. There will be room for parents, patients, and clinicians to be present in patient rooms without congestion and without interference with one another. With more room between the patient bed and other room furnishings, patient risks of falling will be reduced. External windows in the patient rooms will be larger, providing more daylight. All bathrooms will have showers. All parent rooms except those attached to the isolation rooms will have internal doors providing private access to the child's room. Sleeper couches can be opened without impeding movement through the room. Newer air handling systems will provide more powerful positive air pressure in the isolation rooms; and modern technology will provide superior air filtration throughout the patient floors.

In other areas of each floor, there will be greatly improved activity and support space for patients, patient families, and hospital and medical staff. The child life playrooms will be larger and will have access to more storage for toys. A family lounge, teenager room, and a visitors' activity room will be provided. A conference room will be provided, which can also be used as a team room for collaboration of the treatment teams. There will be increased office space, physician workspace, clinician workspace, and a dedicated rehabilitation room. All of these improvements will enhance the programs of patient care are St. Jude, improve the experience of patients and their families, and provide greater efficiencies for the caregiver staffs.

B. The Need to Add Two Private Beds to the License

Under the CON statute, the addition of two licensed beds is not reviewable under the CON statute, because St. Jude's current and proposed licensed complements are, and will remain, less than one hundred beds.

However, there is a reasonable need to construct these two additional beds. Each floor is sized to hold and to support eighteen patients. To keep two beds unfinished on one floor is not a reasonable option. It saves no significant capital cost, since an already-constructed shelled floor in a patient tower cannot reduce its footprint. Nor would it be optimal to subject a pediatric floor to any additional construction if avoidable, just to finish two patient rooms at some later time.

In addition, as described later in the application, St. Jude has committed to expand its patient care activities between now and FYE 2020, and utilization projections show that the two additional licensed beds will be utilized in the near future.

C. The Need to Replace Respiratory Therapy

This department is currently located in the same building with the 52 beds that this project will replace in another building. Respiratory Therapy must follow the inpatients to their new location. There will not be any acute inpatient care left in the Patient Care Center, once this is implemented.

**B.II.D. DESCRIBE THE NEED TO CHANGE LOCATION OR REPLACE AN EXISTING FACILITY.**

Not applicable.

**B.II.E. DESCRIBE THE ACQUISITION OF ANY ITEM OF MAJOR MEDICAL EQUIPMENT (AS DEFINED BY THE AGENCY RULES AND THE STATUTE) WHICH EXCEEDS A COST OF $1.5 MILLION; AND/OR IS A MAGNETIC RESONANCE IMAGING SCANNER (MRI), POSITRON EMISSION TOMOGRAPHY (PET) SCANNER, EXTRACORPOREAL LITHOTRIPTER AND/OR LINEAR ACCELERATOR BY RESPONDING TO THE FOLLOWING:**

**1. For fixed site major medical equipment (not replacing existing equipment):**

- **a. Describe the new equipment, including:**
  - **1. Total Cost (As defined by Agency Rule);**
  - **2. Expected Useful Life;**
  - **3. List of clinical applications to be provided; and**
  - **4. Documentation of FDA approval.**
- **b. Provide current and proposed schedule of operations.**

**2. For mobile major medical equipment:**

- **a. List all sites that will be served;**
- **b. Provide current and/or proposed schedule of operations;**
- **c. Provide the lease or contract cost;**
- **d. Provide the fair market value of the equipment; and**
- **e. List the owner for the equipment.**

**3. Indicate applicant's legal interest in equipment (e.g., purchase, lease, etc.) In the case of equipment purchase, include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.**

Not applicable. There is no major medical equipment in this project.

**B.III.A. ATTACH A COPY OF THE PLOT PLAN OF THE SITE ON AN 8-1/2" X 11" SHEET OF WHITE PAPER WHICH MUST INCLUDE:**

1. **SIZE OF SITE (IN ACRES);**
2. **LOCATION OF STRUCTURE ON THE SITE;**
3. **LOCATION OF THE PROPOSED CONSTRUCTION; AND**
4. **NAMES OF STREETS, ROADS OR HIGHWAYS THAT CROSS OR BORDER THE SITE.**

**PLEASE NOTE THAT THE DRAWINGS DO NOT NEED TO BE DRAWN TO SCALE. PLOT PLANS ARE REQUIRED FOR ALL PROJECTS.**

See Attachment B.III.A.

**B.III.B.1. 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.**

The hospital is located on a 66-acre, gated and fenced campus in downtown Memphis. Most of the campus is bounded by North 3rd Street, Auction Avenue (SR 14), North Danny Thomas Boulevard (U.S. 51), and Interstate 40. Location maps are provided in Attachment B.III along with the project site plan. St. Jude is located in a well-known downtown hospital district, only one block to the north of I-40. The campus can be reached by municipal bus lines. However, its pediatric patients come from all over the nation and the world. Physical access to the campus is not an issue. Many are flown in, or driven in, from counties and States that are very far from Memphis. Those who drive, come via the national interstate network, connecting near Memphis to Interstate 40 (running east to west from North Carolina to California), or Interstate 55 (running north to south from Illinois to Louisiana). U.S. Highways 51, 61, 63, 64, 72, and 78 also connect a multi-State region to downtown Memphis. The Table below shows mileage and drive times to St. Jude from the county seats of the six counties comprising its Tennessee primary service area.

**Table Five: Mileage and Drive Times Between Project and Major Communities in the Tennessee Primary Service Area**

| | County / State | Distance | Drive Time |
|---|---|---|---|
| 1. Memphis/Bartlett/Germantown | Shelby / TN | < 30 miles | < 30 min. |
| 2. Jackson | Madison / TN | 84.7 miles | 88 min. |
| 3. Covington | Tipton / TN | 42.3 miles | 53 min. |
| 4. Dyersburg | Dyer / TN | 78.7 miles | 92 min. |
| 5. Somerville | Fayette /TN | 41.4 miles | 56 min. |
| 6. Ripley | Lauderdale /TN | 56.8 miles | 71 min. |

*Source: Google Maps, September 2014.*

**B.IV. ATTACH A FLOOR PLAN DRAWING FOR THE FACILITY WHICH INCLUDES PATIENT CARE ROOMS (NOTING PRIVATE OR SEMI-PRIVATE), ANCILLARY AREAS, EQUIPMENT AREAS, ETC.**

See attachment B.IV.

**IV. FOR A HOME CARE ORGANIZATION, IDENTIFY**

1. **EXISTING SERVICE AREA (BY COUNTY);**
2. **PROPOSED SERVICE AREA (BY COUNTY);**
3. **A PARENT OR PRIMARY SERVICE PROVIDER;**
4. **EXISTING BRANCHES AND/OR SUB-UNITS; AND**
5. **PROPOSED BRANCHES AND/OR SUBUNITS.**

Not applicable. The application is not for a home care organization.

**C(I) NEED**

**C(I).1. DESCRIBE THE RELATIONSHIP OF THIS PROPOSAL TO THE IMPLEMENTATION OF THE STATE HEALTH PLAN AND TENNESSEE'S HEALTH: GUIDELINES FOR GROWTH.**

**A. PLEASE PROVIDE A RESPONSE TO EACH CRITERION AND STANDARD IN CON CATEGORIES THAT ARE APPLICABLE TO THE PROPOSED PROJECT. DO NOT PROVIDE RESPONSES TO GENERAL CRITERIA AND STANDARDS (PAGES 6-9) HERE.**

**B. APPLICATIONS THAT INCLUDE A CHANGE OF SITE FOR A HEALTH CARE INSTITUTION, PROVIDE A RESPONSE TO GENERAL CRITERION AND STANDARDS (4)(a-c).**

**Project-Specific Review Criteria: 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.**

Not applicable. The project adds two licensed acute care beds, but because St. Jude has fewer than one hundred licensed beds and the proposed addition will not cause the licensed complement to exceed one hundred beds, the addition is statutorily exempt from CON review. Therefore there are no review standards specific to the license increase. The project does not include any new services or any additional major medical equipment; therefore none of those review criteria apply to the project.

**2. For relocation or replacement of an existing licensed healthcare 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.**

Criterion #2 is not applicable because the hospital is not being replaced or moved.

**3. For renovation or expansion of an existing licensed healthcare institution:**

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

St. Jude projects that its pediatric medical-surgical bed utilization will increase at 10% annually through FYE 2018 (Year Two of this project). That will result in approximately 75% average annual occupancy on a total complement of eighty licensed beds. Beyond Year Two, further growth in utilization is anticipated as St. Jude continues to expand its research programs and its enrollment of pediatric patients into those programs.

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

As explained in Section B.II.C (Project Need), the inpatient rooms being replaced are in one of the oldest buildings on the campus and are more than twenty years old. The units are in great need of expansion. Neither the patient rooms nor their support spaces are adequate. There is no way to expand the inpatient care units at their present locations, on the second and fourth floors of a multi-story building.

# The Framework for Tennessee's Comprehensive State Health Plan

## Five Principles for Achieving Better Health

The following Five Principles for Achieving Better Health serve as the basic framework for the State Health Plan. After each principle, the applicant states how this CON application supports the principle, if applicable.

### 1. Healthy Lives

***The purpose of the State Health Plan is to improve the health of Tennesseans.***
**Every person's health is the result of the interaction of individual behaviors, society, the environment, economic factors, and our genetic endowment. The State Health Plan serves to facilitate the collaboration of organizations and their ideas to help address health at these many levels.**

St. Jude has extensive programs of collaboration with hospital systems, scientific bodies, educational institutions, and health professionals across the United States and in dozens of foreign countries. These efforts help speed the translation of research findings into patient care processes worldwide.

### 2. Access to Care

***Every citizen should have reasonable access to health care.***
**Many elements impact one's access to health care, including existing health status, employment, income, geography, and culture. The State Health Plan can provide standards for reasonable access, offer policy direction to improve access, and serve a coordinating role to expand health care access.**

St. Jude is fortunate to be able to serve its patients without regard to their ability to pay for care. The only access limitation to St. Jude's is its requirement to provide most of its care under research protocols.

### 3. Economic Efficiencies

***The state's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies and the continued development of the state's health care system.*** **The State Health Plan should work to identify opportunities to improve the efficiency of the state's health care system and to encourage innovation and competition.**

The replacement of older inpatient areas with newer and larger areas will provide additional efficiencies for St. Jude's caregiver staff.

## 4. Quality of Care

***Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.*** **Health care providers are held to certain professional standards by the state's licensure system. Many health care stakeholders are working to improve their quality of care through adoption of best practices and data-driven evaluation.**

St. Jude is an evidence-based, outcomes-driven research institution. It has demonstrated a high degree of compliance with quality standards of the medical profession, the research community, and regulators at all levels of government. The work done at St. Jude helps define quality of care practices and documentation for pediatric patients nationwide.

## 5. Health Care Workforce

***The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.*** **The state should consider developing a comprehensive approach to ensure the existence of a sufficient, qualified health care workforce, taking into account issues regarding the number of providers at all levels and in all specialty and focus areas, the number of professionals in teaching positions, the capacity of medical, nursing, allied health and other educational institutions, state and federal laws and regulations impacting capacity programs, and funding.**

The educational processes carried out at St. Jude strongly support the development of highly qualified practitioners and the improvement of care at facilities across the United States and the world.

**C(I).2. DESCRIBE THE RELATIONSHIP OF THIS PROJECT TO THE APPLICANT'S LONG-RANGE DEVELOPMENT PLANS, IF ANY.**

The project has been identified as a high priority in St. Jude's current long-range campus plan, which calls for substantial expansion of research and care programs between now and FYE 2020. It is necessary to replace these beds in a more spacious setting in order to fully utilize existing bed capacity in the most efficient way.

**C(I).3. IDENTIFY THE PROPOSED SERVICE AREA AND JUSTIFY THE REASONABLENESS OF THAT PROPOSED AREA. SUBMIT A COUNTY-LEVEL MAP INCLUDING THE STATE OF TENNESSEE CLEARLY MARKED TO REFLECT THE SERVICE AREA. PLEASE SUBMIT THE MAP ON A 8-1/2" X 11" SHEET OF WHITE PAPER MARKED ONLY WITH INK DETECTABLE BY A STANDARD PHOTOCOPIER (I.E., NO HIGHLIGHTERS, PENCILS, ETC.).**

A map provided in Attachment C, Need--3 shows St. Jude's Tennessee primary service area, and the location of that area within the State of Tennessee. The hospital's *Tennessee* primary service area consists of six West Tennessee counties: Shelby, Dyer, Fayette, Lauderdale, Madison, and Tipton Counties. In the past 12 months, they contributed approximately 79.7% of St. Jude's *Tennessee* admissions.

However, Tennessee patients do not constitute St. Jude's actual primary service area population. Last year St. Jude received admissions and visits from 78 of Tennessee's 95 counties, from 53 U.S. States and U.S. Territories, and from 54 countries. Only 30.4% of its patients came from the six Tennessee counties listed above; and five of those six counties contributed less than 1% of St. Jude's total patients. St. Jude's actual total primary service area, from which 86% of its patients came, consisted of ten U.S. States: Tennessee, Mississippi, Louisiana, Arkansas, Alabama, Illinois, Missouri, Florida, Texas, and Kentucky. Tables Six-A and Six-B on the next two pages provide details of patient origin within the United States.

As those tables show, this unique hospital has an extremely dispersed nationwide service area. Mapping it may not be informative, because it would include four States (Louisiana, Illinois, Florida, Texas) that are far from Tennessee. The underlying cause of this widely dispersed patient origin is that while pediatric cancer is the leading cause of death by disease in children under the age of 18, pediatric cancer and other catastrophic illnesses treated by St. Jude are nevertheless relatively rare, so it requires a very large geographical area to generate a substantial number of pediatric cancer cases for research purposes.

## Table Six-A: St. Jude Patient Origin from Tennessee Counties

| TN County | SJ Patients | Percent of Tennessee Patients | Cumulative Tennessee Patients | Cumulative Percent of Tennessee Patients | Percent of SJ Patients | Cumulative Percent of SJ Patients |
|---|---|---|---|---|---|---|
| Shelby | 2079 | 70.45% | 2079 | 70.45% | 26.87% | 26.87% |
| Madison | 74 | 2.51% | 2153 | 72.96% | 0.96% | 27.82% |
| Tipton | 72 | 2.44% | 2225 | 75.40% | 0.93% | 28.75% |
| Dyer | 49 | 1.66% | 2274 | 77.06% | 0.63% | 29.39% |
| Fayette | 42 | 1.42% | 2316 | 78.48% | 0.54% | 29.93% |
| Lauderdale | 36 | 1.22% | 2352 | 79.70% | 0.47% | 30.40% |
| Sullivan | 34 | 1.15% | 2386 | 80.85% | 0.44% | 30.83% |
| Gibson | 34 | 1.15% | 2420 | 82.01% | 0.44% | 31.27% |
| Hamilton | 28 | 0.95% | 2448 | 82.95% | 0.36% | 31.64% |
| Obion | 28 | 0.95% | 2476 | 83.90% | 0.36% | 32.00% |
| McNairy | 25 | 0.85% | 2501 | 84.75% | 0.32% | 32.32% |
| Weakley | 24 | 0.81% | 2525 | 85.56% | 0.31% | 32.63% |
| Washington | 23 | 0.78% | 2548 | 86.34% | 0.30% | 32.93% |
| Knox | 22 | 0.75% | 2570 | 87.09% | 0.28% | 33.21% |
| Haywood | 18 | 0.61% | 2588 | 87.70% | 0.23% | 33.45% |
| Rutherford | 17 | 0.58% | 2605 | 88.28% | 0.22% | 33.67% |
| Greene | 14 | 0.47% | 2619 | 88.75% | 0.18% | 33.85% |
| Hardeman | 14 | 0.47% | 2633 | 89.22% | 0.18% | 34.03% |
| Henderson | 14 | 0.47% | 2647 | 89.70% | 0.18% | 34.21% |
| Henry | 14 | 0.47% | 2661 | 90.17% | 0.18% | 34.39% |
| Hardin | 13 | 0.44% | 2674 | 90.61% | 0.17% | 34.56% |
| Davidson | 12 | 0.41% | 2686 | 91.02% | 0.16% | 34.71% |
| Carter | 11 | 0.37% | 2697 | 91.39% | 0.14% | 34.85% |
| Hawkins | 11 | 0.37% | 2708 | 91.77% | 0.14% | 35.00% |
| Chester | 10 | 0.34% | 2718 | 92.10% | 0.13% | 35.13% |
| Lawrence | 9 | 0.30% | 2727 | 92.41% | 0.12% | 35.24% |
| Williamson | 9 | 0.30% | 2736 | 92.71% | 0.12% | 35.36% |
| Bradley | 8 | 0.27% | 2744 | 92.99% | 0.10% | 35.46% |
| Crockett | 8 | 0.27% | 2752 | 93.26% | 0.10% | 35.56% |
| Carroll | 7 | 0.24% | 2759 | 93.49% | 0.09% | 35.66% |
| Lincoln | 7 | 0.24% | 2766 | 93.73% | 0.09% | 35.75% |
| McMinn | 7 | 0.24% | 2773 | 93.97% | 0.09% | 35.84% |
| Monroe | 7 | 0.24% | 2780 | 94.21% | 0.09% | 35.93% |
| Sumner | 7 | 0.24% | 2787 | 94.44% | 0.09% | 36.02% |
| Anderson | 6 | 0.20% | 2793 | 94.65% | 0.08% | 36.09% |
| Blount | 5 | 0.17% | 2798 | 94.82% | 0.06% | 36.16% |
| Coffee | 5 | 0.17% | 2803 | 94.98% | 0.06% | 36.22% |
| Hamblen | 5 | 0.17% | 2808 | 95.15% | 0.06% | 36.29% |
| Lake | 5 | 0.17% | 2813 | 95.32% | 0.06% | 36.35% |
| Carroll | 4 | 0.14% | 2817 | 95.46% | 0.05% | 36.40% |
| Jefferson | 4 | 0.14% | 2821 | 95.59% | 0.05% | 36.46% |
| Johnson | 4 | 0.14% | 2825 | 95.73% | 0.05% | 36.51% |
| Fentress | 3 | 0.10% | 2828 | 95.83% | 0.04% | 36.55% |
| Green | 3 | 0.10% | 2831 | 95.93% | 0.04% | 36.59% |
| Marion | 4 | 0.14% | 2835 | 96.07% | 0.05% | 36.64% |
| Montgomery | 3 | 0.10% | 2838 | 96.17% | 0.04% | 36.68% |
| Polk | 3 | 0.10% | 2841 | 96.27% | 0.04% | 36.71% |
| Sevier | 3 | 0.10% | 2844 | 96.37% | 0.04% | 36.75% |
| Wayne | 3 | 0.10% | 2847 | 96.48% | 0.04% | 36.79% |
| Benton | 2 | 0.07% | 2849 | 96.54% | 0.03% | 36.82% |
| Cocke | 2 | 0.07% | 2851 | 96.61% | 0.03% | 36.84% |
| Dickson | 2 | 0.07% | 2853 | 96.68% | 0.03% | 36.87% |
| Grundy | 2 | 0.07% | 2855 | 96.75% | 0.03% | 36.90% |
| Hickman | 2 | 0.07% | 2857 | 96.81% | 0.03% | 36.92% |
| Lewis | 2 | 0.07% | 2859 | 96.88% | 0.03% | 36.95% |
| Loudon | 2 | 0.07% | 2861 | 96.95% | 0.03% | 36.97% |
| Marshall | 2 | 0.07% | 2863 | 97.02% | 0.03% | 37.00% |
| Mason | 2 | 0.07% | 2865 | 97.09% | 0.03% | 37.03% |
| Maury | 2 | 0.07% | 2867 | 97.15% | 0.03% | 37.05% |
| Moore | 2 | 0.07% | 2869 | 97.22% | 0.03% | 37.08% |
| Putnam | 2 | 0.07% | 2871 | 97.29% | 0.03% | 37.10% |
| Stewart | 2 | 0.07% | 2873 | 97.36% | 0.03% | 37.13% |
| Cumberland | 1 | 0.03% | 2874 | 97.39% | 0.01% | 37.14% |
| Decatur | 1 | 0.03% | 2875 | 97.42% | 0.01% | 37.15% |
| Giles | 1 | 0.03% | 2876 | 97.46% | 0.01% | 37.17% |
| Grainger | 1 | 0.03% | 2877 | 97.49% | 0.01% | 37.18% |
| Hancock | 1 | 0.03% | 2878 | 97.53% | 0.01% | 37.19% |
| Humphreys | 1 | 0.03% | 2879 | 97.56% | 0.01% | 37.21% |
| Jackson | 1 | 0.03% | 2880 | 97.59% | 0.01% | 37.22% |
| Meigs | 1 | 0.03% | 2881 | 97.63% | 0.01% | 37.23% |
| Morgan | 1 | 0.03% | 2882 | 97.66% | 0.01% | 37.24% |
| Roane | 1 | 0.03% | 2883 | 97.70% | 0.01% | 37.26% |
| Scott | 1 | 0.03% | 2884 | 97.73% | 0.01% | 37.27% |
| Sequatchie | 1 | 0.03% | 2885 | 97.76% | 0.01% | 37.28% |
| Smith | 1 | 0.03% | 2886 | 97.80% | 0.01% | 37.30% |
| Unicoi | 1 | 0.03% | 2887 | 97.83% | 0.01% | 37.31% |
| Warren | 1 | 0.03% | 2888 | 97.87% | 0.01% | 37.32% |
| ZZ-Unidentified | 63 | 2.13% | 2951 | 100.00% | 0.81% | 38.14% |
| | 2951 | 100.00% | | | | |

*Source: SJCRH records.*

| Table Six-B: St. Jude Patient Origin from United States | | | | |
|---|---|---|---|---|
| State | SJ Patients From State | Percent of SJ Patients From State | Cumulative Patients at SJ | Cumulative Percent of All Patients |
| TN | 2,951 | 38.14% | 2,951 | 38.14% |
| MS | 1,107 | 14.31% | 4,058 | 52.44% |
| LA | 760 | 9.82% | 4,818 | 62.26% |
| AR | 462 | 5.97% | 5,280 | 68.23% |
| AL | 291 | 3.76% | 5,571 | 72.00% |
| IL | 287 | 3.71% | 5,858 | 75.70% |
| MO | 273 | 3.53% | 6,131 | 79.23% |
| FL | 200 | 2.58% | 6,331 | 81.82% |
| TX | 167 | 2.16% | 6,498 | 83.98% |
| KY | 133 | 1.72% | 6,631 | 85.69% |
| VA | 122 | 1.58% | 6,753 | 87.27% |
| GA | 113 | 1.46% | 6,866 | 88.73% |
| OK | 109 | 1.41% | 6,975 | 90.14% |
| CA | 87 | 1.12% | 7,062 | 91.26% |
| IN | 80 | 1.03% | 7,142 | 92.30% |
| OH | 56 | 0.72% | 7,198 | 93.02% |
| NC | 55 | 0.71% | 7,253 | 93.73% |
| KS | 53 | 0.68% | 7,306 | 94.42% |
| SC | 48 | 0.62% | 7,354 | 95.04% |
| PR | 44 | 0.59% | 7,398 | 95.63% |
| MI | 41 | 0.53% | 7,439 | 96.16% |
| NY | 30 | 0.39% | 7,469 | 96.55% |
| PA | 20 | 0.26% | 7,489 | 96.80% |
| AZ | 21 | 0.27% | 7,510 | 97.07% |
| MD | 21 | 0.27% | 7,531 | 97.35% |
| IA | 19 | 0.25% | 7,550 | 97.59% |
| MN | 15 | 0.19% | 7,565 | 97.79% |
| WI | 15 | 0.19% | 7,580 | 97.98% |
| NJ | 14 | 0.18% | 7,594 | 98.16% |
| CO | 13 | 0.17% | 7,607 | 98.33% |
| WV | 12 | 0.16% | 7,619 | 98.48% |
| CT | 11 | 0.14% | 7,630 | 98.63% |
| NE | 11 | 0.14% | 7,641 | 98.77% |
| UT | 10 | 0.13% | 7,651 | 98.90% |
| WA | 10 | 0.13% | 7,661 | 99.03% |
| MA | 9 | 0.12% | 7,670 | 99.14% |
| NM | 9 | 0.12% | 7,679 | 99.26% |
| NV | 9 | 0.12% | 7,688 | 99.38% |
| OR | 9 | 0.12% | 7,697 | 99.49% |
| WY | 8 | 0.10% | 7,705 | 99.59% |
| MT | 7 | 0.09% | 7,712 | 99.69% |
| DC | 5 | 0.06% | 7,717 | 99.75% |
| DE | 3 | 0.04% | 7,720 | 99.79% |
| NH | 3 | 0.04% | 7,723 | 99.83% |
| VT | 3 | 0.04% | 7,726 | 99.87% |
| ID | 2 | 0.03% | 7,728 | 99.89% |
| SD | 2 | 0.03% | 7,730 | 99.92% |
| AK | 1 | 0.01% | 7,731 | 99.93% |
| HI | 1 | 0.01% | 7,732 | 99.94% |
| ME | 1 | 0.01% | 7,733 | 99.96% |
| ND | 1 | 0.01% | 7,734 | 99.97% |
| UNIDENT | 1 | 0.01% | 7,735 | 99.98% |
| UNIDENT | 3 | 0.01% | 7,738 | 100.00% |
| | 7,738 | | | |

*Source: SJCRH records.*

## C(I).4.A DESCRIBE THE DEMOGRAPHICS OF THE POPULATION TO BE SERVED BY THIS PROPOSAL.

The applicant's relevant Tennessee primary service area demographic characteristics are shown in Table Seven on the following page. The service area's total population is increasing at 1.6% between 2014 and 2018, while Tennessee's is increasing by 3.7% in that period. The pediatric population aged 0-17 (the only age cohort served by this project) will decrease by 1.4% in that period, while the Statewide pediatric population will increase by 1.4%. By 2018, the declining pediatric population and the increasing total population will result in the primary service area's having a 3% decrease in the pediatric population's percentage of total population--from approximately a fourth of the total population to approximately a fifth.

The service area has a higher percentage of its population enrolled in TennCare than the State: 23.9% vs. 18.8%. Its percent of population living in poverty is also higher than the State's: 19.6% vs. 17.3%. Its median household income is approximately equal to the State median income: $44,650 vs. a State income of $44,140.

However, as stated in preceding sections, the hospital's actual primary service area is national, consisting of ten U.S. States. Their collective demographic characteristics do not appear relevant to a project with such a small patient population.

## Table Seven: Demographic Characteristics of Tennessee Primary Service Area
## St. Jude Children's Research Hospital
## 2014-2018

| Demographic | DYER County | FAYETTE County | LAUDERDALE County | MADISON County | SHELBY County | TIPTON County | TENNESSEE PSA | STATE OF TENNESSEE |
|---|---|---|---|---|---|---|---|---|
| Median Age-2010 US Census | 39.3 | 41.9 | 36.4 | 36.8 | 34.6 | 36.6 | 37.6 | 38.0 |
| | | | | | | | | |
| Total Population-2014 | 38,218 | 40,930 | 27,341 | 99,555 | 943,812 | 63,865 | 1,213,721 | 6,588,698 |
| Total Population-2018 | 38,427 | 44,888 | 27,125 | 101,001 | 954,012 | 67,545 | 1,232,998 | 6,833,509 |
| Total Population-% Change 2014 to 2018 | -2.8% | 5.4% | -5.6% | 0.7% | -1.6% | -3.0% | 1.6% | 3.7% |
| | | | | | | | | |
| Age 0-17 Population-2014 | 9,027 | 8,585 | 6,396 | 23,759 | 239,179 | 15,618 | 302,564 | 1,504,991 |
| % of Total Population | 23.6% | 21.0% | 23.4% | 23.9% | 25.3% | 24.5% | 24.9% | 22.8% |
| Age 0-17 Population-2018 | 8,775 | 9,045 | 6,035 | 23,915 | 235,401 | 15,155 | 298,326 | 1,526,152 |
| % of Total Population | 22.8% | 20.2% | 22.2% | 23.7% | 24.7% | 22.4% | 24.2% | 22.3% |
| Age 0-17 Population-% Change 2014-2018 | -2.8% | 5.4% | -5.6% | 0.7% | -1.6% | -3.0% | -1.4% | 1.4% |
| | | | | | | | | |
| Median Household Income | $38,167 | $56,297 | $32,987 | $42,348 | $46,251 | $51,847 | $44,650 | $44,140 |
| TennCare Enrollees (9/14) | 9,393 | 6,089 | 7,108 | 21,610 | 234,528 | 11,941 | 290,669 | 1,241,028 |
| Percent of 2014 Population Enrolled in TennCare | 24.6% | 14.9% | 26.0% | 21.7% | 24.8% | 18.7% | 23.9% | 18.8% |
| Persons Below Poverty Level (2014) | 7,338 | 5,403 | 7,136 | 18,219 | 190,650 | 8,941 | 237,686 | 1,139,845 |
| Persons Below Poverty Level As % of Population (US Census) | 19.2% | 13.2% | 26.1% | 18.3% | 20.2% | 14.0% | 19.6% | 17.3% |

Sources: TDH Population Projections, May 2013; U.S. Census QuickFacts and FactFinder2; TennCare Bureau. PSA data is unweighted average or total of county data.

**C(I).4.B. 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.**

Like the general population, St. Jude's pediatric patients' families are often low-income and of minority status. St. Jude has no religious, racial, ethnic, or income barriers to accepting referrals. However, it does serve primarily patients below the age of 18.

St. Jude Children's Research Hospital is an especially important resource for uninsured children living in poverty, because the hospital has no financial criteria for acceptance of its referrals. No child is ever denied treatment at St. Jude based on a family's inability to pay for care.

**C(I).5. DESCRIBE THE EXISTING OR CERTIFIED SERVICES, INCLUDING APPROVED BUT UNIMPLEMENTED CON'S, OF SIMILAR INSTITUTIONS 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. BE CERTAIN TO LIST EACH INSTITUTION AND ITS UTILIZATION AND/OR OCCUPANCY INDIVIDUALLY. INPATIENT BED PROJECTS MUST INCLUDE THE FOLLOWING DATA: ADMISSIONS OR DISCHARGES, PATIENT DAYS, AND OCCUPANCY. OTHER PROJECTS SHOULD USE THE MOST APPROPRIATE MEASURES, E.G., CASES, PROCEDURES, VISITS, ADMISSIONS, ETC.**

There is no similar facility in the service area. Because the applicant is a unique facility with a nationwide service area, and because this project does not include a reviewable addition of licensed beds, it does not appear necessary to inventory the utilization of acute care hospitals in the Tennessee primary service area.

**C(I).6. PROVIDE APPLICABLE UTILIZATION AND/OR OCCUPANCY STATISTICS FOR YOUR INSTITUTION FOR EACH OF THE PAST THREE (3) YEARS AND THE PROJECTED ANNUAL UTILIZATION FOR EACH OF THE TWO (2) 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.**

1. Utilization Data

On the following page, Tables Eight-A through Eight-C show St. Jude's historic and projected utilization, based on both licensed and staffed beds. These are summaries of more detailed Tables Eight-D and -E on the second and third following pages.

Table Eight-A on the next page shows St. Jude's licensed and staffed beds, currently and in the project's first two years of operation. It is important to understand that the hospital is not providing inpatient care in fourteen older private rooms on the fourth floor of its Patient Care Center, pending completion of this bed replacement project. In Year One of the project (FYE 2017), all but nine of the total eighty licensed beds will be staffed. In Year Two all eighty beds will be staffed. This is explained in Section 2 of this response, on the fourth following page.

Table Eight-B on the next page shows that occupancy of total licensed beds (including the fourteen that are not available) is projected to be 57.3% in the current fiscal year (FYE 2015)--which is slightly higher than the three-year historical average of 55.3%. Occupancy will increase to almost 75% in FYE 2018, as the full 80-bed complement is renewed and opened for admissions, and as St. Jude opens up new protocols for admissions (explained in Section 2 of this response).

Table Eight-C on that page then shows the occupancy based on staffed beds--a very different picture. This year that will reach 69.8%, higher than the three-year historical average of 67.4%. Projected utilization on staffed beds is expected to reach 74.6% in Year Two of the project.

| Table Eight-A: Licensed and Staffed Beds<br>St. Jude Children's Research Hospital<br>CYE 2015 and Project Years One and Two | | | | | | |
|---|---|---|---|---|---|---|
| | Currently (FYE 2015) | | Proposed Year One (FYE 2017) | | Proposed Year Two (FYE 2018) | |
| **Bed Type** | **Licensed** | **Staffed** | **Licensed** | **Staffed** | **Licensed** | **Staffed** |
| | | | | | | |
| 1. ICU | 8 | 8 | 8 | 8 | 8 | 8 |
| | | | | | | |
| 2. Med/Surg | 70 | 56 | 72 | 63 | 72 | 72 |
| *Transplant* | *18* | *18* | *18* | *18* | *18* | *18* |
| *General* | *52* | *38* | *54* | *45* | *54* | *54* |
| | | | | | | |
| Total Beds | 78 | 64 | 80 | 71 | 80 | 80 |

| Table Eight-B: Historical and Projected Utilization on Licensed Beds<br>St. Jude Children's Research Hospital<br>FYE 2014-FYE 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Lic'd Beds | Admissions | Discharge Days | Average Length of Stay | Average Daily Census | Patient Days of Capacity | Average Annual Occupancy |
| *Actual* | | | | | | | |
| FYE 2012 | 78 | 3,040 | 16,090 | 5.3 | 44.1 | 28,470 | 56.5% |
| FYE 2013 | 78 | 3,009 | 16,387 | 5.4 | 44.9 | 28,470 | 57.6% |
| FYE 2014 | 78 | 2,944 | 14,767 | 5.0 | 40.5 | 28,470 | 51.9% |
| *Projected* | | | | | | | |
| FYE 2015 | 78 | 3,220 | 16,273 | 5.1 | 44.6 | 28,470 | 57.2% |
| FYE 2016 | 78 | 3,393 | 17,933 | 5.3 | 49.1 | 28,470 | 63.0% |
| FYE 2017 | 80 | 3,527 | 19,762 | 6.6 | 54.1 | 29,200 | 67.7% |
| FYE 2018 | 80 | 3,637 | 21,779 | 6.0 | 59.7 | 29,200 | 74.6% |

*Source: Hospital management.*

| Table Eight-C: Historical and Projected Utilization on Staffed Beds<br>St. Jude Children's Research Hospital<br>FYE 2014-FYE 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Staffed Beds | Admissions | Discharge Days | Average Length of Stay | Average Daily Census | Patient Days of Capacity | Average Annual Occupancy |
| *Actual* | | | | | | | |
| FYE 2012 | 64 | 3,040 | 16,090 | 5.3 | 44.1 | 23,360 | 68.9% |
| FYE 2013 | 64 | 3,009 | 16,387 | 5.4 | 44.9 | 23,360 | 70.1% |
| FYE 2014 | 64 | 2,944 | 14,767 | 5.0 | 40.5 | 23,360 | 63.2% |
| *Projected* | | | | | | | |
| FYE 2015 | 64 | 3,220 | 16,273 | 5.1 | 44.6 | 23,360 | 69.7% |
| FYE 2016 | 64 | 3,393 | 17,933 | 5.3 | 49.1 | 23,360 | 76.8% |
| FYE 2017 | 71 | 3,527 | 19,762 | 6.6 | 54.1 | 25,915 | 76.3% |
| FYE 2018 | 80 | 3,637 | 21,779 | 6.0 | 59.7 | 29,200 | 74.6% |

*Source: Hospital management.*

## Table Eight-D: St. Jude Children's Research Hospital
## Actual and Projected Licensed Bed Utilization, FYE 2012-FYE 2018

| | | | | | | Year One | Year Two |
|---|---|---|---|---|---|---|---|
| | FYE 2012 | FYE 2013 | FYE 2014 | Projected 2015 | Projected 2016 | Projected 2017 | Projected 2018 |
| **Total Beds** | 78 | 78 | 78 | 78 | 78 | 80 | 80 |
| Admissions | 3,040 | 3,009 | 2,944 | 3,220 | 3,393 | 3,527 | 3,637 |
| Discharge Days | 16,090 | 16,387 | 14,767 | 16,273 | 17,933 | 19,762 | 21,779 |
| ALOS on Admissions | 5.3 | 5.4 | 5.0 | 5.1 | 5.3 | 5.6 | 6.0 |
| ADC on Admissions | 44.1 | 44.9 | 40.5 | 44.6 | 49.1 | 54.1 | 59.7 |
| Occupancy on Admissions | 56.5% | 57.6% | 51.9% | 57.2% | 63.0% | 67.7% | 74.6% |
| 23-Hour Observation Days | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Bed Days | 16,090 | 16,387 | 14,767 | 16,273 | 17,933 | 19,762 | 21,779 |
| Total ADC | 44.1 | 44.9 | 40.5 | 44.6 | 49.1 | 54.1 | 59.7 |
| Total Occupancy | 56.5% | 57.6% | 51.9% | 57.2% | 63.0% | 67.7% | 74.6% |
| | | | | | | | |
| **Pediatric Med-Surg Beds** | 70 | 70 | 70 | 70 | 70 | 72 | 72 |
| Admissions | 2,749 | 2,696 | 2,594 | 2,860 | 3,018 | 3,152 | 3,237 |
| Discharge Days | 14,284 | 14,880 | 13,318 | 14,650 | 16,115 | 17,726 | 19,499 |
| ALOS on Admissions | 5.2 | 5.5 | 5.1 | 5.1 | 5.3 | 5.6 | 6.0 |
| ADC on Admissions | 39.1 | 40.8 | 36.5 | 40.1 | 44.2 | 48.6 | 53.4 |
| Occupancy on Admissions | 55.9% | 58.2% | 52.1% | 57.3% | 63.1% | 67.5% | 74.2% |
| 23-Hour Observation Days | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Bed Days | 14,284 | 14,880 | 13,318 | 14,650 | 16,115 | 17,726 | 19,499 |
| Total ADC | 39.1 | 40.8 | 36.5 | 40.1 | 44.2 | 48.6 | 53.4 |
| Total Occupancy | 55.9% | 58.2% | 52.1% | 57.3% | 63.1% | 67.5% | 74.2% |
| | | | | | | | |
| **Pediatric ICU Beds** | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Admissions | 291 | 313 | 350 | 360 | 375 | 375 | 400 |
| Discharge Days | 1,806 | 1,507 | 1,449 | 1,623 | 1,818 | 2,036 | 2,280 |
| ALOS on Admissions | 6.2 | 4.8 | 4.1 | 4.5 | 4.8 | 5.4 | 5.7 |
| ADC on Admissions | 4.9 | 4.1 | 4.0 | 4.4 | 5.0 | 5.6 | 6.2 |
| Occupancy on Admissions | 61.8% | 51.6% | 49.6% | 55.6% | 62.3% | 69.7% | 78.1% |
| 23-Hour Observation Days | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Bed Days | 1,806 | 1,507 | 1,449 | 1,623 | 1,818 | 2,036 | 2,280 |
| Total ADC | 4.9 | 4.1 | 4.0 | 4.4 | 5.0 | 5.6 | 6.2 |
| Total Occupancy | 61.8% | 51.6% | 49.6% | 55.6% | 62.3% | 69.7% | 78.1% |
| | | | | | | | |

**Table Eight-E: St. Jude Children's Research Hospital**
**Actual and Projected Staffed Bed Utilization, FYE 2012-FYE 2018**

| | | | | | | Year One | Year Two |
|---|---|---|---|---|---|---|---|
| | FYE 2012 | FYE 2013 | FYE 2014 | Projected 2015 | Projected 2016 | Projected 2017 | Projected 2018 |
| **Total Beds** | 64 | 64 | 64 | 64 | 64 | 71 | 80 |
| Admissions | 3,040 | 3,009 | 2,944 | 3,220 | 3,393 | 3,527 | 3,637 |
| Discharge Days | 16,090 | 16,387 | 14,767 | 16,273 | 17,933 | 19,762 | 21,779 |
| ALOS on Admissions | 5.3 | 5.4 | 5.0 | 5.1 | 5.3 | 5.6 | 6.0 |
| ADC on Admissions | 44.1 | 44.9 | 40.5 | 44.6 | 49.1 | 54.1 | 59.7 |
| Occupancy on Admissions | 68.9% | 70.1% | 63.2% | 69.7% | 76.8% | 76.3% | 74.6% |
| 23-Hour Observation Days | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Bed Days | 16,090 | 16,387 | 14,767 | 16,273 | 17,933 | 19,762 | 21,779 |
| Total ADC | 44.1 | 44.9 | 40.5 | 44.6 | 49.1 | 54.1 | 59.7 |
| Total Occupancy | 68.9% | 70.1% | 63.2% | 69.7% | 76.8% | 76.3% | 74.6% |
| | | | | | | | |
| **Pediatric Med-Surg Beds** | 56 | 56 | 56 | 56 | 56 | 63 | 72 |
| Admissions | 2,749 | 2,696 | 2,594 | 2,860 | 3,018 | 3,152 | 3,237 |
| Discharge Days | 14,284 | 14,880 | 13,318 | 14,650 | 16,115 | 17,726 | 19,499 |
| ALOS on Admissions | 5.2 | 5.5 | 5.1 | 5.1 | 5.3 | 5.6 | 6.0 |
| ADC on Admissions | 39.1 | 40.8 | 36.5 | 40.1 | 44.2 | 48.6 | 53.4 |
| Occupancy on Admissions | 69.9% | 72.8% | 65.2% | 71.7% | 78.8% | 77.1% | 74.2% |
| 23-Hour Observation Days | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Bed Days | 14,284 | 14,880 | 13,318 | 14,650 | 16,115 | 17,726 | 19,499 |
| Total ADC | 39.1 | 40.8 | 36.5 | 40.1 | 44.2 | 48.6 | 53.4 |
| Total Occupancy | 69.9% | 72.8% | 65.2% | 71.7% | 78.8% | 77.1% | 74.2% |
| | | | | | | | |
| **Pediatric ICU Beds** | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Admissions | 291 | 313 | 350 | 360 | 375 | 375 | 400 |
| Discharge Days | 1,806 | 1,507 | 1,449 | 1,623 | 1,818 | 2,036 | 2,280 |
| ALOS on Admissions | 6.2 | 4.8 | 4.1 | 4.5 | 4.8 | 5.4 | 5.7 |
| ADC on Admissions | 4.9 | 4.1 | 4.0 | 4.4 | 5.0 | 5.6 | 6.2 |
| Occupancy on Admissions | 61.8% | 51.6% | 49.6% | 55.6% | 62.3% | 69.7% | 78.1% |
| 23-Hour Observation Days | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Bed Days | 1,806 | 1,507 | 1,449 | 1,623 | 1,818 | 2,036 | 2,280 |
| Total ADC | 4.9 | 4.1 | 4.0 | 4.4 | 5.0 | 5.6 | 6.2 |
| Total Occupancy | 61.8% | 51.6% | 49.6% | 55.6% | 62.3% | 69.7% | 78.1% |

Note: All 54 proposed med-surg beds in the Kay Center will be constructed by FYE 2017; but 9 of them will not be staffed until FYE 2018.

2. Methodologies for Projections

The discharge day projections were made by increasing ICU days by 12% per year, and medical-surgical days by 10% per year, from FYE 2014's actual days through FYE 2018. This resulted in an overall discharge day increase for the hospital of approximately 10.2% annually. The basis for this projection is St. Jude's formal internal commitments to significantly expand its clinical research protocols over the next five years, which will result in increased admissions and lengths of stay.

St. Jude, unlike other Tennessee hospitals, does not acquire new patients as a result of changes in local physician admission decisions, service area population, local competitive factors, or other factors that most hospitals must consider when making projections. St. Jude is a research facility that acquires patients primarily by national and international recruitment of small numbers of seriously ill children, into trials of promising new treatment protocols for their conditions. St. Jude's physicians and scientists monitor research worldwide, perform research on the St. Jude campus, and strive to identify innovative new medical interventions that will hold out new hope for these children. The integration of cutting-edge research laboratories with physician and hospital resources makes it possible for its own IRB (Institutional Review Board) to move swiftly to take an idea "from bench to bedside". When a new treatment protocol is ready to be tested, St. Jude announces to its widespread physician referral networks that a limited number of children are being sought for treatments under the new protocol. Treatment results are reported in peer-reviewed research journals, so they can be disseminated quickly throughout the healthcare system.

Because of this process and its unique resources, St. Jude's future inpatient utilization depends primarily on the scope of its own internal commitments to develop and "open" (i.e., recruit into) new treatment protocols. St. Jude has recently made a commitment to open more new protocols and is staffing and developing its campus accordingly. Encouraging early successes in some protocols have led to a rebounding of admissions and utilization early this fiscal year. Increases are being seen in care of patients with solid tumors, neuroblastomas, and sickle cell anemia, to name a few. The approximately 10.2% annual increase in overall inpatient days for the next four years

reflects this internal program development and increased patient referrals and recruitments for new protocols.

**C(II)1. PROVIDE THE COST OF THE PROJECT BY COMPLETING THE PROJECT COSTS CHART ON THE FOLLOWING PAGE. JUSTIFY THE COST OF THE PROJECT.**

**• ALL PROJECTS SHOULD HAVE A PROJECT COST OF AT LEAST $3,000 ON LINE F (MINIMUM CON FILING FEE). CON FILING FEE SHOULD BE CALCULATED ON LINE D.**

**• 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.**

**• 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.**

**• FOR PROJECTS THAT INCLUDE NEW CONSTRUCTION, MODIFICATION, AND/OR RENOVATION; DOCUMENTATION MUST BE PROVIDED FROM A CONTRACTOR AND/OR ARCHITECT THAT SUPPORT THE ESTIMATED CONSTRUCTION COSTS.**

The architect's letter supporting the construction cost estimate is provided in Attachment C, Economic Feasibility--1.

On the Project Costs Chart, following this response:

Line A.1, A&E fees, were estimated by the project architect.

Line A.2, legal, administrative, and consultant fees, were estimated by St. Jude's Design and Construction Department.

Line A.5, construction cost, was calculated by St. Jude Design and Construction staff based on contractor's estimates.

Line A.6, contingency, was estimated by the St. Jude staff.

Line A.7 includes both fixed and moveable equipment costs, estimated by St. Jude staff.

Line A.9 includes such costs as information systems and telecommunications, miscellaneous minor equipment and furnishings, and miscellaneous fees and overhead.

Line B.1 is the allocated cost of having constructed the three floors of shell space in the project now nearing completion.

## PROJECT COSTS CHART-- ST JUDE CHILDREN'S RESEARCH HOSPITAL BED EXPANSION

A. Construction and equipment acquired by purchase:

| | | |
|---|---|---|
| 1. Architectural and Engineering Fees | | $ 1,386,200 |
| 2. Legal, Administrative, Consultant Fees (Excl CON Filing) | | 150,000 |
| 3. Acquisition of Site | | 0 |
| 4. Preparation of Site | | 0 |
| 5. Construction Cost | | 27,623,696 |
| 6. Contingency Fund | | 3,500,000 |
| 7. Fixed Equipment (Not included in Construction Contract) | | 2,700,000 |
| 8. Moveable Equipment (List all equipment over $50,000) | | 0 |
| 9. Other (Specify) | IS, telecommunications, furnishings misc. fees, overhead | 3,127,400 |

B. Acquisition by gift, donation, or lease:

| | | |
|---|---|---|
| 1. Facility (inclusive of building and land) | | 0 |
| 2. Building only | FMV of shelled floors 3-5 + RT Area | 23,968,220 |
| 3. Land only | | 0 |
| 4. Equipment (Specify) | | 0 |
| 5. Other (Specify) | | 0 |

C. Financing Costs and Fees:

| | | |
|---|---|---|
| 1. Interim Financing | | 0 |
| 2. Underwriting Costs | | 0 |
| 3. Reserve for One Year's Debt Service | | 0 |
| 4. Other (Specify) | | 0 |

| | | |
|---|---|---|
| D. Estimated Project Cost (A+B+C) | | 62,455,516 |
| E. CON Filing Fee | (statutory maximum) | 45,000 |
| F. Total Estimated Project Cost (D+E) | **TOTAL $** | 62,500,516 |

| | |
|---|---|
| Actual Capital Cost | 38,532,296 |
| Section B FMV | 23,968,220 |

**C(II).2. IDENTIFY THE FUNDING SOURCES FOR THIS PROJECT.**

**a. PLEASE 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 ALPHANUMERIC ORDER AND IDENTIFIED AS ATTACHMENT C, ECONOMIC FEASIBILITY--2).**

**_____A. 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;**

**_____B. Tax-Exempt Bonds--copy of preliminary resolution or a letter from the issuing authority, stating favorable contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;**

**_____C. General Obligation Bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting;**

**_____D. Grants--Notification of Intent form for grant application or notice of grant award;**

**___x__E. Cash Reserves--Appropriate documentation from Chief Financial Officer; or**

**_____F. Other--Identify and document funding from all sources.**

As in the prior application, this project will be entirely funded by a cash contribution from ALSAC (American Lebanese Syrian Associated Charities, Inc.), the charitable organization established at the time St. Jude was originally built. ALSAC's only mission and authorized role is to provide funding for the needs of St. Jude Children's Research Hospital. Documentation of ALSAC's intention to fund the project is provided in Attachment C, Economic Feasibility--2, in a letter from Mr. Jeff Pearson, Chief Financial Officer of ALSAC. ALSAC's financial statements are provided in the Attachments as documentation of the availability of funds within ALSAC accounts.

**C(II).3. DISCUSS AND DOCUMENT THE REASONABLENESS OF THE PROPOSED PROJECT COSTS. IF APPLICABLE, COMPARE THE COST PER SQUARE FOOT OF CONSTRUCTION TO SIMILAR PROJECTS RECENTLY APPROVED BY THE HSDA.**

The justification of costs was provided in an earlier section, which is repeated here:

Hospital construction projects approved by the HSDA in 2011-2013 had the following construction costs per SF:

| Table Four-A (Repeated): Hospital Construction Cost PSF Years: 2011-2013 | | | |
|---|---|---|---|
| | **Renovated Construction** | **New Construction** | **Total Construction** |
| 1st Quartile | $107.15/sq ft | $235.00/sq ft | $151.56/sq ft |
| Median | $179.00/sq ft | $274.63/sq ft | $227.88/sq ft |
| 3rd Quartile | $249.00/sq ft | $324.00/sq ft | $274.63/sq ft |

*Source: HSDA, from CON approved applications during 2011-2013.*

As shown in Table Four-B below, the construction cost for the three floors, the connectors, and the Respiratory Therapy area, if one combines the already completed shelled space costs and the proposed build-out costs in this current application, is $505.29 PSF, which significantly exceeds the State average Total Construction cost listed in Table Four-A above.

However, this *current* application's proposed build-out/ renovation cost is estimated at approximately $297.82 PSF, which is only slightly above than the third quartile Statewide average.

| Table Four-B (Repeated): This Project--Prior New Construction Plus Build-out Costs | | | |
|---|---|---|---|
| | **Shelled Areas (Completed)** | **Build-out (Proposed)** | **Total Area of Completed Floors** |
| Square Feet | 102,104 SF | 92,754 SF | 102,104 SF |
| Construction Cost | $23,968,220 | $27,623,696 | $51,591,916 |
| Constr. Cost PSF | $234.74 PSF | ***$297.82 PSF*** | $505.29 PSF |

**C(II).4. COMPLETE HISTORICAL AND PROJECTED 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 FOR THE INSTITUTION. PROJECTED DATA CHART REQUESTS INFORMATION FOR THE TWO YEARS FOLLOWING COMPLETION OF THIS PROPOSAL. PROJECTED DATA CHART SHOULD INCLUDE 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).**

See the following pages for these charts, with notes where applicable. The applicant is providing the Historic Data Chart for the hospital, and Projected Data Charts for both the hospital and this 54-bed project.

## HISTORICAL DATA CHART -- ST. JUDE CHILDREN'S RESEARCH HOSPITAL

Give information for the last three (3) years for which complete data are available for the facility or agency.
The fiscal year begins July 1.

| | | | FYE 2012 | FYE 2013 | FYE 2014 |
|---|---|---|---|---|---|
| | | Admissions | 2,988 | 3,015 | 2,944 |
| A. | Utilization Data | Discharge Days | 15,667 | 16,499 | 14,931 |
| B. | Revenue from Services to Patients | | | | |
| | 1. Inpatient Services | | $ 158,576,220 | 162,918,716 | 149,973,290 |
| | 2. Outpatient Services | | 246,297,608 | 251,126,212 | 267,778,242 |
| | 3. Emergency Services | | | | |
| | 4. Other Operating Revenue | | 102,677,162 | 104,197,037 | 113,404,339 |
| | (Specify) See notes page | | | | |
| | | **Gross Operating Revenue** | $ 507,550,990 | $ 518,241,965 | $ 531,155,871 |
| C. | Deductions for Operating Revenue | | | | |
| | 1. Contractual Adjustments | | $ 265,679,152 | 260,238,786 | 263,496,102 |
| | 2. Provision for Charity Care | | 43,100,000 | 49,300,000 | 56,153,000 |
| | 3. Provisions for Bad Debt | | 558,000 | 492,000 | 681,000 |
| | | **Total Deductions** | $ 309,337,152 | $ 310,030,786 | $ 320,330,102 |
| **NET OPERATING REVENUE** | | | $ 198,213,838 | $ 208,211,179 | $ 210,825,769 |
| D. | Operating Expenses | | | | |
| | 1. Salaries and Wages | | $ 274,293,362 | 286,819,653 | 303,045,662 |
| | 2. Physicians Salaries and Wages | | 64,340,418 | 67,278,684 | 71,084,785 |
| | 3. Supplies | | 87,127,270 | 94,463,734 | 101,762,224 |
| | 4. Taxes | | | | |
| | 5. Depreciation | | 62,566,580 | 61,563,562 | 61,003,690 |
| | 6. Rent | | | | |
| | 7. Interest, other than Capital | | 10,034,890 | 7,418,215 | 3,082,928 |
| | 8. Management Fees | | | | |
| | a. Fees to Affiliates | | 0 | 0 | |
| | b. Fees to Non-Affiliates | | 0 | 0 | |
| | 9. Other Expenses (Specify) | See notes page | 136,658,581 | 136,690,203 | 143,296,740 |
| | | **Total Operating Expenses** | $ 635,021,101 | 654,234,051 | 683,276,029 |
| E. | Other Revenue (Expenses) -- Net (Specify) | | $ | $ | $ |
| **NET OPERATING INCOME (LOSS)** | | | $ (436,807,263) | $ (446,022,872) | $ (472,450,260) |
| F. | Capital Expenditures | | | | |
| | 1. Retirement of Principal | | $ 0 | $ 0 | $ 0 |
| | 2. Interest | | 0 | 0 | 0 |
| | | **Total Capital Expenditures** | $ 65,548,236 | $ 96,800,909 | $ 130,915,522 |
| **NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES** | | | $ (502,355,499) | $ (542,823,781) | $ (603,365,782) |

**NOTES TO THE HISTORICAL DATA CHART - ST JUDE CHILDREN'S RESEARCH HOSPITAL**

| | FYE 2012 | FYE 2013 | FYE 2014 |
|---|---|---|---|
| **NOTE 1: Components of Other Operating Revenue:** | | | |
| Research grants | $95,189,714 | $93,786,270 | $80,937,617 |
| Net investment gain (loss) | (16,570) | 133,162 | 220,580 |
| Other | 7,504,018 | 10,277,605 | 32,246,142 |
| **Total other operating revenue** | **$102,677,162** | **$104,197,037** | **$113,404,339** |
| **NOTE 2: Components of Other Operating Expenses:** | | | |
| Professional fee & contract services | $90,993,413 | $95,572,037 | $98,663,304 |
| Telephone | 1,261,843 | 1,166,737 | 1,274,219 |
| Occupancy | 20,966,949 | 20,672,588 | 22,298,783 |
| Travel and meetings | 10,414,587 | 10,096,211 | 9,936,401 |
| Miscellaneous | 13,021,789 | 9,182,630 | 11,124,033 |
| **Total other operating expense** | **$136,658,581** | **$136,690,203** | **$143,296,740** |

# PROJECTED DATA CHART-- ST JUDE CHILDREN'S RESEARCH HOSPITAL

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins July 1.

| | | | FYE 2017 | FYE 2018 |
|---|---|---|---|---|
| | | Admissions | 3,527 | 3,637 |
| A. | Utilization Data | Discharge Days | 19,762 | 21,779 |
| B. | Revenue from Services to Patients | | | |
| | 1. Inpatient Services | | $ 224,146,808 | $ 277,368,614 |
| | 2. Outpatient Services | | 293,782,149 | 305,533,435 |
| | 3. Emergency Services | | | |
| | 4. Other Operating Revenue (Specify) | See notes page | 86,200,000 | 89,000,000 |
| | | **Gross Operating Revenue** | $ 604,128,957 | $ 671,902,049 |
| C. | Deductions for Operating Revenue | | | |
| | 1. Contractual Adjustments | | $ 345,118,048 | $ 391,114,578 |
| | 2. Provision for Charity Care | | 55,000,000 | 57,200,000 |
| | 3. Provisions for Bad Debt | | 500,000 | 520,000 |
| | | **Total Deductions** | $ 400,618,048 | $ 448,834,578 |
| **NET OPERATING REVENUE** | | | $ 203,510,909 | $ 223,067,471 |
| D. | Operating Expenses | | | |
| | 1. Salaries and Wages | | $ 373,916,908 | $ 408,786,649 |
| | 2. Physicians Salaries and Wages | | 87,708,904 | 95,888,226 |
| | 3. Supplies | | 123,149,118 | 134,633,429 |
| | 4. Taxes | | | |
| | 5. Depreciation | | 68,600,000 | 72,800,000 |
| | 6. Rent | | | |
| | 7. Interest, other than Capital | | 9,670,872 | 10,572,732 |
| | 8. Management Fees | | | |
| | a. Fees to Affiliates | | 0 | 0 |
| | b. Fees to Non-Affiliates | | 0 | 0 |
| | 9. Other Expenses (Specify) | See notes page | 178,198,312 | 194,816,253 |
| | Dues, Utilities, Insurance, and Prop Taxes. | | | |
| | | **Total Operating Expenses** | $ 841,244,114 | $ 917,497,289 |
| E. | Other Revenue (Expenses) -- Net (Specify) | | $ | $ |
| **NET OPERATING INCOME (LOSS)** | | | $ (637,733,205) | $ (694,429,818) |
| F. | Capital Expenditures | | | |
| | 1. Retirement of Principal | | $ | $ |
| | 2. Interest | | | |
| | | **Total Capital Expenditures** | $ 114,800,000 | $ 88,400,000 |
| **NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES** | | | $ (752,533,205) | $ (782,829,818) |

## NOTES TO THE PROJECTED DATA CHART - ST. JUDE CHILDREN'S RESEARCH HOSPITAL

| | FYE 2017 | FYE 2018 |
|---|---|---|
| **NOTE 1: Components of Other Operating Revenue:** | | |
| Research grants | $75,000,000 | $77,300,000 |
| Net investment gain (loss) | - | - |
| Other | 11,200,000 | 11,700,000 |
| **Total other operating revenue** | **$86,200,000** | **$89,000,000** |
| **NOTE 2: Components of Other Operating Expenses:** | | |
| Professional fee & contract s | $124,593,975 | $136,213,026 |
| Telephone | 1,521,035 | 1,662,879 |
| Occupancy | 26,950,141 | 29,463,386 |
| Travel and meetings | 13,162,083 | 14,389,517 |
| Miscellaneous | 11,971,079 | 13,087,445 |
| **Total other operating expense** | **$178,198,313** | **$194,816,253** |

## PROJECTED DATA CHART–SJCRH-- 54 INPATIENT BEDS

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins July 1.

| | | | FYE 2017 | FYE 2018 |
|---|---|---|---|---|
| | | Admissions | 3,231 | 4,011 |
| A. | Utilization Data | Discharge Days | 13,302 | 16,514 |
| B. | Revenue from Services to Patients | | | |
| | 1. Inpatient Services | | $ 178,451,345 | $ 222,707,278 |
| | 2. Outpatient Services | | | |
| | 3. Emergency Services | | | |
| | 4. Other Operating Revenue (Specify) | See notes page | | |
| | | **Gross Operating Revenue** | $ 178,451,345 | $ 222,707,278 |
| C. | Deductions for Operating Revenue | | | |
| | 1. Contractual Adjustments | | $ 115,339,417 | $ 143,943,593 |
| | 2. Provision for Charity Care | | 21,850,061 | 27,268,876 |
| | 3. Provisions for Bad Debt | | 218,058 | 272,135 |
| | | **Total Deductions** | $ 137,407,536 | $ 171,484,604 |
| **NET OPERATING REVENUE** | | | $ 41,043,809 | $ 51,222,674 |
| D. | Operating Expenses | | | |
| | 1. Salaries and Wages | | $ 60,289,197 | $ 75,964,388 |
| | 2. Physicians Salaries and Wages | | 14,141,910 | 17,818,807 |
| | 3. Supplies | | 30,378,012 | 38,276,295 |
| | 4. Taxes | | | |
| | 5. Depreciation | | | |
| | 6. Rent | | | |
| | 7. Interest, other than Capital | | | |
| | 8. Management Fees | | | |
| | a. Fees to Affiliates | | | |
| | b. Fees to Non-Affiliates | | | |
| | 9. Other Expenses (Specify) | See notes page | 26,694,604 | 33,635,201 |
| | Dues, Utilities, Insurance, and Prop Taxes. | | | |
| | | **Total Operating Expenses** | $ 131,503,723 | $ 165,694,691 |
| E. | Other Revenue (Expenses) -- Net (Specify) | | $ | $ |
| **NET OPERATING INCOME (LOSS)** | | | $ (90,459,914) | $ (114,472,017) |
| F. | Capital Expenditures | | | |
| | 1. Retirement of Principal | | $ | $ |
| | 2. Interest | | | |
| | | **Total Capital Expenditures** | $ 77,490,000 | $ 59,670,000 |
| **NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES** | | | $ (167,949,914) | $ (174,142,017) |

## NOTES TO THE PROJECTED DATA CHART - ST. JUDE CHILDREN'S RESEARCH HOSPITAL

| | FYE 2017 | FYE 2018 |
|---|---|---|
| **NOTE 1: Components of Other Operating Revenue:** | | |
| Research grants | | |
| Net investment gain (loss) | | |
| Other | | |
| **Total other operating revenue** | | |
| **NOTE 2: Components of Other Operating Expenses:** | | |
| Professional fee & contract services | $20,297,429 | $25,574,761 |
| Telephone | 366,811 | 462,182 |
| Occupancy | 944,132 | 1,189,607 |
| Travel and meetings | 3,834,789 | 4,831,834 |
| Miscellaneous | 1,251,443 | 1,576,817 |
| **Total other operating expense** | **$26,694,604** | **$33,635,201** |

**C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.**

| Table Nine: Average Charges, Deductions, Net Charges, Net Operating Income | | |
|---|---|---|
| | **FYE 2017** | **FYE 2018** |
| Patient Days | 13,302 | 16,514 |
| Admissions or Discharges | 3,231 | 4,011 |
| Average Gross Charge Per Day | $13,415 | $13,486 |
| Average Gross Charge Per Admission | $55,231 | $55,524 |
| Average Deduction from Operating Revenue per Day | $10,330 | $10,384 |
| Average Deduction from Operating Revenue per Admission | $42,528 | $42,754 |
| Average Net Charge (Net Operating Revenue) Per Day | $3,086 | $3,102 |
| Average Net Charge (Net Operating Revenue) Per Admission | $12,703 | $12,771 |
| Average Net Operating Income after Expenses, Per Day | - $6,800 | - $6,932 |
| Average Net Operating Income after Expenses, Per Admission | - $27,997 | - $28,540 |

**C(II).6.A. PLEASE PROVIDE THE CURRENT AND PROPOSED CHARGE SCHEDULES FOR THE PROPOSAL. DISCUSS ANY ADJUSTMENT TO CURRENT CHARGES THAT WILL RESULT FROM THE IMPLEMENTATION OF THE PROPOSAL. ADDITIONALLY, DESCRIBE THE ANTICIPATED REVENUE FROM THE PROPOSED PROJECT AND THE IMPACT ON EXISTING PATIENT CHARGES.**

Table Ten, submitted in response to C(II).6.B below, provides the applicant's current and proposed gross charges for the most frequent admissions DRG's. Because of ALSAC's commitment to completely fund the project, and to annually fund operating deficits of the hospital, there are no issues of debt service posed by this project. It will impose no debt service that could increase charges for care.

**C(II).6.B. 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 HSDA. IF APPLICABLE, COMPARE THE PROJECTED CHARGES OF THE PROJECT TO THE CURRENT MEDICARE ALLOWABLE FEE SCHEDULE BY COMMON PROCEDURE TERMINOLOGY (CPT) CODE(S).**

Table Ten on the following page shows the most frequent admissions DRG's for the medical-surgical beds, and St. Jude's projected gross charges for each DRG in Years One and Two. Because the St. Jude patient population is generally limited to children, very few are eligible for Medicare coverage. St. Jude has a Medicare number and also files a "low utilization" Medicare Cost Report, but does not bill the Medicare program. Consequently, Medicare allowables are not shown on Table Ten.

Table Eleven on the second following page compares Joint Annual Report charge data for Shelby County tertiary care hospitals.

| Table Ten: Charge Data for Most Frequent Admissions DRG's* St. Jude Children's Research Hospital--54 Medical-Surgical Beds | | | | |
|---|---|---|---|---|
| | | Average Gross Charge | | |
| DRG | Descriptor | FYE 2014 (Current) | FYE 2017 (Yr 1) | FYE 2018 (Yr 2) |
| 847 | Chemotherapy w/o acute leukemia as secondary diagnosis w CC | $22,664 | $26,236 | $27,548 |
| 809 | Major hematol/immun diag exc sickle cell crisis & coagul w CC | $26,185 | $30,312 | $31,827 |
| 839 | Chemo w acute leukemia as sdx w/o CC/MCC | $13,005 | $15,055 | $15,807 |
| 812 | Red blood cell disorders w/o MCC | $13,750 | $15,917 | $16,713 |
| 864 | Fever of unknown origin | $23,318 | $26,993 | $28,343 |
| 838 | Chemo w acute leukemia as sdx w CC or high dose chemo agent | $26,706 | $30,915 | $32,461 |
| 315 | OTHER KIDNEY & URINARY TRACT PROCEDURES | $29,440 | $34,080 | $35,784 |
| 835 | Acute leukemia w/o major O.R. procedure w CC | $93,637 | $108,394 | $113,814 |
| 392 | Esophagitis, gastroent & misc digest disorders w/o MCC | $36,497 | $42,249 | $44,361 |
| 153 | Otitis media & URI w/o MCC | $17,160 | $19,864 | $20,858 |

*54 Beds only; data does not include bone marrow transfer program or ICU

| Table Eleven: Comparative Charges Per Day and Per Stay<br>Tertiary Care Hospitals in the Primary Service Area | | | | | |
|---|---|---|---|---|---|
| | **Gross Inpatient Charges** | **Bed Days** | **Admissions or Discharges** | **Gross Charge Per Day** | **Gross Charge Per Stay** |
| St Jude Children's Research Hospital | $163,726,654 | 16,499 | 3,015 | $9,923 | $54,304 |
| Baptist Memorial Hospital | $1,300,034,389 | 163,128 | 24,509 | $7,969 | $53,043 |
| Methodist Hospital Germantown | $550,024,627 | 77,843 | 17,217 | $7,066 | $31,947 |
| Methodist LeBonheur Hospital | $554,012,900 | 62,844 | 9,861 | $8,816 | $56,182 |
| Saint Francis Hospital | $986,286,080 | 87,370 | 15,492 | $11,289 | $63,664 |
| The MED (Reg Med'l Center at Memphis) | $827,925,253 | 91,539 | 12,709 | $9,045 | $65,145 |

*Source: 2013 Joint Annual Report,*

## C(II).7. DISCUSS HOW PROJECTED UTILIZATION RATES WILL BE SUFFICIENT TO MAINTAIN COST-EFFECTIVENESS.

Utilization of this project, or any of the hospital's services, will never be high enough to maintain a positive operating margin, because St. Jude has an unusually high mix of patients without the means or resources to pay for care, and because much of St. Jude's activities are unreimbursed research expenses. St. Jude can continue to be a resource for children and their families only because its supporting charity, ALSAC, successfully generates enough charitable contributions each year to cover the hospital's large annual operating losses.

## C(II).8. DISCUSS HOW FINANCIAL VIABILITY WILL BE ENSURED WITHIN TWO YEARS; AND DEMONSTRATE THE AVAILABILITY OF SUFFICIENT CASH FLOW UNTIL FINANCIAL VIABILITY IS MAINTAINED.

Again, these are not issues at this unique hospital, which is financially viable due to continuous charitable financial support from ALSAC.

**C(II).9. 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. IN ADDITION, REPORT THE ESTIMATED DOLLAR AMOUNT OF REVENUE AND PERCENTAGE OF TOTAL PROJECT REVENUE ANTICIPATED FROM EACH OF TENNCARE, MEDICARE, OR OTHER STATE AND FEDERAL SOURCES FOR THE PROPOSAL'S FIRST YEAR OF OPERATION.**

As a pediatric facility, St. Jude has no routine need to deal with Medicare. Although Medicare reimbursement is occasionally available for a pediatric patient, it is so infrequently encountered that St. Jude does not pursue Medicare's facility reimbursement. So although some Medicare appears in the hospital's gross revenue account, Medicare reimbursement is never actually billed or received.

However, the hospital does bill its patients' insurors, if any--including State Medicaid programs--to obtain fair reimbursement for the care it provides. St. Jude has contractual and other relationships with numerous State Medicaid programs at the present time, and that includes contracts with almost all TennCare MCO's in all regions of Tennessee.

Following is a table showing Year One projected Medicare and TennCare gross revenues for SJCRH. In that year, SJCRH also projects charity care of $55,000,000. A similar table for the 54 bed project is provided as well.

| **Table Twelve-A: Medicare and TennCare/Medicaid Revenues, Year One SJCRH** | | |
|---|---|---|
| | **Medicare** | **TennCare/Medicaid** |
| Gross Patient Care Revenue | $3,107,574 | $198,884,719 |
| Percent of Gross Revenue | 0.6% | 38.4% |

| **Table Twelve-B: Medicare and TennCare/Medicaid Revenues, Year One 54-Bed Project** | | |
|---|---|---|
| | **Medicare** | **TennCare/Medicaid** |
| Gross Patient Care Revenue | $1,070,708 | $68,525,317 |
| Percent of Gross Revenue | 0.6% | 38.4% |

**C(II).10. 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 NEW PROJECTS, PROVIDE FINANCIAL INFORMATION FOR THE CORPORATION, PARTNERSHIP, OR PRINCIPAL PARTIES INVOLVED WITH THE PROJECT. COPIES MUST BE INSERTED AT THE END OF THE APPLICATION, IN THE CORRECT ALPHANUMERIC ORDER AND LABELED AS ATTACHMENT C, ECONOMIC FEASIBILITY--10.**

These are provided as Attachment C, Economic Feasibility--10.

**C(II)11. DESCRIBE ALL ALTERNATIVES TO THIS PROJECT WHICH WERE CONSIDERED AND DISCUSS THE ADVANTAGES AND DISADVANTAGES OF EACH ALTERNATIVE, INCLUDING BUT NOT LIMITED TO:**

**A. A DISCUSSSION REGARDING 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, THE APPLICANT SHOULD JUSTIFY WHY NOT, INCLUDING REASONS AS TO WHY THEY WERE REJECTED.**

**B. THE APPLICANT SHOULD DOCUMENT THAT CONSIDERATION HAS BEEN GIVEN TO ALTERNATIVES TO NEW CONSTRUCTION, E.G., MODERNIZATION OR SHARING ARRANGEMENTS. IT SHOULD BE DOCUMENTED THAT SUPERIOR ALTERNATIVES HAVE BEEN IMPLEMENTED TO THE MAXIMUM EXTENT PRACTICABLE.**

There are no acceptable alternatives to this replacement bed project. St. Jude has no more appropriate location on its campus for these beds, than on the third, fourth, and fifth floors of its new Kay Center. The Kay Center has shelled space available that is ideally sized to accommodate all of the beds that need replacement. The leadership of St. Jude has committed to expanding its services and admissions over the next four years; and to do that it is essential to have access to higher quality inpatient care units than are now available at the older Patient Care Center building.

**C(III).1. 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, E.G., TRANSFER AGREEMENTS, CONTRACTUAL AGREEMENTS FOR HEALTH SERVICES.**

St. Jude's most complex local collaborations are with Le Bonheur Children's Medical Center in Memphis (part of the Methodist Health System), and with a number of specialist and subspecialist physician practices and scientists in the community. St. Jude works closely with LeBonheur in a multidisciplinary childhood brain tumor program, to lead and coordinate the many types of treatment and support crucial to the comprehensive care of children with brain tumors. St. Jude also collaborates with local physician practices for the whole range of pediatric sub-specialist care, not only for brain tumor cases. The teams deliver care at both St. Jude and Le Bonheur. St. Jude also works closely with the Shelby County Health Department and county safety net hospital (Regional One Health), and faculty from the UT College of Health Sciences and the University of Memphis.

The "St. Jude Affiliate Program" provides many of the benefits of St. Jude's protocol-structured research and treatment programs to formally affiliated hospitals in other States. The program extends research and care processes from St. Jude into the Affiliates' pediatric care programs, to improve the care of children as close to their homes as possible. Care to the patients of the Affiliates is often provided both at St. Jude, and locally at the Affiliate's campus and in the patients' home communities. These clinical, research, and academic partnerships are currently at the following six locations:

- Baton Rouge, Louisiana--Our Lady of the Lake Children's Hospital at OLOL Regional Medical Center

- Huntsville, Alabama--Huntsville Hospital for Women and Children at Huntsville Hospital

- Johnson City, Tennessee—East Tennessee State University, and Niswonger Children's Hospital at Johnson City Medical Center and

- Peoria, Illinois--University of Illinois College of Medicine - Peoria, and Children's Hospital of Illinois at OSF Saint Francis Regional Medical Center

- Shreveport, Louisiana-- LSU Health Sciences Center and Fiest-Weiller Cancer Center at University Health

- Springfield, Missouri--Mercy Children's Hospital – Springfield at Mercy Hospital – Springfield

St. Jude also has scores of "Collaborative Site" relationships with research and clinical centers across the United States and around the world. Those centers enroll pediatric cancer patients in St. Jude clinical trials. These patients receive care at the collaborating sites.

St. Jude's International Outreach Program (IOP) mission is to improve the survival rates of children with cancer and other catastrophic diseases worldwide, through the sharing of knowledge, technology and organizational skills, implementation of new approaches to treat pediatric cancer globally, and generation of international networks committed to eradicating cancer in children. At 21 partner sites in 15 countries around the world, the IOP works with medical institutions and fund-raising entities to establish and support a basic health infrastructure and a critical mass of healthcare practitioners that can provide diagnostic and treatment expertise needed for local and regional self-sufficiency in pediatric care. This is supplemented with web-based teleconferencing capabilities and web-based and local training initiatives for international health care providers. This enables far more children to be cared for near their homes than could ever travel to St. Jude.

St. Jude's affiliations with organizations other than healthcare providers include the National Comprehensive Cancer Network, the Children's Hospital Association, and the Coalition for Pediatric Medical Research, all of whom support pediatric care initiatives across the country. St. Jude staff participate continuously in their forums and other activities. St. Jude also participates in numerous national and regional consortiums, such as the Pediatric Brain Tumor Consortium (headquartered at St. Jude); the Childhood Cancer Survivor Study; the Southwest Tennessee HIV/AIDS Care Consortium; the End of Life Nursing Education Consortium; and the NIAID Consortium of Centers of Excellence in Influenza Research and Surveillance.

**C(III).2. DESCRIBE THE POSITIVE AND/OR NEGATIVE EFFECTS OF THE PROPOSAL ON THE HEALTH CARE SYSTEM. PLEASE BE SURE TO DISCUSS ANY INSTANCES OF DUPLICATION OR COMPETITION 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.**

The project has no identifiable adverse impact on the West Tennessee health care system. Approximately 96% of the beds being constructed at the Kay Center will be replacement beds. The patient base from which St. Jude draws is a national patient base; and the children who come to St. Jude each year do not constitute a significant portion of any one provider's patient base. The types of care that St. Jude provides to these children under research protocols are not provided elsewhere in the service area. By upgrading its facilities and usable bed capacity, St. Jude can better support current expansions of its programs. Expansions of those programs will provide benefits to children everywhere.

**C(III).3. PROVIDE THE CURRENT AND/OR ANTICIPATED STAFFING PATTERN FOR ALL EMPLOYEES PROVIDING PATIENT CARE FOR THE PROJECT. THIS CAN BE REPORTED USING FTE'S FOR THESE POSITIONS. IN ADDITION, PLEASE COMPARE THE CLINICAL STAFF SALARIES IN THE PROPOSAL TO PREVAILING WAGE PATTERNS IN THE SERVICE AREA AS PUBLISHED BY THE TENNESSEE DEPARTMENT OF LABOR & WORKFORCE DEVELOPMENT AND/OR OTHER DOCUMENTED SOURCES.**

The Department of Labor and Workforce Development website indicates the following Memphis area annual salary information for clinical employees of this project:

**Table Thirteen: TDOL Surveyed Average Salaries for the Region**

| Position | Entry Level | Mean | Median | Experienced |
|---|---|---|---|---|
| RN | $48,756<br>$23.45/hr | $59,860<br>$28.80/hr | $59,075<br>$28.40/hr | $65,412<br>$31.45/hr |

Table Fourteen on the following page provides the current and projected staffing for the project.

**Table Fourteen: St. Jude Children's Research Hospital**
**Medical Surgical Beds, 3rd-5th Floors, Kay Center**
**Current and Projected Staffing**

| Position Type (RN, etc.) | Current FTE's | Year One FTE's | Year Two FTE's | Salary Range (Hourly) |
|---|---|---|---|---|
| | | | | |
| Registered Nurse | 98 | 120 | 131 | $23.07-$43.26 |
| Patient Care Associates | 23 | 27 | 29 | $10.45-$14.92 |
| Nursing Utility Assistants | 3 | 4 | 4 | $10.10-$12.88 |
| Clinical Nurse Specialists | 3 | 4 | 4 | $36.43-$58.30 |
| Managers | 2 | 3 | 3 | $33.12-$53.00 |
| Coordinators | 12 | 18 | 18 | $30.11-$48.18 |
| | | | | |
| | | | | |
| **Total FTE's** | 141 | 176 | 189 | |
| | | | | |
| | | | | |
| | | | | |

*Source: Hospital Management*

**C(III).4. DISCUSS THE AVAILABILITY OF AND ACCESSIBILITY TO HUMAN RESOURCES REQUIRED BY THE PROPOSAL, INCLUDING ADEQUATE PROFESSIONAL STAFF, AS PER THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, AND/OR THE DIVISION OF MENTAL RETARDATION SERVICES LICENSING REQUIREMENTS.**

St. Jude anticipates having no difficulty recruiting for the additional positions required for the project. Historically, the hospital has filled any vacant or new positions quickly. St. Jude is knowledgeable about State licensing requirements for healthcare professionals.

**C(III).5. VERIFY THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSING CERTIFICATION AS REQUIRED BY THE STATE OF TENNESSEE FOR MEDICAL/CLINICAL STAFF. THESE INCLUDE, WITHOUT LIMITATION, REGULATIONS CONCERNING PHYSICIAN SUPERVISION, CREDENTIALING, ADMISSIONS PRIVILEGES, QUALITY ASSURANCE POLICIES AND PROGRAMS, UTILIZATION REVIEW PPOLICIES AND PROGRAMS, RECORD KEEPING, AND STAFF EDUCATION.**

The applicant so verifies.

**C(III).6. DISCUSS YOUR HEALTH CARE INSTITUTION'S PARTICIPATION IN THE TRAINING OF STUDENTS IN THE AREAS OF MEDICINE, NURSING, SOCIAL WORK, ETC. (I.E., INTERNSHIPS, RESIDENCIES, ETC.).**

St. Jude works with a large number of educational institutions and healthcare organizations to provide clinical training and rotations. In addition to serving as a federally designated training site for pediatric medical and surgical subspecialty graduate medical education, St. Jude also serves as a training site for the disciplines of Social Work, Respiratory Care, Clinical Nutrition, Child Life, Chaplaincy, Pharmacy, Rehab Services, and Diagnostic Imaging. Additionally, St. Jude sponsors many other educational initiatives (conferences, seminars, symposia, etc.)

The St. Jude Pediatric Oncology Education program is funded by the National Institutes of Health/National Cancer Institute. More than 700 applicants from undergraduate schools, medical schools and pharmacy schools compete for the 50+ slots. Students are matched with faculty mentors based upon specific research interest either in basic science or clinical science. Students attend weekly multi-disciplinary conferences, daily Lunch and Learn conferences, and give presentations on their research projects at the end of their appointments. In general, the projects and presentations lead to manuscripts which are submitted to appropriate journals for possible publication.

St. Jude currently has nurse training relationships for students from the following Nursing Programs:

| | |
|---|---|
| Samford University | 10 |
| Bethel University | 23 |
| UT College of Health Sciences | 57 |
| Union University | 29 |
| Murray State University (KY) | 69 |
| Northwest Community College (MS) | 39 |
| University of Memphis | 32 |
| Auburn University | 1 |
| Denver School of Nursing | 2 |
| University of North Dakota | 4 |
| Creighton University (NE) | 1 |
| Nebraska Methodist College | 1 |

Basic Science

More than 200 basic science students from numerous programs in the U.S. and Europe study at St. Jude. More than 50 of these students are doing Ph.D. level research at St. Jude for thesis completion, with approximately 45 of these students coming from the University of Tennessee College of Graduate Health Sciences. St. Jude has a joint graduate program with the University of Tennessee under an Affiliation Agreement that has existed since the late 1970's.

Medical Students/Residents/Fellows

St. Jude has exceptional subspecialty training programs in pediatric malignancies throughout the medical education continuum. Physician trainees acquire skills in the research and patient management processes needed to advance care for children with malignancies and other catastrophic diseases.

Residency and Fellowship Programs

St. Jude is home to two Accreditation Council of Graduate Medical Education (ACGME) accredited fellowship programs and six non-accredited fellowship programs. All these Fellows are employed by St. Jude.

St. Jude also provides patient care rotations for residents and fellows from eleven ACGME accredited programs. These ACGME programs include many from the University of Tennessee College of Medicine but also from 12-15 other academic medical centers throughout the country (e.g., University of Maryland, Mayo Clinic, Rush University, Emory, University of Florida). Overall, more than 100 residents and fellows obtain training each year at St. Jude in subspecialties devoted to different aspects of the care of children with malignancies.

The St. Jude Pediatric Hematology Oncology Fellowship program, one of the largest in the country has provided focused research opportunities and training for many years for fellows who now lead their own Hematology and Oncology programs across the country and around the world in a variety of academic medical centers.

Medical Students

Each year, through the Office of Clinical Education and Training (CETO), St. Jude provides rotations in almost all areas of patient care for third and fourth year medical students. All University of Tennessee medical students (167/year) are required to

spend a week at St. Jude. In clinic settings they learn from faculty and staff about the patho-physiology, presentations and management of malignancies and hematologic conditions in children. Thirty to forty fourth year medical students from accredited Medical Schools across the country are selected to participate in one month clinical and/or research rotations at St. Jude each year. These M4 students are a critical group of individuals for future generations of Pediatric Hematologists and Oncologists. Although there are infrastructure costs for these rotation experiences, St. Jude has never charged students or institutions for these costs.

Physician Scientist Training Program (PSTP)

The PSTP was established in 1998 to fund additional research training for outstanding Physician Scientist Fellows. There are a three positions and each appointment is for one year. A number of prominent physician scientists nationally, and at St. Jude, have received fellowship funding through this program.

**C(III).7(a). PLEASE VERIFY, AS APPLICABLE, THAT THE APPLICANT HAS REVIEWED AND UNDERSTANDS THE LICENSURE REQUIREMENTS OF THE DEPARTMENT OF HEALTH, THE DEPARTMENT OF MENTAL HEALTH AND DEVELOPMENTAL DISABILITIES, THE DIVISION OF MENTAL RETARDATION SERVICES, AND/OR ANY APPLICABLE MEDICARE REQUIREMENTS.**

The applicant so verifies.

**C(III).7(b). PROVIDE THE NAME OF THE ENTITY FROM WHICH THE APPLICANT HAS RECEIVED OR WILL RECEIVE LICENSURE, CERTIFICATION, AND/OR ACCREDITATION**

**LICENSURE:** Board for Licensure of Healthcare Facilities
Tennessee Department of Health

**CERTIFICATION:** Medicare Certification from CMS
TennCare Certification from TDH

**ACCREDITATION:** Joint Commission

**C(III).7(c). IF AN EXISTING INSTITUTION, PLEASE DESCRIBE THE CURRENT STANDING WITH ANY LICENSING, CERTIFYING, OR ACCREDITING AGENCY OR AGENCY.**

The applicant is currently licensed in good standing by the Board for Licensing Health Care Facilities, certified for participation in Medicare and Medicaid/TennCare, and fully accredited by the Joint Commission on Accreditation of Healthcare Organizations.

**C(III).7(d). FOR EXISTING LICENSED PROVIDERS, DOCUMENT THAT ALL DEFICIENCIES (IF ANY) CITED IN THE LAST LICENSURE CERTIFICATION AND INSPECTION HAVE BEEN ADDRESSED THROUGH AN APPROVED PLAN OF CORRECTION. PLEASE INCLUDE A COPY OF THE MOST RECENT LICENSURE/CERTIFICATION INSPECTION WITH AN APPROVED PLAN OF CORRECTION.**

They have been addressed. A copy of the most recent licensure inspection and plan of correction, and/or the most recent accreditation inspection, are provided in Attachment C, Orderly Development--7(C).

**C(III)8. DOCUMENT AND EXPLAIN ANY FINAL ORDERS OR JUDGMENTS ENTERED IN ANY STATE OR COUNTRY BY A LICENSING AGENCY OR COURT AGAINST PROFESSIONAL LICENSES HELD BY THE APPLICANT OR ANY ENTITIES OR PERSONS WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE APPLICANT. SUCH INFORMATION IS TO BE PROVIDED FOR LICENSES REGARDLESS OF WHETHER SUCH LICENSE IS CURRENTLY HELD.**

None.

**C(III)9. IDENTIFY AND EXPLAIN ANY FINAL CIVIL OR CRIMINAL JUDGMENTS FOR FRAUD OR THEFT AGAINST ANY PERSON OR ENTITY WITH MORE THAN A 5% OWNERSHIP INTEREST IN THE PROJECT.**

None.

**C(III)10. IF THE PROPOSAL IS APPROVED, PLEASE DISCUSS WHETHER THE APPLICANT WILL PROVIDE THE THSDA AND/OR THE REVIEWING AGENCY INFORMATION CONCERNING THE NUMBER OF PATIENTS TREATED, THE NUMBER AND TYPE OF PROCEDURES PERFORMED, AND OTHER DATA AS REQUIRED.**

Yes. The applicant will provide the requested data consistent with Federal HIPAA requirements.

**PROOF OF PUBLICATION**

Attached.

**DEVELOPMENT SCHEDULE**

**1. PLEASE 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.**

The Project Completion Forecast Chart is provided after this page.

**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.**

Not applicable. The applicant anticipates completing the project within the period of validity.

## PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision Date, as published in Rule 68-11-1609(c):

December 17, 2014

Assuming the CON decision becomes the final Agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

| PHASE | DAYS REQUIRED | Anticipated Date (MONTH /YEAR) |
|---|---|---|
| 1. Architectural & engineering contract signed | NA | 10-30-14 |
| 2. Construction documents approved by TDH | 103 | 4-1-15 |
| 3. Construction contract signed | 117 | 4-15-15 |
| 4. Building permit secured | 132 | 4-30-15 |
| 5. Site preparation completed | NA | NA |
| 6. Building construction commenced | 133 | 5-1-15 |
| 7. Construction 40% complete | 283 | 9-30-15 |
| 8. Construction 80% complete | 433 | 2-30-16 |
| 9. Construction 100% complete | 493 | 5-1-16 |
| 10. * Issuance of license | 523 | 6-1-16 |
| 11. *Initiation of service | 537 | 6-15-16 |
| 12. Final architectural certification of payment | 552 | 7-1-16 |
| 13. Final Project Report Form (HF0055) | 672 | 11-1-16 |

*** For projects that do NOT involve construction or renovation: please complete items 10-11 only.**

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

# INDEX OF ATTACHMENTS


| | |
|---|---|
| A.4 | Ownership--Legal Entity and Organization Chart (if applicable) |
| A.6 | Site Control |
| B.II.A. | Square Footage and Costs Per Square Footage Chart |
| B.III. | Plot Plan |
| B.IV. | Floor Plans |
| C, Need--3 | Service Area Maps |
| C, Economic Feasibility--1 | Documentation of Construction Cost Estimate |
| C, Economic Feasibility--2 | Documentation of Availability of Funding |
| C, Economic Feasibility--10 | Financial Statements |
| C, Orderly Development--7(C) | Licensing & Accreditation Inspections |
| Miscellaneous Information | |

# A.4--Ownership
# Legal Entity and Organization Chart

# Board for Licensing Health Care Facilities

State of Tennessee

0000000113

No. of Beds 0078

## DEPARTMENT OF HEALTH

*This is to certify, that a license is hereby granted by the State Department of Health to*

ST. JUDE CHILDREN'S RESEARCH HOSPITAL INC. *to conduct and maintain a*

*Hospital* ST. JUDE CHILDREN'S RESEARCH HOSPITAL

*Located at* 262 DANNY THOMAS PLACE, MEMPHIS

*County of* SHELBY *, Tennessee.*

*This license shall expire* MAY 03 *,* 2015 *, and is subject to the provisions of Chapter 11, Tennessee Code Annotated. This license shall not be assignable or transferable, and shall be subject to revocation at any time by the State Department of Health, for failure to comply with the laws of the State of Tennessee or the rules and regulations of the State Department of Health issued thereunder.*

*In Witness Whereof, we have hereunto set our hand and seal of the State this* 3RD *day of* MAY *,* 2014 *.*

*In the Distinct Category(ies) of:* PEDIATRIC BASIC HOSPITAL
PEDIATRIC HOSPITAL

SEP 15 '14 AM 1:57

*By* Vincent J. Davis, MPH
DIRECTOR, DIVISION OF HEALTH CARE FACILITIES

*By* John J. Dreyzehner, MD
COMMISSIONER

# St. Jude
# Children's Research Hospital
Memphis, TN

has been Accredited by

## The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

## Hospital Accreditation Program

November 9, 2012

Accreditation is customarily valid for up to 36 months.

Isabel V. Hoverman, MD, MACP
Chair, Board of Commissioners

**Organization ID #:** 7877
Print/Reprint Date: 2/12/2013

Mark R. Chassin, MD, FACP, MPP, MPH
President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.

**This reproduction of the original accreditation certificate has been issued for use in regulatory/payer agency verification of accreditation by The Joint Commission. Please consult Quality Check on The Joint Commission's website to confirm the organization's current accreditation status and for a listing of the organization's locations of care.**

The Joint Commission

February 1, 2013

William E. Evans, PharmD
Director/Chief Executive Officer
St. Jude Children's Research Hospital
262 Danny Thomas Place
Memphis, TN 38105

Joint Commission ID #: 7877
Program: Hospital Accreditation
Accreditation Activity: 60-day Evidence of Standards Compliance
Accreditation Activity Completed: 02/01/2013

Dear Dr. Evans:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Hospitals

This accreditation cycle is effective beginning November 09, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the Centers for Medicare and Medicaid Services (CMS), state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G.Pelletier, RN, MS

Chief Operating Officer

Division of Accreditation and Certification Operations

# St. Jude
# Children's Research Hospital
Memphis, TN

has been Accredited by

## The Joint Commission

Which has surveyed this organization and found it to meet the requirements for the

### Home Care Accreditation Program

November 8, 2012

Accreditation is customarily valid for up to 36 months.

Isabel V. Hoverman, MD, MACP
Chair, Board of Commissioners

**Organization ID #: 7877**
Print/Reprint Date: 2/12/2013

Mark R. Chassin, MD, FACP, MPP, MPH
President

The Joint Commission is an independent, not-for-profit, national body that oversees the safety and quality of health care and other services provided in accredited organizations. Information about accredited organizations may be provided directly to The Joint Commission at 1-800-994-6610. Information regarding accreditation and the accreditation performance of individual organizations can be obtained through The Joint Commission's web site at www.jointcommission.org.

**This reproduction of the original accreditation certificate has been issued for use in regulatory/payer agency verification of accreditation by The Joint Commission. Please consult Quality Check on The Joint Commission's website to confirm the organization's current accreditation status and for a listing of the organization's locations of care.**

The Joint Commission

December 5, 2012

William E. Evans, PharmD
Director/Chief Executive Officer
St. Jude Children's Research Hospital
262 Danny Thomas Place
Memphis, TN 38105

Joint Commission ID #: 7877
Program: Home Care Accreditation
Accreditation Activity: Unannounced Full Event
Accreditation Activity Completed: 11/08/2012

Dear Dr. Evans:

The Joint Commission would like to thank your organization for participating in the accreditation process. This process is designed to help your organization continuously provide safe, high-quality care, treatment, and services by identifying opportunities for improvement in your processes and helping you follow through on and implement these improvements. We encourage you to use the accreditation process as a continuous standards compliance and operational improvement tool.

The Joint Commission is granting your organization an accreditation decision of Accredited for all services surveyed under the applicable manual(s) noted below:

- Comprehensive Accreditation Manual for Home Care

This accreditation cycle is effective beginning November 08, 2012. The Joint Commission reserves the right to shorten or lengthen the duration of the cycle; however, the certificate and cycle are customarily valid for up to 36 months.

Please visit Quality Check® on The Joint Commission web site for updated information related to your accreditation decision.

We encourage you to share this accreditation decision with your organization's appropriate staff, leadership, and governing body. You may also want to inform the state or regional regulatory services, and the public you serve of your organization's accreditation decision.

Please be assured that The Joint Commission will keep the report confidential, except as required by law. To ensure that The Joint Commission's information about your organization is always accurate and current, our policy requires that you inform us of any changes in the name or ownership of your organization or the health care services you provide.

Sincerely,

Mark Pelletier

Mark G. Pelletier, RN, MS
Chief Operating Officer
Division of Accreditation and Certification Operations

# Tennessee Secretary of State

Tre Hargett





## Business Information Search

**As of September 03, 2014 we have processed all corporate filings received in our office through September 01, 2014 and all annual reports received in our office through September 02, 2014.**

Click on the underlined control number of the entity in the search results list to proceed to the detail page. From the detail page you can verify the entity displayed is correct (review addresses and business details) and select from the available entity actions - file an annual report, obtain a certificate of existence, file an amendment, etc.

**Search:** **1-1 of 1**

**Search Name:** St. Jude Children's Research Hospital, Inc. (•) **Starts With** ( ) **Contains**

**Control #:**

**Active Entities Only:** ☐ Search

| Control # | Entity Type | Name | Name Type | Name Status | Entity Filing Date | Entity Status |
|---|---|---|---|---|---|---|
| 000083284 | NCORP | ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC. *TENNESSEE* | Entity | Active | 07/18/1959 | Active |

**1-1 of 1**

Information about individual business entities can be queried, viewed and printed using this search tool for free.

If you want to get an electronic file of all business entities in the database, the full database can be downloaded for a fee by Clicking Here.

Click Here for information on the Business Services Online Search logic.

Division of Business Services
312 Rosa L. Parks Avenue, Snodgrass Tower, 6th Floor
Nashville, TN 37243
615-741-2286
Email | Directions | Hours and Holidays



© 2013 Tennessee Department of State

**Secretary of State**
**Corporations Section**
**James K. Polk Building, Suite 1800**
**Nashville, Tennessee 37243-0306**

REQUEST NUMBER: 960930

COPY

CHARTER/QUALIFICATION DATE: 07/18/1959
STATUS: ACTIVE
CORPORATE EXPIRATION DATE: PERPETUAL
CONTROL NUMBER: 0083284
JURISDICTION: TENNESSEE

TO:
BAKER DONELSON BEARMAN & CALDWELL
RUTH CARUTHERS
511 UNION STREET
NASHVILLE, TN 37219

REQUESTED BY:
BAKER DONELSON BEARMAN & CALDWELL
RUTH CARUTHERS
511 UNION STREET
NASHVILLE, TN 37219

I, RILEY C DARNELL, SECRETARY OF STATE OF THE STATE OF TENNESSEE DO HEREBY CERTIFY THAT

"ST. JUDE CHILDREN'S RESEARCH HOSPITAL, MEMPHIS, TENNESSEE"

WAS INCORPORATED OR QUALIFIED TO DO BUSINESS IN THE STATE OF TENNESSEE ON THE ABOVE DATE, AND THAT THE ATTACHED DOCUMENT(S) WAS/WERE FILED IN OFFICE ON THE DATE(S) AS BELOW INDICATED:

| REFERENCE NUMBER | DATE FILED | FILING TYPE | FILING ACTION |
|---|---|---|---|
| 912-0674 | 08/10/1988 | RESTATED CHART | NAM DUR STK PRN OFC AGT INC MAL FYC |

FOR: REQUEST FOR COPIES

ON DATE: 04/02/96

FROM:
BAKER DONELSON BEARMAN ETC (NASHVILLE)
511 UNION ST
SUITE 1700
NASHVILLE, TN 37219-0000

| | FEES | |
|---|---|---|
| RECEIVED: | $10.00 | $10.00 |
| TOTAL PAYMENT RECEIVED: | | $20.00 |

RECEIPT NUMBER: 00001942267
ACCOUNT NUMBER: 00208389

Riley C Darnell

RILEY C. DARNELL
SECRETARY OF STATE

SS-4438

4

**Secretary of State**
**Corporations Section**
**James K. Polk Building, Suite 1800**
**Nashville, Tennessee 37219**

DATE: 08/11/88
REQUEST NUMBER: 912-0674
TELEPHONE CONTACT: (615) 741-0537
FILE DATE/TIME: 08/10/88 1120
EFFECTIVE DATE/TIME: 08/10/88 1120
CONTROL NUMBER: 0083284

TO:
BURCH, PORTER & JOHNSON
130 NORTH COURT AVE.

MEMPHIS, TN 38103

RE:
ST. JUDE CHILDREN'S RESEARCH HOSPITAL, MEMPHIS, TENNESSEE
RESTATEMENT OF CHARTER

THIS WILL ACKNOWLEDGE THE FILING OF THE ENCLOSED DOCUMENT ON THE DATE SHOWN ABOVE TO BE EFFECTIVE AS INDICATED.

PLEASE BE ADVISED THAT THIS DOCUMENT MUST ALSO BE FILED IN THE OFFICE OF THE REGISTER OF DEEDS IN THE COUNTY WHEREIN A CORPORATION HAS ITS PRINCIPAL OFFICE IF SUCH PRINCIPAL OFFICE IS IN TENNESSEE.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

---

FOR: RESTATEMENT OF CHARTER

RECEIVED: $10.00

ON DATE: 08/10/88

RECEIPT NUMBER: 00000817238
ACCOUNT NUMBER: 00000464

FROM:
BURCH, PORTER & JOHNSON
130 NORTH COURT AVE.

MEMPHIS, TN 38103

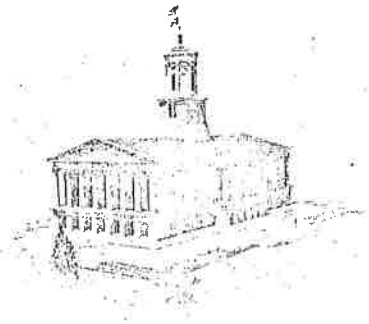
Gentry Crowell

GENTRY CROWELL
SECRETARY OF STATE

SS-4458

BOOK 100 PAGE 004

# State of Tennessee



## Department of State

I, Joe C. Carr, Secretary of State of the State of Tennessee, do hereby certify that the annexed Instrument with Certificate of Acknowledgment was filed in my office and recorded on the 9th day of November 1966

IN CORPORATION RECORD AMENDMENT BOOK P-51, PAGE 3088

**In Testimony Whereof,** I have hereunto subscribed my Official Signature and by order of the Governor affixed the Great Seal of the State of Tennessee at the Department in the City of Nashville, this 9th day of November A.D. 1966

Secretary of State.

AMENDMENT TO CHARTER OF INCORPORATION

At a meeting of the Board of Directors of St. Jude Hospital, Memphis, Tennessee, duly held in Miami, Florida, on the 5th day of June, 1965, the following resolution was adopted:

BE IT RESOLVED That the Charter and Article I of the By-laws of the Hospital be amended to change the name of the Hospital from St. Jude Hospital, Memphis, Tennessee, to St. Jude Children's Research Hospital, Memphis, Tennessee.

We, Edward F. Barry and John F. Canale, the President and Secretary, respectively, of St. Jude Hospital, Memphis, Tennessee, a corporation chartered and organized under the laws of the State of Tennessee, in pursuance to directions from the Board of Directors of the corporation, hereby certify that at a meeting of the Board of Directors of said corporation, legally called and held in Miami, Florida, June 5, 1965, a resolution in writing was adopted by an affirmative vote of the Board of Directors, said affirmative vote representing a majority of the Board of Directors of said corporation, declaring the desire of the Board of Directors to amend the charter of their said corporation for the purposes set forth in said resolution above set out, and that said resolution was duly entered on the minutes of said corporation:

NOW, THEREFORE, we hereby certify to the fact of the adoption of said resolution by the Board of Directors of said corporation for the purposes set out, to the end that this certificate may be duly recorded in the office of the Secretary of State.

WITNESS our hands this the 1st day of November, 1966.

Edward F. Barry
President

John F. Canale
Secretary

STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, a Notary Public of the county aforesaid, Edward F. Barry and John F. Canale, with whom I am personally acquainted, and who made oath before me in due form of law that Edward F. Barry is the president and John F. Canale is the secretary of St. Jude Hospital, Memphis, Tennessee, and that the statements made in the foregoing certificate are true.

Witness my hand and official seal at office in Memphis, Tennessee, this ___ day of November, 1966.

EVELYN JONES NOTARY PUBLIC SHELBY COUNTY, TENN.

Evelyn Jones
Notary Public

My Com. expires: April 3, 1967.

We, the undersigned, comprising a majority of the Board of Directors of St. Jude Hospital, Memphis, Tennessee, apply to the State of Tennessee for an amendment to the charter of that corporation for the purposes therein shown.

Witness our signatures, this the 4th day of November, 1966.

| | |
|---|---|
| [illegible] | James A. Maloof |
| [illegible] | Emile H. Hajar |
| [illegible] | Edward W. Somers M.D. |
| Gilbert J. Lenz M.D. | George P. [illegible] |
| M. F. Tamer | Baddia J. Rashid |
| [illegible] | [illegible] |
| [illegible] | [illegible] |
| [illegible] | Geo. D. Attlee |
| [illegible] (St.) | Richard [illegible] |
| [illegible] | [illegible] |
| [illegible] | [illegible] Maloof |

STATE OF TENNESSEE
COUNTY OF SHELBY

BOOK 169 PAGE 307

Personally appeared before me, a Notary Public of the county aforesaid, the within named Fred P. Gattas, Nat Buring, Joe Gattas, Jr., Gilbert J. Levy, M.D., M. F. Tamer, Elia Chalhub, J. J. Bourisk, Joseph Robbie, J. A. Ayoub, Floyd A. Nassif, James A. Maloof, Emile H. Hajar, Edward D. Soma, M.D., George P. Dakmak, Baddia J. Rashid, George R. Simon, George Simon, George D. Attea, Richard Shadyac, George Risk and George Maloof, Directors of St. Jude Hospital, Memphis, Tennessee, with whom I am personally acquainted, and who acknowledged that as such Directors they executed the within application for an amendment to the Charter of Incorporation for the purposes therein contained and expressed.

Witness my hand and seal of office, this the 5th day of November, 1966.

Evelyn [illegible]
Official Title Notary Public

My Com. expires: April 8, 1969

FILED

AR 0792

10-0020

RECEIVED:
STATE OF TENNESSEE
88 AUG 10 AM 11:20
GENTRY CROWELL
SECRETARY OF STATE

RESTATED CHARTER

OF

ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.

TO THE SECRETARY OF STATE OF THE STATE OF TENNESSEE:

Pursuant to the provisions of Section 48-60-106 of the Tennessee Nonprofit Corporation Act, the undersigned domestic corporation adopts the following Restated Charter:

1. The name of the corporation is ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.

2. This corporation is a public benefit corporation.

3. The registered office of the corporation is 332 North Lauderdale, Memphis, Shelby County, Tennessee, 38105.

4. The registered agent of the corporation at its registered office is Frederick Nowak.

5. The principal office of the corporation is 332 North Lauderdale, Memphis, Shelby County, Tennessee 38105.

6. The corporation is not for profit.

7. The corporation does not have members.

8. The purposes for which the corporation is organized are:

(a) to build, erect, maintain, equip, manage and operate a hospital, or hospitals, and to furnish medical and surgical attendance therein in any form in the care of the sick, afflicted, infirm or injured persons, particularly in the field of research and treatment pertaining to

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STATE OF TENNESSEE
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SECRETARY OF STATE

catastrophic diseases children, such as leukemia, malignant tumors, etc. and generally to do anything and everything necessary, expedient or incidental to the operation of a hospital in all its phases; and

(b) to engage in any lawful business, do any and all things and exercise any and all powers, rights, and privileges which a corporation may now or hereafter be organized to engage in, do or exercise under the Tennessee Nonprofit Corporation Act, or under any act amendatory thereof, supplemental thereto, or substituted therefore.

9. In the event the corporation should cease operations, all assets of the corporation, whether real, personal or mixed, of every kind, class and description wherever situated, shall be irrevocably dedicated to charitable purposes within the confines of the United States of America and shall not inure to the benefit of any private person or persons except a tax exempt foundation, corporation or fund-raising organization operated for charitable purposes of a like or similar nature to that of the corporation.

10. The corporation shall limit the personal liability of its directors or governors in accordance with its bylaws; provided, however, that the corporation shall in no event eliminate the liability of any director or governor, for (1) any breach of the director's or governor's duty of loyalty to the corporation, (2) acts or omissions not in good faith or which

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SECRETARY OF STATE

involve intentional misconduct or a knowing violation of law, or unlawful distribution.

11. All members of the Board of Governors of the corporation shall be elected by the Board of Governors of the corporation.

Dated: 10 June 1988

ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.

By: Richard C. Shadyac

Title: Ch. Bd of Gov.

stjuderes.lmc

No. AR 0792
STATE TAX
REGISTER'S FEE
RECORDING FEE 5.00
TOTAL
STATE OF TENNESSEE
SHELBY COUNTY
GUY D. BATES
REGISTER
By D.R.

AR0792

SHELBY COUNTY
REGISTER OF DEEDS
1988 AUG 22 PM 3:16

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STATE OF TENNESSEE
88 AUG 10 AM 11:20
GENTRY CROWELL
SECRETARY OF STATE

APR - 2 1996

# RESTATED CHARTER

# OF

# ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.

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STATE OF TENNESSEE
96 AUG 19 AM 11:20
GENERAL BROWELL
SECRETARY OF STATE

catastrophic diseases of children, such as leukemia, malignant tumors, etc. and generally to do anything and everything necessary, expedient or incidental to the operation of a hospital in all its phases; and

APR - 2 1996

(b) to engage in any lawful business, do any and all things and exercise any and all powers, rights, and privileges which a corporation may now or hereafter be organized to engage in, do or exercise under the Tennessee Nonprofit Corporation Act, or under any act amendatory thereof, supplemental thereto, or substituted therefore.

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STATE OF TENNESSEE
88 AUG 10 AM 11: 20
GENTRY CROWELL
SECRETARY OF STATE

intentional misconduct or a knowing violation of law, or unlawful distribution.

11. All members of the Board of Governors of the corporation shall be elected by the Board of Governors of the corporation.

APR - 2 '19
SECRETARY

Dated: 10 June 1988

ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.

By: Richard C. Shadyac

Title: Ch. Bd of Gov.

stjuderes.lmc

# State of Tennessee

THE GREAT SEAL OF THE STATE OF TENNESSEE
AGRICULTURE
COMMERCE
1796

## Charter of Incorporation

of

"ST. JUDE HOSPITAL, MEMPHIS, TENNESSEE, INC."

STATE OF TENNESSEE
SHELBY COUNTY

Filed for Registration JUL 20 1959 19__
9:06 o'clock A.M., and noted in Note Book
No. 139 Page 236 and was recorded
JUL 21 1959 19__ in Record Book
No. 106 Page 105 Fee 4.00 Paid
FRANCIS ANDREWS, Register
By W. B. Smith D.R.

RECEIVED FEE, $ 25.00

RECEIVED TAX, $ _____

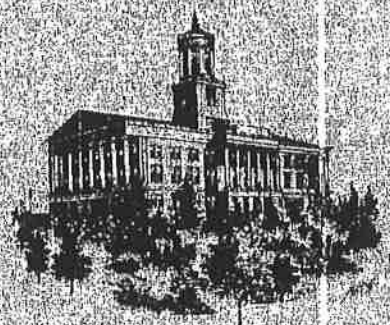
TOTAL, $ 25.00

J. Mean

Secretary of State.

Mr. Edward F. Barry
Commerce Title Bldg.
City

# State of Tennessee



## Department of State

I, Joe C. Carr, Secretary of State of the State of Tennessee do hereby certify that the annexed Instrument with Certificate of Acknowledgment was filed in my office and recorded on the 18th day of July 19 59

IN CORPORATION RECORD BOOK VOLUME O-22, PAGE 1594

**In Testimony Whereof**, I have hereunto subscribed my Official Signature and by order of the Governor affixed the Great Seal of the State of Tennessee at the Department in the City of Nashville, this 18th day of July AD 19 59

Secretary of State

STATE OF TENNESSEE

BOOK 106 PAGE 106

# Charter of Incorporation

*Be It Known*, That Danny Thomas, Morris Stoller, Paul Ziffren, Abe Lastfogel, Daniel H. Levinthal, M.D., Sol Rubin, Maury Foladare, Edward F. Barry, John Ford Canale, W. W. Scott, John T. Dwyer, Nat Buring, George Sisler, Lemuel Diggs, M.D., Thomas Boutrous, M.D., Emile Reggie, Fred P. Gattas, Mrs. Mitchell Forzley, Anthony R. Abraham, William F. Farha, M. F. Tamer, Rev Sister M. Stephania, Rev. Sister M. Alfreda, Gilbert Levy, M.D. amd M.E. Rossett, M.D.

are hereby constituted a body politic and corporate, by the name of and style of "St. Jude Hospital, Memphis, Tennessee, Inc." 185 Adams Ave., Memphis, Tenn.

for the purpose of

To build, erect, maintain, equip, manage and operate a hospital, or hospitals, and to furnish medical and surgical attendance therein in any form in the care of the sick, afflicted, infirm or injured persons, particularly in the field of research and treatment pertaining to catastrophic diseases of children, such as lukemia, magignant tumors, etc., and generally to do anything and everything necessary, expedient or incidental to the operation of a hospital in all its phases.

The general powers of said corporation shall be: (1) To sue and be sued by the corporate name. (2) To have and use a common seal, which it may alter at pleasure; if no common seal, then the signature of the name of the corporation, by any duly authorized officer, shall be legal and binding. (3) Any corporation chartered under the laws of Tennessee for religious, charitable, educational, missionary, or other eleemosynary purposes, and not for profit, shall have the power to receive property, real, personal or mixed, by purchase, gift, devise, or bequest, sell the same and apply the proceeds toward the promotion of the objects for which it is created, or hold any such property and apply the income and profits towards such objects. Unless otherwise specifically directed in the trust instrument by which any real or personal property, money, or other funds, are given, granted, conveyed, bequeathed, devised to, or otherwise vested in, corporations formed for religious, educational, scientific, or other charitable purposes, the directors, the governing board, or the authorized finance committee thereof, when authorized by the corporation, shall have power to invest funds thus received, or the proceeds of any property thus received, in such investments as in the honest exercise of their judgment they may, after investigation, determine to be safe and proper investments, and to retain any investments heretofore so made. (4) Any corporation heretofore chartered for any of the foregoing purposes, desiring to avail itself of these powers, shall submit the question to its directors or trustees at any regular meeting, or special meeting, called for the purpose, or to any regular or special meeting of its executive committee, and if a majority of said directors, trustees, or executive committee vote in favor of applying for the amendment, it may then proceed in usual course to file an amendment to its charter. (5) To establish by-laws, and make all rules and regulations not inconsistent with the laws and constitution, deemed expedient for the management of corporate affairs. (6) To appoint such subordinate officers and agents, in addition to a president and secretary, or treasurer, as the business of the corporation may require. (7) To designate the name of the office, and fix the compensation of the officer. (8) To borrow money to be used in payment of property bought by it, and for erecting buildings making improvements, and for other purposes germane to the objects of its creation, and secure the repayment of the money thus borrowed by mortgage, pledge, or deed of trust, upon such property, real, personal, or mixed, as may be owned by it; and it may, in like manner, secure by mortgage, pledge, or deed of trust, any existing indebtedness which it may have lawfully contracted.

The said five or more corporators shall, within a convenient time after the registration of this charter, elect from their number a president, secretary, and treasurer, or the last two officers may be combined into one, said officers and the other corporators to constitute the first board of directors. Any corporation not for profit may increase its directors or trustees to a number not more than one hundred, by due and proper amendment to its by-laws, unless otherwise specifically provided. In all elections each member to be entitled to one vote, either in person or by proxy, and the result to be determined by a majority of the votes cast. Due notice of any election must be given by advertisement in a newspaper, personal notice to the members, or a day stated on the minutes of the board one month preceding the election. The term of officers may be fixed by the by-laws, the said term not, however, to exceed three years. All officers hold office until their successors are duly elected and qualified.

The general welfare of society, not individual profit, is the object for which this charter is granted, and the members are not stockholders in the legal sense of the term, and no dividends or profits shall be divided among the members.

The board of directors shall keep a record of all their proceedings, which shall be at all times subject to the inspection of any member. The corporation may establish branches in any other County in the State.

The members may, at any time, voluntarily dissolve the corporation by a conveyance of its assets and property to the State of Tennessee, any County or municipality of the State, or to any other corporation holding a charter from the State for purposes not of individual profit, first providing for corporate debts; provided, that assets and property so conveyed shall be used by the grantee for purposes similar to those of the conveying corporation.

Whenever there has been no meeting of the members for a period of five years or more, and because of the death of members or the condition of the corporate records it is impossible to notify a sufficient number of members to constitute a quorum, notice of a meeting of the members may be made by publication in some newspaper in the County where such corporation has its principal location, at least thirty days before such meeting shall be held. The members attending such meeting shall be deemed to constitute a quorum for the purposes of electing directors or trustees, and authorizing such directors or trustees to dissolve the corporation and convey its property and assets in accordance with this section.

The charter is subject to modification and amendment; and in case said modification or amendment is not accepted, corporate business is to cease, and the assets and property, after payment of debts, are to be conveyed, as aforesaid, to some other corporation holding a charter for purposes not connected with individual profit. Acquiesence in any modification, thus declared, shall be determined in a meeting of the members especially called for that purpose, and only those voting in favor of the modification shall thereafter compose the corporation.

The means, assets, income, or other property of the corporation shall not be employed, directly or indirectly, for any other purpose whatever than to accomplish the legitimate objects of its creation, and by no implication shall it engage in any kind of trading operation, nor hold any more real estate than is necessary for its legitimate purposes.

BOOK 106 PAGE 108

Expulsion shall be the only remedy for the nonpayment of dues by the members, and there shall be no individual liability against the members for corporate debts, but the entire corporate property shall be liable for the claims of creditors.

We, the undersigned, the incorporators above mentioned, hereby apply to the State of Tennessee for a charter of incorporation for the purposes declared in the foregoing instrument.

Witness our hands this the 17th day of July, 1959.

W. W. Scott
Fred P. Gattas
John T. Dwyer
John Ford Canale
Edward F. Barry

SUBSCRIBING WITNESS:
Evelyn Rice

STATE OF TENNESSEE, COUNTY OF SHELBY

Personally appeared before me Evelyn Rice, (~~Clerk of the County Court~~ Notary Public), the within named incorporators, W. W. Scott, Fred P. Gattas, John T. Dwyer, John Ford Canale and Edward F. Barry

with whom I am personally acquainted, and who acknowledged that they executed the within application for a Charter of Incorporation for the purposes therein contained and expressed.

Witness my hand and official seal at office in Memphis, Tennessee, this 17th day of July, 1959.

Evelyn Rice
(Signature of ~~County Court Clerk or~~ Notary Public)

(If Notary Public) My commission expires 12th day of January, 1963

(Official Title) Notary Public

(Certificate of Probate for Subscribing Witness if not acknowledged by all of the Incorporators)

STATE OF TENNESSEE, COUNTY OF

Personally appeared before me

of said County, the within named

the subscribing witness and incorporator, with whom I am personally acquainted, and who acknowledged that he executed the within application for a Charter of Incorporation for the purposes therein contained and expressed; the said , subscribing witness to the signatures subscribed to the within application, being first duly sworn, deposed and said that he is personally acquainted with the within named incorporators,

and they did in his presence acknowledge that they executed the within application for a Charter of Incorporation for the purposes therein contained and expressed.

Witness my hand and official seal at office in , Tennessee, this day of , 19

(Signature of County Court Clerk or Notary Public)

(If Notary Public) My commission expires day of , 19

(Official Title)

# A.6--Site Control

Exhibit B

# LEASE AGREEMENT

American Lebanese Syrian Associated Charities, Inc., an Illinois nonprofit corporation,

Lessor

AND

St. Jude Children's Research Hospital, Inc., a Tennessee nonprofit corporation,

Lessee

Property: Memphis, Shelby County, Tennessee

December 31, 1998

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# LEASE

LEASE (this "Lease") is dated as of December 31, 1998, and is between American Lebanese Syrian Associated Charities, Inc., ("Lessor"), an Illinois nonprofit corporation, having its principal office at 501 St. Jude Place, Memphis, Tennessee 38105 and St. Jude Children's Research Hospital, Inc., a Tennessee nonprofit corporation ("Lessee"), having its principal office at 332 North Lauderdale Street, Memphis, Tennessee 38105-2794.

## ARTICLE I

## LEASED PROPERTY; TERM

Upon and subject to the terms and conditions hereinafter set forth, Lessor leases to Lessee and Lessee rents from Lessor all of Lessor's rights and interest in and to the following real property, the buildings, land improvements, and capital additions made thereto, that appear on the list of such assets agreed upon by both parties ("the Annual List") at the start of the Lessor's fiscal year (collectively, the "Leased Property"):

(a) the real property described on Exhibit "A" attached hereto (the "Land");

(b) all buildings, structures, Fixtures (as hereinafter defined) and other improvements of every kind including, but not limited to, alleyways and connecting tunnels, sidewalks, utility pipes, conduits and lines (on-site and off-site), parking areas and roadways appurtenant to such buildings and structures presently or hereafter situated upon the Land, and Capital Additions (collectively, the "Leased Improvements");

(c) all easements, rights and appurtenances relating to the Land and the Leased Improvements; and;

(d) all permanently affixed equipment, machinery, fixtures, and other items of real and/or personal property, including all components thereof, now and hereafter located in, on or used in connection with, and permanently affixed to or incorporated into the Leased Improvements, including, without limitation, all furnaces, boilers, heaters, electrical equipment, heating, plumbing, lighting, ventilating, refrigerating, incineration, air and water pollution control, waste disposal, air-cooling and air-conditioning systems and apparatus, sprinkler systems and fire and theft protection equipment, and built-in oxygen and vacuum systems, all of which, to the greatest extent permitted by law, are hereby deemed-by the parties hereto to constitute real estate, together with all replacements, modifications, alterations and additions thereto, but specifically excluding all items included within the category of Lessee's Personal Property as defined in Article II below (collectively the "Fixtures").

SUBJECT, HOWEVER, to the matters set forth on Exhibit "B" attached hereto (the "Permitted Exceptions"); to have and to hold for (a) a fixed term (the "Fixed Term") commencing on the 31 day of December, 1998 (the "Commencement Date") and ending at midnight on the last day of the last month of the ninety-ninth (99th) year after the Commencement Date.

## ARTICLE II

## DEFINITIONS

For all purposes of this Lease, except as otherwise expressly provided or unless the context otherwise requires, (a) the terms defined in this Article have the meanings assigned to them in this Article and include the plural as well as the singular, (b) all accounting terms not otherwise defined herein have the meanings assigned to them in accordance with generally accepted accounting principles as at the time applicable, (c) all references in this Lease to designated

"Articles", "Sections" and other subdivisions are to the designated Articles, Sections and other subdivisions of this Lease, and (d) the words "herein", "hereof" and "hereunder" and other words of similar import refer to this Lease as a whole and not to any particular Article, Section or other subdivision:

Added Value Additional: As defined Section 10.2.

Additional Charges: As defined in Section 3.2.

Award: As defined in Section 15.1.

Base Rent: As defined in Section 3.1(a).

Business Day: Each Monday, Tuesday, Wednesday, Thursday and Friday which is not a day on which national banks in the City of Memphis, Tennessee are authorized, or obligated, by law or executive order, to close.

Capital Additions: One or more new buildings or one or more additional structures annexed to any portion of any of the Leased Improvements, which are constructed on any parcel or portion of the Land during the Term, including the construction of a new wing or new story, or the repair, replacement, restoration, remodeling or rebuilding of the existing Leased Improvements or any portion thereof which are not normal, ordinary or recurring to maintain the Leased Property.

Capital Addition Cost: The cost of any Capital Additions proposed to be made by Lessee whether or not paid for by Lessee or Lessor. Such cost shall include (a) the cost of construction of the Capital Additions, including site preparation and improvement, materials, labor, supervision and certain related design, engineering and architectural services, the cost of any fixtures, the cost of construction financing and miscellaneous costs approved by Lessor, (b) if agreed to by Lessor in writing in advance, the cost of any land contiguous to the Leased Property purchased for the purpose of placing thereon the Capital Additions or any portion thereof or for providing means of access thereto, or parking facilities therefor, including the cost of surveying the same, (c) the cost of insurance, real estate taxes, water and sewage charges and other carrying charges for such Capital Additions during construction, (d) the cost of title insurance, (e) reasonable fees and expenses of legal counsel, (f) filing, registration and recording taxes and fees, (the Tennessee indebtedness tax is excluded) (g) documentary stamp taxes, if any, and (h) all reasonable costs and expenses of Lessor and any Lending Institution which has committed to finance the Capital Additions, including, but not limited to, ~~(i)~~ (I) the reasonable fees and expenses of their respective legal counsel, (ii) all printing expenses, (iii) the amount of any filing, registration and recording taxes and fees, (iv) documentary stamp taxes, if any, (v) title insurance charges, appraisal fees, if any, (vi) rating agency fees, if any, and (vii) commitment fees, if any, charged by any Lending Institution advancing or offering to advance any portion of the financing for such Capital Additions.

Code: The Internal Revenue Code of 1986, as amended.

Commencement Date: As defined in Article I.

Condemnation, Condemnor: As defined in Section 15.1.

CPI: The Consumer Price Index published by the Bureau of Labor Statistics of the United States Department of Labor, US City Average, All Items and Major Group Figures for Urban Wage Earners and Clerical Workers (1982-84 = 100), or if such index is not available, a comparable index selected by Lessor which is published by a governmental institution or a nationally recognized publisher of statistical information.

CPI Increase: The amount obtained by multiplying (a) the Base Rent then payable under the Lease, by (b) the percentage increase between the CPI last published prior to the first day of the then applicable Fiscal Year and the CPI

last published prior to the Commencement Date. The CPI Increase for each Fiscal Year shall be calculated on and as of the first day of such Fiscal Year.

Credit Enhancements: All security deposits, security interests, letters of credit, pledges, prepaid rent or other sums, deposits or interests held by Lessee, if any, with respect to the Leased Property, the Tenant Leases or the Tenants.

Date of Taking: As defined in Section 15.1.

Event of Default: As defined in Section 16.1.

Facility: The licensed hospital facility known as St. Jude Children's Research Hospital, Inc. to be operated on the Leased Property.

Facility Mortgage: As defined in Section 13.1.

Facility Mortgagee: As defined in Section 13.1.

Fair Market Added Value: The Fair Market Value (as hereinafter defined) of the Leased Property (including all Capital Additions) less the Fair Market Value of the Leased Property determined as if no Capital Additions paid for by Lessee had been constructed.

Fair Market Value: The Fair Market Value of the Leased Property or any Substitute Property, including all Capital Additions, and (a) assuming the same is unencumbered by this Lease, (b) determined in accordance with the appraisal procedures set forth in Article XXXIV or in such other manner as shall be mutually acceptable to Lessor and Lessee, and (c) not taking into account any reduction in value resulting from any indebtedness to which the Leased Property or such Substitute Property is subject and which encumbrance Lessee or Lessor is otherwise required to remove pursuant to any provision of this Lease or agrees to remove at or prior to the closing of the transaction as to which such Fair Market Value determination is being made. The positive or negative effect on the value of the Leased Property or Substitute Property attributable to the interest rate, amortization schedule, maturity date, prepayment penalty and other terms and conditions of any Encumbrance on the Leased Property or any Substitute Property, as the case may be, which is not so required or agreed to be removed shall be taken into account in determining such Fair Market Value.

Fair Market Value Purchase Price: The Fair Market Value of the Leased Property less the Fair Market Added Value.

Fiscal Year: The fiscal year for this Lease shall be the twelve (12) month period from January 1 to December 31.

Fixed Term: As defined in Article I.

Fixtures: As defined in Article I.

Hazardous Materials: As defined in Section 8.4.

Hazardous Materials Law: As defined in Section 8.4.

Impositions: Collectively, all taxes (including, without limitation, all capital stock and franchise taxes of Lessor, all ad valorem, sales and use, single business, gross receipts, transaction privilege, rent or similar taxes), assessments (including, without limitation, all assessments for public improvements or benefits, whether or not commenced or completed prior to the date hereof and whether or not to be completed within the Term), water, sewer or other rents and charges, excises, tax levies, fees (including, without limitation, license, permit, inspection, authorization and similar fees),

and all other governmental charges, in each case whether general or special, ordinary or extraordinary, or foreseen or unforeseen, of every character in respect of the Leased Property and/or the Rent (including all interest and penalties thereon due to any failure in payment by Lessee), which at any time prior to, during or in respect of the Term hereof may be assessed or imposed on or Lessor in respect of or be a lien upon (a) Lessor or Lessor's interest in the Leased Property, (b) the Leased Property or any part thereof or any rent therefrom or any estate, right, title or interest therein, or (c) any occupancy, operation, use or possession of, sales from, or activity conducted on, or in connection with, the Leased Property during the Term or the leasing or use of the Leased Property or any part thereof during the Term; provided, however, nothing contained in this Lease shall be construed to require Lessee to pay (1) any tax based on net income (whether denominated as a franchise or capital stock, financial institutions or other tax) imposed on Lessor, or (2) any transfer or net revenue tax of Lessor, or (3) any tax imposed with respect to the sale, exchange or other disposition by Lessor of any portion of the Leased Property or the proceeds thereof, or (4) except as expressly provided elsewhere in this Lease, any principal or interest on any Encumbrance on the Leased Property, except to the extent that any tax, assessment, tax levy or charge which Lessee is obligated to pay pursuant to the first sentence of this definition and which is in effect at any time during the Term hereof is totally or partially repealed, and a tax, assessment, tax levy or charge set forth in clause (1) or (2) is levied, assessed or imposed expressly in lieu thereof, in which case Lessee shall pay.

Insurance Requirements. All terms of any insurance policy required by this Lease and all requirements of the issuer of any such policy.

Land: As defined in Article I.

Lease: As defined in the Preamble.

Lease Year: A twelve (12) month period commencing on the Commencement Date or on each anniversary date thereof, as the case may be.

Leased Improvements; Leased Property: Each as defined in Article I.

Legal Requirements: All federal, state, county, municipal and other governmental statutes, laws, rules, orders, regulations, ordinances, judgments, decrees and injunctions affecting either the Leased Property or the construction, use or alteration thereof, whether now or hereafter enacted and in force, including any which may (a) require repairs, modifications, or alterations in or to the Leased Property, or (b) in any way adversely affect the use and enjoyment thereof, and all permits, licenses, authorizations and regulations relating thereto, and all covenants, agreements, restrictions and encumbrances contained in any instruments, either of record or known to Lessee (other than encumbrances created by Lessor without the consent of Lessee), at any time in force affecting the Leased Property.

Lending Institution: Any insurance company, federally insured commercial or savings bank, national banking association, savings and loan association, employees' welfare, pension or retirement fund or system, corporate profit-sharing or pension trust, college or university, or real estate investment trust, including any corporation qualified to be treated for federal tax purposes as a real estate investment trust, having a net worth of at least $50,000,000.

Lessee: St. Jude Children's Research Hospital, Inc., a Tennessee nonprofit corporation, and its successors and permitted assigns.

Lessee's Personal Property: All machinery, equipment, furniture, furnishings, movable walls or partitions, computers, trade fixtures or other tangible personal property, and consumable inventory and supplies, used or useful in Lessee's business on the Leased Property, including without limitation, all items of furniture, furnishings, equipment, supplies and inventory, and Lessee's accounts receivable and operating licenses except items, if any, included within the definition of Fixtures.

Lessor: American Lebanese Syrian Associated Charities, Inc., an Illinois nonprofit corporation, and its successors and assigns.

Minimum Repurchase Price: The equity in the Leased Property at the time of acquisition of the Leased Property by Lessor (i.e., the Fair Market Value of the Leased Property at the time of such acquisition plus the unpaid principal balance, at the time of repurchase of the Leased Property by Lessee, of all Encumbrances against the Leased Property permitted in Article XXXVIII hereof, less all excess proceeds received by Lessor from any refinancing of the Leased Property permitted in Article XXXVIII hereof (net of any costs and expenses incurred in connection with such refinancing, including without limitation, loan points, commitment fees and commissions) and the net amount (after deduction of all reasonable legal fees and other costs and expenses, including without limitation, expert witness fees, incurred by Lessor in connection with obtaining any such award) of all Awards received by Lessor from Condemnation of the Leased Property.

Officer's Certificate: A certificate of Lessee signed by the Chairman of the Board of Directors, the Director, any Vice President or the Chief Financial Officer of Lessee or another officer authorized to so sign by the Board of Directors or By-Laws of Lessee, or any other person whose power and authority to act has been authorized by delegation in writing by any of the persons holding the foregoing offices.

Overdue Rate: On any date, a rate per annum equal to the Prime Rate, but in no event greater than the maximum rate then permitted under applicable law.

Payment Date: Any due date for the payment of the installments of Base Rent, or any other sums payable under this Lease.

Primary Intended Use: As defined in Section 7.2(b).

Prime Rate: The annual rate announced by First Tennessee Bank National Association to be its prime rate for 90-day unsecured loans to its United States corporate borrowers of the highest credit standing, as in effect from time to time.

Rent: Collectively, the Base Rent and the Additional Charges.

Security Agreement: That certain Security Agreement to be dated on or about the Commencement Date executed by Lessee to Lessor, pursuant to the terms of which Lessee has granted to Lessor a first lien and security interest in and to all of Lessee's Personal Property, including but not limited to, fixed and movable equipment, including replacements and substitutions, as security for the obligations of Lessee under this Lease, the obligations of Guarantor under the Guaranty and any and all other obligations of Lessee, Guarantor or any Affiliate of Lessee or Guarantor to Lessor.

Taking: A taking or voluntary conveyance during the Term hereof of all or part of the Leased Property, or any interest therein or right accruing thereto or use thereof, as the result of, or in settlement of, any Condemnation or other eminent domain proceeding affecting the Leased Property whether or not the same shall have actually been commenced.

Tenant: The lessees or tenants under the Tenant Leases, if any.

Tenant Leases: All leases, subleases and other rental agreements (written or verbal, now or hereafter in effect), if any, that grant a possessory interest in and to any space in the Leased Property, or that otherwise have rights with regard to the Leased Property, and all Credit Enchantments, if any, held in connection therewith.

Term: The Fixed Term unless earlier terminated pursuant to the provisions hereof.

Total Rent: As defined in Section 3.1(b).

Unavoidable Delays: Delays due to strikes, lockouts, inability to procure materials, power failure, acts of God, governmental restrictions, enemy action, civil commotion, fire, unavoidable casualty or other causes beyond the control of the party responsible for performing an obligation hereunder, provided that lack of funds shall not be deemed a cause beyond the control of either party hereto unless such lack of funds is caused by the failure of the other party hereto, or Guarantor, to perform any obligations of such party, under this Lease or any guaranty of this Lease, including any obligation to provide financing undertaken by Lessor pursuant to Article X below.

Unsuitable for Its Primary Intended Use: As used anywhere in this Lease, the term "Unsuitable for Its Primary Intended Use" shall mean that, by reason of damage or destruction, or a partial Taking by Condemnation, in the good faith judgment of Lessee, reasonably exercised, the Facility cannot be operated on a commercially practicable basis for its Primary Intended Use, taking into account, all relevant factors, and the effect of such damage or destruction or partial Taking.

## ARTICLE III

## RENT

3.1 Base Rent and Additional Charges. Lessee shall pay to Lessor without notice, demand, set off or counterclaim in advance, in lawful money of the United States of America, at Lessor's address set forth herein or at such other place or to such other person, firms or corporations as Lessor from time to time may designate in writing, Base Rent (as defined below) during the Term, as follows:

(a) The cost of the rental will be accrued monthly (booked as a lease expense at the hospital) based on calculations made at the beginning of the year, as set forth below, and will be adjusted annually at the end of Lessor's fiscal year, to determine the base of calculation for the next lease year.

The amount of the monthly rental accrual will be the amount of annual depreciation, calculated according to generally accepted accounting principles used by Health Care institutions on the value of the buildings and land improvements and capitalized additions made thereto, set forth on the Annual List, divided by 12, plus

1) the amount of monthly interest expense on any debt attached to the buildings or land improvements or capital improvements, per the associated debt amortization schedules; plus

2) amortization of monthly debt discount and issuance costs, per the related amortization schedules.

3.2 Additional Charges. In addition to the Base Rent, (a) Lessee will also pay and discharge as and when due and payable all other amounts, liabilities, obligations and Impositions which Lessee assumes or agrees to pay under this Lease, and (b) in the event of any failure on the part of Lessee to pay any of those items referred to in clause (a) above, Lessee will also promptly pay and discharge every fine, penalty, interest and cost which may be added for non-payment or late payment of such items (the items referred to in clauses (a) and (b) above being referred to herein collectively as the "Additional Charges"), and Lessor shall have all legal, equitable and contractual rights, powers and remedies provided in this Lease, by statute or otherwise, in the case of non-payment of the Additional Charges, as in the case of the Base Rent. If any installment of Base Rent or Additional Charges (but only as to those Additional Charges which are payable directly to Lessor) shall not be paid within twenty (20) Business Days after its due date, Lessee will pay Lessor on demand, as Additional Charges, a late charge (to the extent permitted by law) computed at the Overdue Rate (or at the maximum rate permitted by law, whichever is less) on the amount of such installment, from the due date of such installment to the date of payment thereof. To the extent that Lessee pays any Additional Charges to Lessor

pursuant to any requirement of this Lease, Lessee shall be relieved of its obligation to pay such Additional Charges to the entity to which they would otherwise be due.

3.3 Net Lease. The Rent shall be paid absolutely net to Lessor, so that this Lease shall yield to Lessor the full amount of the installments of Base Rent, and the payments of Additional Charges throughout the Term, all as more fully set forth in Article V, but subject to any other provisions of this Lease which expressly provide for adjustment of Rent or other charges.

## ARTICLE IV

## IMPOSITIONS

4.1 Payment of Impositions. Subject to Article XII relating to permitted contests and also subject to Section 4.2 hereof, Lessee will pay, or cause to be paid, all Impositions before any fine, penalty, interest or cost may be added for non-payment, such payments to be made directly to the taxing authorities where feasible, and Lessee will promptly, upon request, furnish to Lessor copies of official receipts or other satisfactory proof evidencing such payments. Lessee's obligation to pay such Impositions shall be deemed absolutely fixed upon the date such Impositions become a lien upon the Leased Property or any part thereof. If any such Imposition may, at the option of the taxpayer, lawfully be paid in installments (whether or not interest shall accrue on the unpaid balance of such Imposition), Lessee may exercise the option to pay the same (and any accrued interest on the unpaid balance of such Imposition) in installments and, in such event, shall pay such installments during the Term hereof (subject to Lessee's right of contest pursuant to the provisions of Article XII) as the same respectively become due and before any fine, penalty, premium, further interest or cost may be added thereto. Lessor, at its expense, shall, to the extent permitted by applicable law, prepare and file all tax returns and reports as may be required by governmental authorities in respect of Lessor's net income, gross receipts, franchise taxes and taxes on its capital stock, and Lessee, at its expense, shall, to the extent permitted by applicable laws and regulations, prepare and file all other tax returns and reports in respect of any Imposition as may be required by governmental authorities. If any refund shall be due from any taxing authority in respect of any Imposition paid by Lessee, the same shall be paid over to or retained by Lessee if no Event of Default shall have occurred hereunder and be continuing. Any such funds retained by Lessor due to an Event of Default shall be applied as provided in Article XVI. Lessor and Lessee shall, upon request of the other, provide such data as is maintained by the party to whom the request is made with respect to the Leased Property as may be necessary to prepare any required returns and reports. In the event governmental authorities classify any property covered by this Lease as personal property, Lessee shall file all personal property tax returns in such jurisdictions where it may legally so file. Lessor, to the extent it possesses the same, and Lessee, to the extent it possesses the same, will provide the other party, upon request, with cost and depreciation records necessary for filing returns for any property so classified as personal property. Where Lessor is legally required to file personal property tax returns, Lessee will be provided with copies of assessment notices indicating a value in excess of the reported value in sufficient time for Lessee to file a protest. Lessee may, upon giving notice to Lessor, at Lessee's option and at Lessee's sole cost and expense, protest, appeal, or institute such other proceedings as Lessee may deem appropriate to effect a reduction of real estate or personal property assessments and Lessor, at Lessee's expense as aforesaid, shall fully cooperate with Lessee in such protest, appeal, or other action. Billings for reimbursement by Lessee to Lessor of personal property taxes shall be accompanied by copies of a bill therefor and payments thereof which identify the personal property with respect to which such payments are made.

4.2 Adjustment of Impositions. Impositions imposed in respect of the tax-fiscal period during which the Term commences or terminates shall be adjusted and prorated between Lessor and Lessee, whether or not such Imposition is imposed before or after such commencement or termination, and Lessee's obligation to pay its prorated share thereof shall survive such commencement or termination. Lessee shall have no obligation to pay Lessor's pro rata portion of Imposition which Lessor shall timely pay prior to delinquency nor shall Lessee have any obligation to pay any Imposition with respect to any tax-fiscal period ending prior to the Term or beginning after the expiration or termination of the Term unless otherwise provided herein.

4.3 Utility Charges. Lessee will contract for, in its own name, and will pay or cause to be paid all charges for electricity, power, gas, oil, water and other utilities used in the Leased Property during the Term.

4.4 Insurance Premiums. Lessee will contract for in its own name and will pay or cause to be paid all premiums for the insurance coverage required to be maintained pursuant to Article XIII during the Term.

## ARTICLE V

## NO TERMINATION

Except as provided in this Lease to the contrary, Lessee shall remain bound by this Lease in accordance with its terms and shall neither take any action without the consent of Lessor to modify, surrender or terminate the same, nor seek nor be entitled to any abatement, deduction, deferment or reduction of Rent, or set-off against the Rent, nor shall the respective obligations of Lessor and Lessee be otherwise affected by reason of (a) any damage to, or destruction of, any Leased Property or any portion thereof from whatever cause or any Taking of the Leased Property or any portion thereof, (b) the lawful or unlawful prohibition of, or restriction upon, Lessee's use of the Leased Property, or any portion thereof, or the interference with such use by any person, corporation (except Lessor), partnership or other entity, subject to Lessor's obligations under Article XXX hereof; (c) any claim which Lessee has or might have against Lessor or by reason of any default or breach of any warranty by Lessor under this Lease or any other agreement between Lessor and Lessee, or to which Lessor and Lessee are parties, (d) any bankruptcy, insolvency, reorganization, composition, readjustment, liquidation, dissolution, winding up or other proceedings affecting Lessor or any assignee or transferee of Lessor, or (e) for any other cause whether similar or dissimilar to any of the foregoing other than a discharge of Lessee from any such obligations as a matter of law. Lessee hereby specifically waives all rights, arising from any occurrence whatsoever, which may now or hereafter be conferred upon it by law to (i) modify, surrender or terminate this Lease or quit or surrender the Leased Property or any portion thereof, except for Lessee's rights under this Lease, or (ii) entitle Lessee to any abatement, reduction, suspension or deferment of the Rent or other sums payable by Lessee hereunder, except as otherwise specifically provided in this Lease. The obligations of Lessor and Lessee hereunder shall be separate and independent covenants and agreements and the Rent and all other sums payable by Lessee hereunder shall continue to be payable in all events unless the obligations to pay the same shall be terminated pursuant to the express provisions of this Lease or by termination of this Lease other than by reason of an Event of Default.

## ARTICLE VI

## OWNERSHIP OF LEASED PROPERTY AND PERSONAL PROPERTY

6.1 Ownership of the Leased Property. Lessee acknowledges that the Leased Property is the property of Lessor and that Lessee has only the right to the possession and use of the Leased Property upon the terms and conditions of this Lease.

6.2 Lessee's Personal Property. Lessee may, at its expense, install, affix or assemble or place on any parcels of the Land or in any of the Leased Improvements, any items of Lessee's Personal Property, and Lessee may, subject to the conditions set forth below, remove the same at any time prior to or upon the expiration or any prior termination of the Term. Lessee shall provide and maintain during the entire Term (subject to the phase out rights of Lessee pursuant to Article XIX hereof) all such Lessee's Personal Property as shall be necessary in order to operate the Facility in compliance with all licensure and certification requirements, in compliance with all applicable Legal Requirements and Insurance Requirements and otherwise in accordance with customary practice in the industry for the Primary Intended Use. All of Lessee's Personal Property not removed by Lessee within ten (10) Business Days following the expiration or earlier termination of this Lease shall be considered abandoned by Lessee and may be appropriated, sold, destroyed or otherwise disposed of by Lessor without first giving notice thereof to Lessee, without any payment to Lessee and without any obligation to Lessee to account therefor. Lessee will, at its expense, restore the Leased Property at the expiration or earlier termination of this Lease to the condition required by Section 9.1(d), including repair

of all damage to the Leased Property caused by the removal of Lessee's Personal Property, whether effected by Lessee or Lessor.

## ARTICLE VII

## CONDITION AND USE OF LEASED PROPERTY

7.1 Condition of the Leased Property. Lessee acknowledges receipt and delivery of possession of the Leased Property and that Lessee has fully examined and otherwise has acquired knowledge of the condition of the Leased Property prior to the execution and delivery of this Lease and has found the same to be in good order and repair and satisfactory for its purpose hereunder. Lessee is leasing the Leased Property "as is" in its present condition. Lessee waives any claim or action against Lessor in respect of the condition of the Leased Property. LESSOR MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, IN RESPECT OF THE LEASED PROPERTY OR ANY PART THEREOF, EITHER AS TO ITS FITNESS FOR USE, SUITABILITY, DESIGN OR CONDITION FOR ANY PARTICULAR USE OR PURPOSE OR OTHERWISE, AS TO QUALITY OF THE MATERIAL OR WORKMANSHIP THEREIN, LATENT OR PATENT, IT BEING AGREED THAT ALL SUCH RISKS ARE TO BE BORNE BY LESSEE. LESSEE ACKNOWLEDGES THAT THE LEASED PROPERTY HAS BEEN INSPECTED BY LESSEE AND IS SATISFACTORY TO IT.

7.2 Use of the Leased Property.

(a) Lessee covenants that it will obtain and maintain all approvals needed to use and operate the Leased Property and the Facility for the Primary Intended Use, as defined below, under applicable local, state and federal law, including but not limited to licensure requirements and Medicare and/or a Medicaid certification.

(b) After the Commencement Date and during the entire Term, Lessee shall use or cause to be used the Leased Property and the improvements thereon as a health care related facility and for such other uses as may be necessary in connection with or incidental to such use including, but not limited to, a research center and provider of heath care services (the "Primary Intended Use"). Lessee shall not use the Leased Property or any portion thereof for any other use without the prior written consent of Lessor, which consent shall not be unreasonably withheld or delayed. No use shall be made or permitted to be made of the Leased Property and no acts shall be done which will cause the cancellation of any insurance policy covering the Leased Property or any part thereof, nor shall Lessee sell or otherwise provide to residents or patients therein, or permit to be kept, used or sold in or about the Leased Property any article which may be prohibited by law or by the standard form of fire insurance policies, any other insurance policies required to be carried hereunder, or fire underwriters regulations. Lessee shall, at its sole cost, comply with all of the requirements pertaining to the Leased Property or other improvements of any insurance board, association, organization or company necessary for the maintenance of the insurance, as herein provided, covering the Leased Property and Lessee's Personal Property.

(c) Lessee covenants and agrees that during the Term it will use its best efforts to operate continuously the Leased Property for its Primary Intended Use.

(d) Lessee shall not commit or suffer to be committed any waste on the Leased Property, or in the Facility, nor shall Lessee cause or permit any nuisance thereon.

(e) Lessee shall neither suffer nor permit the Leased Property or any portion thereof, including any Capital Addition or Lessee's Personal Property, to be used in such a manner as (i) might reasonably tend to impair Lessor's (or Lessee's, as the case may be) title thereto or to any portion thereof, or (ii) may reasonably

make possible a claim or claims of adverse usage or adverse possession by the public, as such, or of implied dedication of the Leased Property or any portion thereof.

## ARTICLE VIII

## LEGAL AND INSURANCE REQUIREMENTS

8.1 Compliance with Legal and Insurance Requirements. Subject to Article XII relating to permitted contests and also subject to Lessee's right to phase-out pursuant to Article XIX, rather than comply, as provided herein, Lessee, at its expense, will promptly (a) comply with all Legal Requirements and Insurance Requirements in respect of the use, operation, maintenance, repair and restoration of the Leased Property, whether or not compliance therewith shall require structural change in any of the Leased Improvements or interfere with the use and enjoyment of the Leased Property, and (b) procure, maintain and comply with all licenses, certificates of need, provider agreements and other authorizations required for any use of the Leased Property and Lessee's Personal Property then being made, and for the proper erection, installation, operation and maintenance of the Leased Property or any part thereof, including without limitation, any Capital Additions.

8.2 Legal Requirement Covenants. Lessee covenants and agrees that the Leased Property and Lessee's Personal Property shall not be used for any unlawful purpose. Lessee shall use its best efforts to have tenants acquire and maintain all licenses, certificates, permits, provider agreements and other authorizations and approvals needed to operate the Leased Property in its customary manner for the Primary Intended Use and any other use conducted on the Leased Property as may be permitted from time to time hereunder. Lessee further covenants and agrees that Lessee's use of the Leased Property and maintenance, alteration, and operation of the same, and all parts thereof, shall at all times conform to all applicable local, state and federal laws, ordinances, rules and regulations.

8.3 Hazardous Materials. Except in compliance with applicable Hazardous Material Laws, herein defined, no Hazardous Materials shall be installed, used, generated, manufactured, treated, handled, refined, produced, processed, stored or disposed of, or otherwise present in, on or under the Leased Property. During the Term and subject to the Primary Intended Use by Lessee, in each case to be conducted strictly in accordance with Hazardous Material Law, no activity shall be undertaken on the Leased Property which would cause (i) the Leased Property to become a treatment, storage or disposal facility of hazardous waste, infectious waste, biomedical or medical waste, within the meaning of, or otherwise bring the Leased Property within the ambit of RCRA or any Hazardous Material Law, (ii) a release or threatened release of Hazardous Material from the Property within the meaning of, or otherwise bring the Property within the ambit of, CERCLA or SARA or any Hazardous Material Law or (iii) the discharge of Hazardous Material into any watercourse, surface or subsurface of body of water or wetland, or the discharge into the atmosphere of any Hazardous Material which would require a permit under any Hazardous Material Law. No activity shall be undertaken with respect to the Property which would cause a violation or support a claim under RCRA, CERCLA, SARA or any Hazardous Material Law. Except as may be necessary for the Primary Intended Use, Lessee has no knowledge or any reason to believe Lessee will be required to obtain any permits, licenses, or similar authorizations to occupy, operate or use the Improvements or any part of the Leased Property by reason of any Hazardous Material Law.

Lessee hereby agrees to indemnify and defend, at its sole cost and expense, and hold Lessor, its successors and assigns, harmless from and against and to reimburse Lessor with respect to any and all claims, demands, actions, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Lessor at any time and from time to time by reason or arising out of any breach or violation of the above.

8.4 Environmental Indemnification. As used herein, the term "Hazardous Materials" means (A) any substance, material or matter that may give rise to liability under (i) the Resource Conservation Recovery Act as amended by the Hazardous and Solid Waste Amendments of 1984, 42 U.S.C. Sections 6901 et seq.; (ii) the

Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act, codified in scattered sections of 26 U.S.C.; 29 U.S.C., 33 U.S.C., 42 U.S.C. and 42 U.S.C. Sections 9601 et seq.; (iii) the Clean Water Act, 33 U.S.C. Sections 466 et seq. and 33 U.S.C. Sections 1344 et seq., (iv) the Safe Drinking Water Act, 21 U.S.C. §349; 42 U.S.C. §201 and §3001 et seq., (v) the Toxic Substances Control Act, 15 U.S.C. Sections 2601-2629; (vi) the Hazardous Material Transportation Act, 49 U.S.C. Sections 1801 et seq., (vii) the Resource Conservation and Recovery Act, 42 U.S.C. Sections 6901 et seq., (viii) the Clean Air Act, 42 U.S.C. Sections 7401 et seq., (ix) the National Environmental Policy Act of 1969, 42 U.S.C. Sections 4321; (x) any local, state or federal rules or regulations promulgated pursuant to items (i) through (ix) and any similar local, state or federal laws, rules, ordinances or regulations either in existence as of the date hereof, or enacted and promulgated after the date of this Agreement, that concern the transportation, storage, placement, handling, treatment, release, discharge, generation, manufacture, production, disposal, management, control, discharge, treatment, containment and/or removal (collectively, "Treatment") of substances or materials that are or may become a threat to public health or the environment; or (xi) any common law thereof involving materials or substances which are or are alleged to be hazardous to human health or the environment based on nuisance, trespass, negligence, strict liability or other tortious conduct [items (i) through (ix), as the same may be amended from time to time, are collectively referred to herein as "Environmental Laws" or "Hazardous Materials Laws"]; (B) any "hazardous substance" listed in the U.S. Department of Transportation Table (49 C.F.R. 172, 101), as the same may be amended from time to time; and (C) asbestos, lead paint, polychlorinated biphenyls, urea formaldehyde foam insulation, radioactive materials and any materials, the removal of which is required or the maintenance of which is prohibited or penalized.

(a) Subject to the provisions of Section 8.4(c) hereof, Lessee agrees to indemnify, save, defend (at Lessee's sole cost and expense) and hold harmless Lessor, its affiliates and subsidiaries and the officers, directors, agents, attorneys and employees of Lessor, its affiliates and subsidiaries, and Lessor's successors, and the assigns of Lessor and any subsidiary or affiliate of Lessor (all of such persons or entities being collectively referred to herein as "Indemnified Persons") and each such reference shall refer jointly and severally to each such persons, from and against the full amount of any and all Losses. Lessee hereby agrees to indemnify and defend, at its sole cost and expense, and hold Lessor, its successors and assigns, harmless from and against and to reimburse Lessor with respect to any and all claims, demands, actions, causes of action, losses, damages, liabilities, costs and expenses (including, without limitation, reasonable attorney's fees and court costs) of any and every kind or character, known or unknown, fixed or contingent, asserted against or incurred by Lessor at any time and from time to time by reason or arising out of any breach or violation of the above. "Losses" shall mean any and all liabilities, obligations, losses, damages, fines, penalties, claims, actions, suits, costs, expenses and disbursements (including, but not limited to, all reasonable attorney's fees and expenses and all other professionals' or consultants'' expenses incurred in investigating, preparing for, serving as a witness in or defending against any action or proceeding, whether actually commenced or threatened, which may be asserted against any Indemnified Person, and further including, without limitation, the amount of any judgment or good faith, out-of-court settlement or compromise), arising from, in respect of, as a consequence, of, or in connection with any of the following: (A) the removal of any Hazardous Material first placed on or released in, on, under or from the Leased Property by any person or entity at any time before, on or after the Commencement Date or during the Term of this Lease, whether such removal is done or completed by Lessee, or any other person or entity and regardless of whether or not such removal is rendered pursuant to a court order or the order of an administrative agency; (B) claims asserted at any time before, on or after the date of this lease by any person or entity [including, without limitation, any governmental agency or quasi-governmental authority, board, bureau, commission, department, instrumentality or public body, court or administrative tribunal (a "Governmental Agency")], in connection with or in any way arising out of the presence, storage, use, disposal, generation, transportation or treatment of any Hazardous Material on, in or under the Leased Property at any time, before, on or after the Commencement Date of this lease; (C) the violation or claimed violation of any Environmental Laws in regard to the Leased Property at any time before, on or after the Commencement Date of this Lease, where such violation or claimed violation occurred before or during the Term; or (D) the preparation of an environmental audit on the Leased Property, whether conducted or authorized by Lessee and an Indemnified Person, or a third party or the implementation of any environmental audit's recommendations

relating to Hazardous Material. Notwithstanding anything herein to the contrary in this Section or Article VIII, Lessee shall be obligated to indemnify Lessor for any violation of Hazardous Materials Laws not the result of the acts, omissions, or gross negligence of Lessor which occur before or during the Term.

(b) Lessee agrees to promptly notify Lessor of the existence of any litigation or proceedings pending, threatened or commenced (whether or not served) against Lessee or any other party in connection with Hazardous Material and the Leased Property and of the receipt of any notice from any Governmental Agency in regard to Hazardous Material and the Leased Property. Lessee shall immediately upon receipt provide Lessor, and, where applicable, each Indemnified Person with true, complete and correct copies of all such notices and other documentation related to said notices, litigation or proceedings.

(c) Lessor agrees to promptly notify Lessee of the existence of any litigation or proceedings pending, threatened or commenced against Lessor in connection with Hazardous Material and the Leased Property and of the receipt of any notice from any Governmental Agency in regard to Hazardous material and the Leased Property. Lessor will provide Lessee with true, complete and correct copies of all such notices and other documentation related to such notices, litigation or proceedings.

8.5 Obligation to Defend.

(a) Assumption of Defense. Upon request of any Indemnified Person, Indemnitor is bound to defend any and all actions or proceedings that may be brought against such Indemnified Person in connection with or arising out of the matters covered by this Agreement the Indemnified Person having first given notice to the Indemnitor of any litigation or proceedings pending, threatened or commenced (whether or not served) against the Indemnified Person in connection with Hazardous Materials on the Leased Property. In the event that Indemnitor is defending an Indemnified Person, Indemnitor may settle the claim only with the Indemnified Person's prior written consent, said consent or the denial thereof to be in the Indemnified Person's reasonable discretion.

(b) Delivery of Acknowledgment. Within thirty (30) days from the date of receipt by Indemnitor from any Indemnified Person of a request to defend, Indemnitor must acknowledge in a writing, satisfactory to the Indemnified Person in its sole discretion, its duty to defend and that such claim is covered in its entirety by this Agreement (the "Acknowledgment"); provided, however, that until the Indemnified Person receives the Acknowledgment, the Indemnified Person shall be entitled to defend such claim and Indemnitor shall be bound in the manner set forth in Section 4.4 hereof.

(c) Conduct of Defense; Participation by Indemnified Person. In the event that Indemnitor is defending an Indemnified Person, such defense shall be conducted by reputable attorneys retained by Indemnitor, satisfactory to said Indemnified Person in its sole and absolute discretion, at Indemnitor's sole cost and expense. In addition, said Indemnified Person shall have the right to participate in such proceedings and to be represented by attorneys of its own choosing. The Indemnified Person shall be responsible for the costs of such participation unless the Indemnified Person shall have concluded in its sole discretion that the interests of the Indemnified Person and of Indemnitor in the action conflict in such a manner and to such an extent as to require, consistent with applicable standards of professional responsibility, retention of separate counsel for the Indemnified Person, in which case Indemnitor shall pay reasonable fees for separate counsel chosen by the Indemnified Person.

(d) Indemnitor's Failure to Defend. If Indemnitor fails to deliver the acknowledgment or fails to choose counsel satisfactory to the Indemnified Person, Indemnitor shall not thereafter be entitled to elect to defend, and Indemnitor shall be bound by and shall be conclusively liable for the results obtained by the Indemnified Person, including without limitation the amount of any judgment or good faith out-of-court

settlement or compromise and all costs and reasonable fees of counsel incurred by the Indemnified Person in connection therewith.

8.6 Survival. Lessee's obligation under this Lease shall survive the expiration or termination thereof subject to applicable statutes of limitation, provided, however, Lessee waives all present and future statutes of limitation as a defense to any actions to enforce the provisions of Sections 8.4 and 8.5 of this Lease.

## ARTICLE IX

## REPAIRS; RESTRICTIONS

9.1 Maintenance and Repair.

(a) Lessee, at its expense, will keep the Leased Property and all private roadways, sidewalks and curbs appurtenant thereto (and Lessee's Personal Property) in good order and repair (whether or not the need for such repairs occurs as a result of Lessee's use, any prior use, the elements, the age of the Leased Property or any portion thereof) and, except as otherwise provided in Articles XIV and XV, with reasonable promptness, will make all necessary and appropriate repairs thereto of every kind and nature, whether interior or exterior, structural or non-structural, ordinary or extraordinary, foreseen or unforeseen or arising by reason of a condition existing prior to the commencement of the Term of this Lease (concealed or otherwise). All repairs shall, to the extent reasonably achievable, be at least equivalent in quality to the original work. Lessee will not take or omit to take any action the taking or omission of which might materially impair the value or the usefulness of the Leased Property or any part thereof for the Primary Intended Use.

(b) Lessor shall not under any circumstances be required to build or rebuild any improvements on the Leased Property, or to make any repairs, replacements, alterations, restorations, or renewals of any nature or description to the Leased Property, whether ordinary or extraordinary, structural or non-structural, foreseen or unforeseen, or to make any expenditure whatsoever with respect thereto in connection with this Lease, or to maintain the Leased Property in any way.

(c) Nothing contained in this Lease and no action or inaction by Lessor shall be construed as (i) constituting the consent or request of Lessor, expressed or implied, to any contractor, subcontractor, laborer, materialman or vendor to or for the performance of any labor or services or the furnishing of any materials or other property for the construction, alteration, addition, repair or demolition of or to the Leased Property or any part thereof, or (ii) giving Lessee any right, power or permission to contract for or permit the performance of any labor or services or the furnishing of any materials or other property in such fashion as would permit the making of any claim against Lessor in respect thereof or to make any agreement that may create, or in any way be the basis for, any right, title, interest, lien, claim or other encumbrance upon the estate of Lessor in the Leased Property or any portion thereof.

(d) Unless Lessor shall convey any of the Leased Property to Lessee pursuant to the provisions of this Lease, Lessee will, upon the expiration or prior termination of this Term, vacate and surrender the Leased Property to Lessor in the condition in which the Leased Property was originally received from Lessor, except as repaired, rebuilt, restored, altered or added to as permitted or required by the provisions of this Lease and except for ordinary wear and tear (subject to the obligation of Lessee to maintain the Leased Property in good order and repair during the entire Term of the Lease), damage caused by the gross negligence or willful acts of Lessor and damage or destruction described in Article XIV or resulting from a Taking described in Article XV which Lessee is not required by the terms of this Lease to repair or restore.

9.2 Encroachments; Restrictions. If any of the Leased Improvements shall, at any time, encroach upon any property, street or right-of-way adjacent to the Leased Property, or shall violate the agreements or conditions

contained in any federal, state or local law, lawful restrictive covenant or other agreement affecting the Leased Property, or any part thereof, or shall impair the rights of others under any easement or right-of-way to which the Leased Property is subject, then promptly upon the request of Lessor, Lessee shall, at its expense, subject to its right to contest the existence of any encroachment, violation or impairment, (a) obtain valid and effective waivers or settlements of all claims, liabilities and damages resulting from each such encroachment, violation or impairment, whether the same shall affect Lessor or Lessee or (b) make such changes in the Leased Improvements, and take such other actions, as Lessor in the good faith exercise of its judgment deems reasonably practicable, to remove such encroachment, or to end such violation or impairment, including, if necessary, the alteration of any of the Leased Improvements, and in any event take all such actions as may be necessary in order to be able to continue the operation of the Facility for the Primary Intended Use substantially in the manner and to the extent the Facility was operated prior to the assertion of such violation or encroachment. Any such alteration shall be made in conformity with the applicable requirements of Article X. Lessee's obligations under this Section 9.2 shall be in addition to and shall in no way discharge or diminish any obligation of any insurer under any policy of title or other insurance and Lessee shall be entitled to a credit for any sums recovered by Lessor under any such policy of title or other insurance.

## ARTICLE X

## CAPITAL ADDITIONS

10.1 Construction of Capital Additions to the Leased Property.

(a) If no Event of Default shall have occurred or be continuing, Lessee shall have the right, upon and subject to the terms and conditions set forth below, to construct or install Capital Additions on the Leased Property subject to the prior written consent of Lessor, as set forth in Subsection (b) below; provided, however, that Lessee shall not be permitted to create any Encumbrance on the Leased Property, as defined in Article XXXVIII, in connection with such Capital Addition. Prior to commencing construction of any Capital Addition, Lessee shall submit to Lessor in writing a proposal setting forth in reasonable detail any proposed Capital Addition and shall provide to Lessor such plans and specifications, permits, licenses, contracts and other information concerning the proposed Capital Addition as Lessor may reasonably request. Without limiting the generality of the foregoing, such proposal shall indicate the approximate projected cost of constructing such Capital Addition, and the use or uses to which it will be put.

(b) Notwithstanding any other provision of this Article X to the contrary, no Capital Additions shall be made without the consent of Lessor, which consent may be withheld in Lessor's sole discretion. Furthermore, no Capital Addition shall be made which would tie in or connect any Leased Improvements on the Leased Property with any other improvements on property adjacent to the Leased Property (and not part of the Land covered by this Lease) including, without limitation, tie-ins of buildings or other structures or utilities, unless Lessee shall have obtained the prior written approval of Lessor, which approval in Lessor's sole discretion may be granted or withheld. All proposed Capital Additions shall be architecturally integrated and consistent with the Leased Property.

10.2 Remodeling and Non-Capital Additions. Lessee shall have the right and the obligation to make additions, modifications or improvements to the Leased Property which are not Capital Additions from time to time as it, in its sole discretion, may deem to be desirable for its uses and purposes and to permit the Lessee to comply fully with its obligations set forth in this Lease, provided that such action will be undertaken expeditiously, in a workmanlike manner and will not significantly alter the character or purpose or detract from the value or operating efficiency of the Leased Property and will not significantly impair the revenue producing capability of the Leased Property or adversely affect the ability of the Lessee to comply with the provisions of this Lease and provided that Lessee obtains the prior consent of Lessor which Lessor may withhold in its sole discretion. All non-capital and Capital Additions, modifications and improvements shall, without payment by Lessor at any time, be included under the terms of this Lease

and, upon the earlier to occur of the completion thereon or upon the expiration or earlier termination of this Lease, all Capital and non-capital additions, shall pass to and become the property of Lessor.

10.3 Salvage. All materials which are scrapped or removed in connection with the making of either Capital Additions or non-capital additions permitted by Section 10 or repairs required by Article IX shall be or become the property of Lessor.

## ARTICLE XI

## LIENS

Subject to the provisions of Article XII relating to permitted contests, Lessee will not directly or indirectly create or allow to remain and will promptly discharge at its expense any lien, encumbrance, attachment, title retention agreement or claim upon the Leased Property or any attachment, levy, claim or encumbrance in respect of the Rent, not including, however, (a) this Lease, (b) the matters, if any, set forth in Exhibit "B", (c) restrictions, liens and other encumbrances which are consented to in writing by Lessor, or any easements granted pursuant to the provisions of Section 7.3 of this Lease, (d) liens for those taxes of Lessor which Lessee is not required to pay hereunder, (e) subleases permitted by Article XXIV, (f) liens for Impositions or for sums resulting from noncompliance with Legal Requirements so long as (1) the same are not yet payable or are payable without the addition of any fine or penalty or (2) such liens are in the process of being contested as permitted by Article XII, (g) liens of mechanics, laborers, materialmen, suppliers or vendors for sums either disputed or not yet due, provided that (1) the payment of such sums shall not be postponed for more than sixty (60) days after the completion of the action giving rise to such lien and such reserve or other appropriate provisions as shall be required by law or generally accepted accounting principles shall have been made therefor or (2) any such liens are in the process of being contested as permitted by Article XII. Lessee shall have no obligation with respect to any lien, encumbrance or other claim created, directly or indirectly, by Lessor.

## ARTICLE XII

## PERMITTED CONTESTS

Lessee, on its own or on Lessor's behalf (or in Lessor's name), but at Lessee's expense, may contest, by appropriate legal proceedings conducted in good faith and with due diligence, the amount, validity or application, in whole or in part, of any Imposition, Legal Requirement, Insurance Requirement, lien, attachment, levy, encumbrance, charge or claim not otherwise permitted by Article XI, provided that (a) in the case of an unpaid Imposition, lien, attachment, levy, encumbrance, charge or claim, the commencement and continuation of such proceedings shall suspend the collection thereof from Lessor and from the Leased Property, (b) neither the Leased Property nor any Rent therefrom nor any part thereof or interest therein would be in any immediate danger of being sold, forfeited, attached or lost, (c) in the case of a Legal Requirement, Lessor would not be in any immediate danger of civil or criminal liability for failure to comply therewith pending the outcome of such proceedings, (d) in the event that any such contest shall involve a sum of money or potential loss in excess of Fifty Thousand Dollars ($50,000), then, in any such event, Lessee shall deliver to Lessor and its counsel an opinion of Lessee's counsel to the effect set forth in clauses (a), (b) and (c), to the extent applicable, (e) in the case of a Legal Requirement and/or an Imposition, lien, encumbrance or charge, Lessee shall give such reasonable security as may be demanded by Lessor to insure ultimate payment of the same and to prevent any sale or forfeiture of the affected portion of the Leased Property or the Rent by reason of such non-payment or non-compliance; provided, however, the provisions of this Article XII shall not be construed to permit Lessee to contest the payment of Rent (except as to contests concerning the method of computation or the basis of levy of any Imposition or the basis for the assertion of any other claim) or any other sums payable by Lessee to Lessor hereunder, (f) in the case of an Insurance Requirement, the coverage required by Article XIII shall be maintained, and (g) if such contest be finally resolved against Lessor or Lessee, Lessee shall, as Additional Charges due hereunder, promptly pay the amount required to be paid, together with all interest and penalties accrued thereon, or comply with the applicable Legal Requirement or Insurance Requirement. Lessor, at Lessee's expense, shall execute and deliver to Lessee such authorizations and other

documents as may reasonably be required in any such contest and, if reasonably requested by Lessee or if Lessor so desires, Lessor shall join as a party therein. Lessee shall indemnify and save Lessor harmless against any liability, cost or expense of any kind that may be imposed upon Lessor in connection with any such contest and any loss resulting therefrom.

## ARTICLE XIII

## INSURANCE

13.1 General Insurance Requirements. During the Term of this Lease, Lessee shall at all times keep the Leased Property, and all property located in or on the Leased Property, including Lessee's Personal Property, insured with the kinds and amounts of insurance described below. This insurance shall be written by companies authorized to do insurance business in the state in which the Leased Property is located. The policies must name Lessor as an additional insured and losses shall be payable to Lessor and/or Lessee as provided in Article XIV. Any loss adjustment shall require the written consent of Lessor. Evidence of insurance and/or Impositions shall be deposited with Lessor. The policies on the Leased Property, including the Leased Improvements, the Fixtures and Lessee's Personal Property, shall insure against the following risks:

(a) Loss or damage by fire, vandalism and malicious mischief, extended coverage perils commonly known as "All Risk" and all physical loss perils, including but not limited to sprinkler leakage, windstorm, hail, earthquake, tornado, explosion, riot, aircraft, smoke and vehicle damage, in an amount not less than one hundred percent (100%) of the then Full Replacement Cost thereof (as defined below in Section 13.2) with a replacement cost endorsement sufficient to prevent Lessee from becoming a co-insurer together with an agreed value endorsement;

(b) Loss or damage by explosion of steam boilers, pressure vessels or similar apparatus, now or hereafter installed in the Facility, in such limits with respect to any one accident as may be reasonably requested by Lessor from time to time;

(c) Claims for personal injury or property damage under a policy of comprehensive general public liability insurance including but not limited to insurance against assumed or contractual liability including any indemnities under this Lease with amounts not less than Five Million Dollars ($5,000,000) per occurrence in respect of bodily injury and death and Ten Million Dollars ($10,000,000) for property damage;

(d) Claims arising out of malpractice in an amount not less than Five Million Dollars ($5,000,000) for each person and Ten Million Dollars ($10,000,000) for each occurrence; and

(e) Flood (when the Leased Property is located in whole or in part within a designated flood plain area) and such other hazards and in such amounts as may be customary for comparable properties in the area and if available from insurance companies authorized to do business in the state in which the Leased Property are located at rates which are economically practicable in relation to the risks covered.

(f) If Lessee shall engage or cause to be engaged any contractor to perform work on the Leased Property, Lessee shall require such contractor to carry and maintain, at no expense to Lessor, non-deductible comprehensive general liability insurance, including but not limited to contractor's liability coverage, completed operations coverage, broad form property damage endorsement and contractor's protection liability coverage in such amounts and with such companies as Lessor shall approve.

13.2 Replacement Cost. The term "Full Replacement Cost" as used herein, shall mean the actual replacement cost thereof from time to time, including increased cost of construction endorsement, less exclusions provided in the normal fire insurance policy. In the event either Lessor or Lessee believes that the Full Replacement Cost

has increased or decreased at any time during the Term, it shall have the right to have such Full Replacement Cost redetermined by the fire insurance company which is then providing the largest amount of fire insurance carried on the Leased Property, hereinafter referred to as the "impartial appraiser". The party desiring to have the Full Replacement Cost so redetermined shall forthwith, on receipt of such determination by such impartial appraiser, give written notice thereof to the other party hereto. The determination of such impartial appraiser shall be final and binding on the parties hereto, and Lessee shall forthwith increase, or may decrease, the amount of the insurance carried pursuant to this Article, as the case may be, to the amount so determined by the impartial appraiser. Lessee shall pay the fee, if any, of the impartial appraiser.

13.3 Additional Insurance. In addition to the insurance described above, Lessee shall maintain adequate worker's compensation insurance coverage for all persons employed by Lessee on the Leased Property, in accordance with the requirements of applicable local, state and federal law.

13.4 Waiver of Subrogation. All insurance policies carried by either party covering the Leased Property, the Fixtures, the Facility and/or Lessee's Personal Property, including without limitation, contents, fire and casualty insurance, shall expressly waive any right of subrogation on the part of the insurer against the other party. The parties hereto agree that their policies will include such a waiver clause or endorsement so long as the same is obtainable without extra cost, and in the event of such an extra charge the other party, at its election, may pay the same, but shall not be obligated to do so.

13.5 Form of Insurance. All of the policies of insurance referred to in this Section shall be written in form satisfactory to Lessor and by insurance companies satisfactory to Lessor. Lessee shall pay all of the premiums therefor, and deliver such policies or certificates thereof to Lessor prior to their effective date (and, with respect to any renewal policy, at least fifteen (15) days prior to the expiration of the existing policy) and in the event of the failure of Lessee either to effect such insurance in the names herein called for or to pay the premiums therefor, or to deliver such policies or certificates thereof to Lessor at the times required, Lessor shall be entitled, but shall have no obligation, to effect such insurance and pay the premiums therefor, which premiums shall be repayable to Lessor upon written demand therefor, and failure to repay the same shall constitute an Event of Default within the meaning of Section 16.1(c). Each insurer mentioned in this Section shall agree, by endorsement on the policy or policies issued by it, or by independent instrument furnished to Lessor, that it will give to Lessor thirty (30) days' written notice before the policy or policies in question shall be altered, allowed to expire or canceled.

13.6 Increase in Limits. In the event that Lessor shall at any time deem the limits of the personal injury, property damage or general public liability insurance then carried to be insufficient, the parties shall endeavor to agree on the proper and reasonable limits for such insurance to be carried and such insurance shall thereafter be carried with the limits thus agreed on until further change pursuant to the provisions of this Section. If the parties shall be unable to agree thereon, the proper and reasonable limits for such insurance to be carried shall be determined by an impartial third party selected by the parties. Nothing herein shall permit the amount of insurance to be reduced below the amount or amounts required by any of the Facility Mortgages.

13.7 Blanket Policy. Notwithstanding anything to the contrary contained in this Section, Lessee's obligations to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by Lessee provided that

(a) Any such blanket policy or policies are acceptable to and have been approved by the Lessor;

(b) Any such blanket policy or policies shall not be changed, altered or modified without the prior written consent of the Lessor; and

(c) Any such blanket policy or policies shall otherwise satisfy the insurance requirements of this Article XIII (including the requirement of thirty (30) days' written notice before the expiration or cancellation

of such policies as required by Section 13.5 hereof) and shall provide for deductibles in amounts acceptable to Lessor.

13.8 No Separate Insurance. Lessee shall not, on Lessee's own initiative or pursuant to the request or requirement of any third party, take out separate insurance concurrent in form or contributing in the event of loss with that required in this Article to be furnished by, or which may reasonably be required to be furnished by, Lessee, or increase the amounts of any then existing insurance by securing an additional policy or additional policies, unless all parties having an insurable interest in the subject matter of the insurance, including in all cases Lessor and all Facility Mortgagees, are included therein as additional named insureds and the loss is payable under said insurance in the same manner as losses are required to be payable under this Lease. Lessee shall immediately notify Lessor of the taking out of any such separate insurance or of the increasing of any of the amounts of the then existing insurance by securing an additional policy or additional policies.

13.9 Self-Insurance. The insurance required by this Article XIII may be provided by Lessee under any plan of self-insurance from time to time maintained by it provided that Lessee shall maintain at all times a net worth of at least One Hundred Million Dollars ($100,000,000.00) and shall comply with Legal Requirements for self-insurance.

## ARTICLE XIV

## FIRE AND CASUALTY

14.1 Insurance Proceeds. All proceeds payable by reason of any loss or damage to the Leased Property, or any portion thereof, and insured under any policy of insurance required by Article XIII of this Lease shall be paid to Lessor and held by Lessor in trust (subject to the provisions of Section 14.7) and shall be made available for reconstruction or repair, as the case may be, of any damage to or destruction of the Leased Property, or any portion thereof, and shall be paid out by Lessor from time to time for the reasonable cost of such reconstruction or repair. Any excess proceeds of insurance remaining after the completion of the restoration or reconstruction of the Leased Property (or in the event neither Lessor nor Lessee is required or elects to repair and restore, all such insurance proceeds) shall be retained by Lessor free and clear upon completion of any such repair and restoration except as otherwise specifically provided below in this Article XIV. All salvage resulting from any risk covered by insurance shall belong to Lessor except that any salvage relating to Capital Additions paid for by Lessee or to Lessee's Personal Property shall belong to Lessee.

14.2 Reconstruction in the Event of Damage or Destruction Covered by Insurance.

(a) Except as provided in Section 14.7, if during the Term, the Leased Property is totally or partially destroyed from a risk covered by the insurance described in Article XIII and the Facility thereby is rendered Unsuitable for Its Primary Intended Use, Lessee shall have the option, by giving notice to Lessor within sixty (60) days following the date of such destruction, to (i) restore the Facility to substantially the same condition as existed immediately before the damage or destruction, or (ii) terminate the Lease as to the affected Facility or the Leased Property, and Lessee shall pay to Lessor on demand, the amount of any deductible or uninsured loss arising in connection therewith, together with all insurance proceeds, all of which shall be held pursuant to the provisions of Section 14.1.

(b) Except as provided in Section 14.7, if during the Term, the Leased Improvements and/or the Fixtures are totally or partially destroyed from a risk covered by the insurance described in Article XIII, but the Facility is not thereby rendered Unsuitable for its Primary Intended Use, Lessee shall restore the Facility to substantially the same condition as existed immediately before the damage or destruction. Such damage or destruction shall not terminate this Lease; provided, however, if Lessee cannot within a reasonable time obtain all necessary governmental approvals, including building permits, licenses, conditional use permits and any certificates of need, after diligent efforts to do so, in order to be able to perform all required repair and

restoration work and to operate the Facility for its Primary Intended Use in substantially the same manner as immediately prior to such damage or destruction, Lessee may terminate the Lease as to the affected Facility whereupon Lessor shall be entitled to retain the insurance proceeds, and Lessee shall pay to Lessor on demand the amount of any deductible or uninsured loss arising in connection therewith.

(c) If the cost of the repair or restoration exceeds the amount of proceeds received by Lessor from the insurance required under Article XIII, Lessee shall be obligated to contribute any excess amount needed to restore the Facility. Such amount shall be paid by Lessee to Lessor (or a Facility Mortgagee if required) to be held in trust together with any other insurance proceeds for application to the cost of repair and restoration.

14.3 Reconstruction in the Event of Damage or Destruction Not Covered by Insurance. Except as provided in Section 14.7 below, if during the Term, the Facility is totally or materially destroyed from a risk not covered by the insurance described in Article XIII, whether or not such damage or destruction renders the Facility Unsuitable for Its Primary Intended Use, Lessee at its option shall either (a) restore the Facility to substantially the same condition it was in immediately before such damage or destruction and such damage or destruction shall not terminate this Lease, or (b) offer to substitute a new property substantially equivalent to the Leased Property immediately before such damage or destruction. If such damage or destruction is not material, Lessee shall restore the Leased Property.

To the extent a casualty is material, the Lease shall terminate as to the affected Facility and Lessee shall pay to Lessor on demand the amount of any deductible or uninsured loss resulting in connection therewith, together with all insurance proceeds, all of which shall be held pursuant to the provisions of Section 14.1.

14.4 Lessee's Property. All insurance proceeds payable by reason of any loss of or damage to any of Lessee's Personal Property or Capital Additions financed by Lessee shall be paid to Lessor and Lessor shall hold such insurance proceeds in trust to pay the cost of repairing or replacing the damage to Lessee's Personal Property or the Capital Additions financed by Lessee.

14.5 Restoration of Lessee's Property. If Lessee is required or elects to restore the Facility as provided in Sections 14.2 or 14.3, Lessee shall also restore all alterations and improvements made by Lessee, Lessee's Personal Property and all Capital Additions paid for by Lessee.

14.6 No Abatement of Rent. This Lease shall remain in full force and effect and Lessee's obligation to make rental payments and to pay all other charges required by this Lease shall remain unabated during any period required for repair and restoration, unless the Lease is terminated pursuant to Section 14.2(b).

14.7 Damage Near End of Term. Notwithstanding any provisions of Sections 14.2 or 14.3 to the contrary, if damage to or destruction of the Facility occurs during the last twenty-four (24) months of the Term, and if such damage or destruction cannot be fully repaired and restored within six (6) months immediately following the date of loss, either party shall have the right to terminate this Lease by giving notice to the other within thirty (30) days after the date of damage or destruction, in which event Lessor shall be entitled to retain the insurance proceeds and Lessee shall pay to Lessor on demand the amount of any deductible or uninsured loss arising in connection therewith.

14.8 Termination of Right of First Refusal. Any termination of this Lease pursuant to this Article XIV or otherwise shall cause any right of first refusal granted to Lessee under Section 35.1 of this Lease to be terminated and to be without further force or effect.

14.9 Waiver. Lessee hereby waives any statutory or common law rights of termination which may arise by reason of any damage or destruction of the Facility.

14.10 Materiality. For purposes of this Article XIV, the phrase "not material" shall mean damage to any one Facility of One Hundred thousand Dollars ($100,000.00) or less, or in the aggregate, Five Hundred Thousand Dollars

($500,000.00) or less to more than one Facility. Damage or destruction is material if it is in excess of One Hundred Thousand Dollars ($100,000.00) per Facility or in excess of Five Hundred Thousand Dollars ($500,000.00) in the aggregate to more than one Facility. Determination of actual value of the damage or destruction shall be made by the engineer as provided for in Article XIX of this Lease for the sole purpose of identifying a material versus a non-material loss. The decision of the engineer shall be conclusive as to the matter of materiality.

14.11 Reduction or Replacement of Insurance. If during the Term Lessor determines that at the conclusion of the Term it will demolish an existing Facility without substitution therefore, Lessor shall notify Lessee of such determination. Upon receipt of such notice, Lessee may reduce the insurance for such affected Facility to the demolition costs.

14.12 Replacement Cost Insurance Limits. Notwithstanding anything in this Lease to the contrary, Lessee's obligation for replacement and restoration shall be determined Facility by Facility in accordance with the replacement cost insurance policy to be provided which shall be in an amount not less than the aggregate of $138,000,000.00 and in all events Lessee shall have no liability for restoration or replacement of any one Facility in excess of the amount allocated for such Facility or all Facilities in excess of the aggregate sum of $138,000,000.00.

## ARTICLE XV

## CONDEMNATION

15.1 Definitions.

(a) "Condemnation" means (i) the exercise of any governmental power, whether by legal proceedings or otherwise, by a Condemnor or (ii) a voluntary sale or transfer by Lessor to any Condemnor, either under threat of Condemnation or while legal proceedings for Condemnation are pending.

(b) "Date of Taking" means the date the Condemnor has the right to possession of the property being condemned.

(c) "Award" means all compensation, sums or anything of value awarded, paid or received on a total or partial Condemnation.

(d) "Condemnor" means any public or quasi-public authority, or private corporation or individual, having the power of Condemnation.

15.2 Parties' Rights and Obligations. If during the Term there is any Taking of all or any part of the Leased Property or any interest in this Lease by Condemnation, the rights and obligations of the parties shall be determined by this Article XV.

15.3 Total Taking. If there is a Taking of all of the Leased Property by Condemnation, this Lease shall terminate on the Date of Taking.

15.4 Partial Taking. If there is a Taking of a portion of the Leased Property by Condemnation, this Lease shall remain in effect if the Facility is not thereby rendered Unsuitable for Its Primary Intended Use. If, however, the Facility is thereby rendered Unsuitable for Its Primary Intended Use, Lessee shall have the option (a) to restore the Facility, at its own expense, to the extent possible, to substantially the same condition as existed immediately before the partial Taking, or (b) terminate this Lease by written notice to Lessor. Lessee shall exercise its option by giving Lessor notice thereof within sixty (60) days after Lessee receives notice of the Taking.

15.5 Restoration. If there is a partial Taking of the Leased Property and this Lease remains in full force and effect pursuant to Section 15.4, Lessee shall accomplish all necessary restoration.

15.6 Award Distribution. In the event Lessee elects to restore the Facility, Lessor shall assign its interest in the Award to be used solely to restore the Facility with any excess Award payable to Lessor or if Lessee elects to terminate the Lease, the entire Award shall belong to and be paid to Lessor, and Lessee shall be entitled to receive from the Award, if and to the extent such Award specifically includes such items, the following:

(a) A sum attributable to Lessee's Personal Property and any reasonable removal and relocation costs included in the Award.

If Lessee is required or elects to restore the Facility, Lessor agrees that, subject to the rights of the Facility Mortgagees, its portion of the Award shall be used for such restoration and it shall hold such portion of the Award in trust, for application to the cost of the restoration.

15.7 Temporary Taking. The Taking of the Leased Property, or any part thereof, by military or other public authority shall constitute a Taking by Condemnation only when the use and occupancy by the Taking authority has continued for longer than six (6) months. During any such six (6) month period all the provisions of this Lease shall remain in full force and effect and the Base Rent shall not be abated or reduced during such period of Taking.

## ARTICLE XVI

## DEFAULT

16.1 Events of Default. The occurrence of any one or more of the following events (individually, an "Event of Default") shall constitute Events of Default hereunder:

(a) a default or event of default shall occur under any other lease between Lessor and Lessee, or

(b) if Lessee shall fail to make a payment of the Rent payable by Lessee under this Lease when the same becomes due and payable and such failure is not cured by Lessee within a period of twenty (20) days after receipt by Lessee of notice thereof from Lessor, or

(c) if Lessee shall fail to observe or perform any other term, covenant or condition of this Lease and such failure is not cured by Lessee within a period of thirty (30) days after receipt by Lessee of notice thereof from Lessor, unless such failure cannot with due diligence be cured within a period of thirty (30) days, in which case such failure shall not be deemed to continue if Lessee proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof within sixty (60) days after receipt by Lessee of Lessor's notice of default, or

(d) if Lessee shall:

(i) admit in writing its inability to pay its debts generally as they become due,

(ii) file a petition in bankruptcy or a petition to take advantage of any insolvency act,

(iii) make an assignment for the benefit of its creditors,

(iv) consent to the appointment of a receiver of itself or of the whole or any substantial part of its property, or

(v) file a petition or answer seeking reorganization or arrangement under the Federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, or

(e) if the Lessee shall, after a petition in bankruptcy is filed against it, be adjudicated a bankrupt or if a court of competent jurisdiction shall enter an order or decree appointing, without the consent of Lessee, as the case may be, a receiver of Lessee or of the whole or substantially all of its property, or approving a petition filed against it seeking reorganization or arrangement of Lessee under the federal bankruptcy laws or any other applicable law or statute of the United States of America or any state thereof, and such judgment, order or decree shall not be vacated or set aside or stayed within ninety (90) days from the date of the entry thereof, or

(f) if Lessee shall be liquidated or dissolved, or shall begin proceedings toward such liquidation or dissolution, or shall, in any manner, permit the sale or divestiture of substantially all of its assets other than in connection with a merger or consolidation of Lessee into, or a sale of substantially all of Lessee's assets to, another corporation, provided that if the survivor of such merger or the purchaser of such assets shall assume all of Lessee's obligations under this Lease by a written instrument, in form and substance reasonably satisfactory to Lessor, accompanied by an opinion of counsel, reasonably satisfactory to Lessor and addressed to Lessor stating that such instrument of assumption is valid, binding and enforceable against the parties thereto in accordance with its terms (subject to usual bankruptcy and other creditors' rights exceptions), and provided, further, that if, immediately after giving effect to any such merger, consolidation or sale, Lessee or such other corporation (if not the Lessee) surviving the same shall have a consolidated net worth not less than the consolidated net worth of Lessee immediately prior to such merger, consolidation or sale, all as to be set forth in an Officer's Certificate delivered to Lessor within thirty (30) days of such merger, consolidation or sale, an Event of Default shall not be deemed to have occurred, or

(g) if the estate or interest of Lessee in the Leased Property or any part thereof shall be levied upon or attached in any proceeding and the same shall not be vacated or discharged within the later of ninety (90) days after commencement thereof or thirty (30) days after receipt by Lessee of notice thereof from Lessor (unless Lessee shall be contesting such lien or attachment in good faith in accordance with Article XII hereof), or

(h) if, except as a result of damage, destruction or a partial or complete Condemnation, Lessee voluntarily ceases operations on the Leased Property for a period in excess of ninety (90) days.

If an Event of Default shall have occurred, Lessor shall have the right at its election, then or at any time thereafter, to pursue any one or more of the following remedies, in addition to any remedies which may be permitted by law or by other provisions of this Lease, without notice or demand, except as hereinafter provided:

A. Without any notice or demand whatsoever, Lessor may take any one or more of the actions permissible at law to insure performance by Lessee of Lessee's covenants and obligations under this Lease. In this regard, it is agreed that if Lessee deserts or vacates the Leased Property, Lessor may enter upon and take possession of such Leased Property in order to protect it from deterioration and continue to demand from Lessee the monthly rentals and other charges provided in this Lease, without any obligation to relet; but that if Lessor does, at its sole discretion, elect to relet the Leased Property, such action by Lessor shall not be deemed as an acceptance of Lessee's surrender of the Leased Property unless Lessor expressly notifies Lessee of such acceptance in writing pursuant to subsection B of this Section 16.1., Lessee hereby acknowledging that Lessor shall otherwise be reletting as Lessee's agent and Lessee furthermore hereby agreeing to pay to Lessor on demand any deficiency that may arise between the monthly rentals and other charges provided in this Lease and that actually collected by Lessor. It is further agreed in this regard that in the event of any default described in this Section 16.1., Lessor shall have the right to enter upon the Leased Property by force, if necessary, without being liable for prosecution or any claim for damages therefor, and do whatever Lessee is obligated to do under the terms of this Lease; and Lessee agrees to reimburse Lessor on demand for any expenses which Lessor may incur in thus effecting compliance with Lessee's obligations under this Lease, and Lessee further agrees that Lessor shall not be liable for any damages resulting to the Lessee from such action.

B. Lessor may terminate this Lease by written notice to Lessee, in which event Lessee shall immediately surrender the Leased Property to Lessor, and if Lessee fails to do so, Lessor may, without prejudice to any other remedy which Lessor may have for possession or arrearages in rent (including any interest which may have accrued pursuant to Section 3.4 of this Lease), enter upon and take possession of the Leased Property and expel or remove Lessee and any other person who may be occupying said premises or any part thereof, by force, if necessary, without being liable of prosecution or any claim for damages therefor. Lessee hereby waives any statutory requirement of prior written notice for filing eviction or damage suits for nonpayment of rent. In addition, Lessee agrees to pay to Lessor on demand the amount of all loss and damage which Lessor may suffer by reason of any termination effected pursuant to this subsection B, said loss and damage to be determined, at Lessor's option, by either of the following alternative measures of damages:

(i) Until Lessor is able, although Lessor shall be under no obligation to attempt, to relet the Leased Property, Lessee shall pay to Lessor on or before the first day of each calendar month, the monthly rentals and other charges provided in this Lease. After the Leased Property have been relet by Lessor, Lessee shall pay to Lessor on the 10th day of each calendar month the difference between the monthly rentals and other charges provided in this Lease for the preceding calendar month and that actually collected by Lessor for such month. If it is necessary for Lessor to bring suit in order to collect any deficiency, Lessor shall have a right to allow such deficiencies to accumulate and to bring an action on several or all of the accrued deficiencies at one time. Any such suit shall not prejudice in any way the right of Lessor to bring a similar action for any subsequent deficiency or deficiencies. Any amount collected by Lessor from subsequent tenants for any calendar month, in excess of the monthly rentals and other charges provided in this Lease, shall be credited to Lessee in reduction of Lessee's liability for any calendar month for which the amount collected by Lessor will be less than the monthly rentals and other charges provided in this Lease; but Lessee shall have no right to such excess other than the above-described credit.

(ii) When Lessor desires, Lessor may demand a final settlement. Upon demand for a final settlement, Lessor shall have a right to, and Lessee hereby agrees to pay, the difference between the total of all monthly rentals and other charges provided in this Lease for the remainder of the Lease Term and the reasonable rental value of the Leased Property for such period, such difference to be discounted to present value at a rate equal to the lowest rate of capitalization (highest present worth) reasonably applicable at the time of such determination and allowed by applicable law.

If Lessor elects to exercise the remedy prescribed in subsection A above, this election shall in no way prejudice Lessor's right at any time thereafter to cancel said election in favor of the remedy prescribed in subsection B above. Similarly, if Lessor elects to compute damages in the manner prescribed by subsection B(i) above, this election shall in no way prejudice Lessor's right at any time thereafter to demand a final settlement in accordance with subsection B(ii) above. Pursuit of any of the above remedies shall not preclude pursuit of any other remedies prescribed in other sections of this Lease and any other remedies provided by law or equity. Forbearance by Lessor to enforce one or more of the remedies herein provided upon an event of default shall not be deemed or construed to constitute a waiver of such default.

16.2 Additional Expenses. It is further agreed that, in addition to payments required pursuant to subsections A and B of Section 16.1. above, Lessee shall compensate Lessor for (i) all expenses incurred by Lessor in repossessing the Leased Property (including among other expenses, any increase in insurance premiums caused by the vacancy of the Leased Property), (ii) all expenses incurred by Lessor in reletting (including among other expenses, repairs, remodeling, replacements, advertisements and brokerage fees), (iii) all concessions granted to a new tenant upon reletting (including among other concessions, renewal options), (iv) Lessor's reasonable legal fees, (v) and (vi) all losses incurred by Lessor as a direct or indirect result of Lessee's default (including among other losses any adverse reaction by Lessor's mortgagee), and (vi) a reasonable allowance for Lessor's administrative efforts, salaries and overhead attributable directly or indirectly to Lessee's default and Lessor's pursuing the rights and remedies provided herein and under applicable law.

16.3 Lessee's Obligation to Purchase. If any Event of Default shall have occurred and be continuing, by so providing by separate notice given by Lessor to Lessee at any time thereafter prior to the time such Event of Default shall be cured, Lessor may require Lessee to purchase the Leased Property on the first Base Rent Payment Date occurring not less than thirty (30) days after the date of receipt of, or such later date that is specified in, said notice requiring such purchase for an amount equal to the higher of the then current Fair Market Value Purchase Price or the Minimum Repurchase Price of the Leased Property plus all Rent then due and payable (excluding the installment of Base Rent due on the purchase date) as of the date of purchase. If Lessor exercises such right, Lessor shall convey the Leased Property to Lessee on the date fixed therefor in accordance with the provisions of Article XVIII upon receipt of the purchase price therefor and this Lease shall thereupon terminate. Any purchase by Lessee of the Leased Property pursuant to this Section shall be in lieu of the damages specified in Section 16.1.

16.4 Waiver. If this Lease is terminated pursuant to Section 16.1, Lessee waives, to the extent permitted by applicable law, (a) any right of redemption, re-entry or repossession, (b) any right to a trial by jury in the event of summary proceedings to enforce the remedies set forth in this Article XVI, and (c) the benefit of any laws now or hereafter in force exempting property from liability for rent or for debt.

16.5 Application of Funds. Any payments otherwise payable to Lessee which are received by Lessor under any of the provisions of this Lease during the existence or continuance of any Event of Default shall be applied to Lessee's obligations in the order which Lessor may reasonably determine or as may be prescribed by the laws of the state in which the Facility is located.

16.6 Notices by Lessor. The provisions of this Article XVI concerning notices shall be liberally construed insofar as the contents of such notices are concerned, and any such notice shall be sufficient if reasonably designed to apprise Lessee of the nature and approximate extent of any default, it being agreed that Lessee is in good or better position than Lessor to ascertain the exact extent of any default by Lessee hereunder.

16.7 Lessor's Contractual Security Interest. Lessor shall have at all times a valid security interest to secure payment of all rentals and other sums of money becoming due hereunder from Lessee, and to secure payment of any damages or loss which Lessor may suffer by reason of the breach by Lessee of any covenant, agreement or condition contained herein, upon all inventory, merchandise, goods, wares, equipment, fixtures, furniture, improvements and other tangible personal property of Lessee presently, or which may hereafter be, situated in or about the Leased Property, and all proceeds therefrom and accessions thereto and, except as a result of sales made in the ordinary course of Lessee's business, such property shall not be removed without the consent of Lessor until all arrearages in rent as well as any and all other sums of money then due to Lessor or to become due to Lessor hereunder shall first have been paid and discharged and all the covenants, agreements and conditions hereof have been fully complied with and performed by Lessee. Upon the occurrence of an event of default by Lessee, Lessor may, in addition to any other remedies provided herein, enter upon the Leased Property and take possession of any and all inventory, merchandise, goods, wares, equipment, fixtures, furniture, improvements and other personal property of Lessee situated in or about the Leased Property, without liability for trespass or conversion, and sell the same at public or private sale, with or without having such property at the sale, after giving Lessee reasonable notice of the time and place of any public sale of the time after which any private sale is to be made, at which sale the Lessor or its assigns may purchase unless otherwise prohibited by law. Unless otherwise provided by law, and without intending to exclude any other manner of giving Lessee reasonable notice, the requirement of reasonable notice shall be met, if such notice is given in the manner prescribed in this Lease at least seven days before the time of sale. Any sale made pursuant to the provision of this paragraph shall be deemed to have been a public sale conducted in commercially reasonable manner if held in the above-described premises or where the property is located after the time, place and method of sale and a general description of the types of property to be sold have been advertised in a daily newspaper published in the county in which the property is located, for five consecutive days before the date of the sale. The proceeds from any such disposition, less any and all expenses connected with the taking of possession, holding and selling of the property (including reasonable attorney's fees and legal expenses), shall be applied as a credit against the indebtedness secured by the security interest granted in this paragraph. Any surplus shall be paid to Lessee or as otherwise required by law; the Lessee shall pay any deficiencies

forthwith. Upon request by Lessor, Lessee agrees to execute and deliver to Lessor a financing statement in form sufficient to perfect the security interest of Lessor in the aforementioned property and proceeds thereof under the provision of the Uniform Commercial Code (or corresponding state statute or statutes) in force in the state in which the Leased Property is located, as well as any other state the laws of which Lessor may at any time consider to be applicable.

## ARTICLE XVII

## LESSOR'S RIGHT TO CURE

If Lessee shall fail to make any payment, or to perform any act required to be made or performed under this Lease and to cure the same within the relevant time periods provided in Section 16.1, Lessor, without waiving or releasing any obligation or Event of Default, may (but shall be under no obligation to) at any time thereafter make such payment or perform such act for the account and at the expense of Lessee, and may, to the extent permitted by law, enter upon the Leased Property for such purpose and take all such action thereon as, in Lessor's opinion, may be necessary or appropriate therefor. No such entry shall be deemed an eviction of Lessee. All sums so paid by Lessor and all costs and expenses (including, without limitation, reasonable attorneys' fees and expense, in each case, to the extent permitted by law) so incurred, together with a late charge thereon (to the extent permitted by law) at the Overdue Rate from the date on which such sums or expenses are paid or incurred by Lessor, shall be paid by Lessee to Lessor on demand. The obligations of Lessee and rights of Lessor contained in this Article shall survive the expiration or earlier termination of this Lease.

## ARTICLE XVIII

## PURCHASE OF THE LEASED PROPERTY

In the event Lessee purchases the Leased Property from Lessor pursuant to any of the terms of this Lease, Lessor shall, upon receipt from Lessee of the applicable purchase price, together with full payment of any unpaid Rent due and payable with respect to any period ending on or before the date of the purchase, deliver to Lessee an appropriate special warranty deed or other instrument of conveyance conveying the entire interest of Lessor in and to the Leased Property to Lessee in the condition as received from Lessee, free and clear of all encumbrances other than (a) those that Lessee has agreed hereunder to pay or discharge, (b) those mortgage liens, if any, which Lessee has agreed in writing to accept and to take title subject to, (c) any other Encumbrances permitted to be imposed on the Leased Property under the provisions of Article XXXVIII which are assumable at no cost to Lessee or to which Lessee may take subject without cost to Lessee, and (d) any matters affecting the Leased Property on or as of the Commencement Date. The difference between the applicable purchase price and the total of the encumbrances assigned or taken subject to shall be paid in cash to Lessor, or as Lessor may direct, in federal or other immediately available funds except as otherwise mutually agreed by Lessor and Lessee. The closing of any such sale shall be contingent upon and subject to Lessee obtaining all required governmental consents and approvals for such transfer and if such sale shall fail to be consummated by reason of the inability of Lessee to obtain all such approvals and consents, any options to extend the Term of this Lease which otherwise would have expired during the period from the date when Lessee elected or became obligated to purchase the Leased Property until Lessee's inability to obtain the approvals and consents is confirmed shall be deemed to remain in effect for thirty (30) days after the end of such period. All expenses of such conveyance, including, without limitation, the cost of title examination or standard coverage title insurance, attorneys' fees incurred by Lessor in connection with such conveyance shall be paid by Lessor, except that such charges shall be paid by Lessee in case of a sale pursuant to Section 16.4. Recording fees, transfer taxes and similar charges shall be paid for by Lessee.

## ARTICLE XIX

## HOLDING OVER

If Lessee shall for any reason remain in possession of the Leased Property after the expiration of the Term or any earlier termination of the Term hereof, such possession shall be as a tenancy at will during which time Lessee shall pay as rental each month, one and one-half times the aggregate of (a) one-twelfth of the aggregate Base Rent payable with respect to the last complete Lease Year prior to the expiration of the Term; (b) all Additional Charges accruing during the month and (c) all other sums, if any, payable by Lessee pursuant to the provisions of this Lease with respect to the Leased Property. During such period of tenancy, Lessee shall be obligated to perform and observe all of the terms, covenants and conditions of this Lease, but shall have no rights hereunder other than the right, to the extent given by law to tenancies at will, to continue its occupancy and use of the Leased Property. Nothing contained herein shall constitute the consent, express or implied, of Lessor to the holding over of Lessee after the expiration or earlier termination of this Lease and Lessor shall have the right notwithstanding the payment by Lessee of any sum due to be paid by Lessee pursuant to this Article XVIII to obtain possession through illegal means available to Lessor including institution of a detainer action.

## ARTICLE XX

## ABANDONMENT

INTENTIONALLY DELETED

## ARTICLE XXI

## SUBSTITUTION OF PROPERTY

INTENTIONALLY DELETED

## ARTICLE XXII

## RISK OF LOSS

During the Term of this Lease, the risk of loss or of decrease in the enjoyment and beneficial use of the Leased Property in consequence of the damage or destruction thereof by fire, the elements, casualties, thefts, riots, wars or otherwise, or in consequence of foreclosures, attachments, levies or executions (other than by Lessor and those claiming from, through or under Lessor) is assumed by Lessee and, Lessor shall in no event be answerable or accountable therefor nor shall any of the events mentioned in this Section entitle Lessee to any abatement of Rent except as specifically provided in this Lease.

## ARTICLE XXIII

## INDEMNIFICATION

Notwithstanding the existence of any insurance or self insurance provided for in Article XIII, and without regard to the policy limits of any such insurance or self insurance, Lessee will protect, indemnify, save harmless and defend Lessor from and against all liabilities, obligations, claims, damages, penalties, causes of action, costs and expenses (including, without limitation, reasonable attorneys' fees and expenses), to the extent permitted by law, imposed upon or incurred by or asserted against Lessor by reason of: (a) any accident, injury to or death of persons or loss of percentage to property occurring on or about the Leased Property or adjoining sidewalks, including without limitation any claims of malpractice, (b) any use, misuse, no use, condition, maintenance or repair by Lessee of the Leased Property, (c) any Impositions (which are the obligations of Lessee to pay pursuant to the applicable provisions of this Lease), (d) any failure on the part of Lessee to perform or comply with any of the terms of this Lease, and (e) the non-performance of any of the terms and provisions of any and all existing and future subleases of the Leased Property to

be performed by the landlord (Lessee) thereunder. Any amounts which become payable by Lessee under this Section shall be paid within ten (10) days after liability therefor on the part of Lessor is determined by litigation or otherwise and, if not timely paid, shall bear a late charge (to the extent permitted by law) at the Overdue Rate from the date of such determination to the date of payment. Lessee, at its expense, shall contest, resist and defend any such claim, action or proceeding asserted or instituted against Lessor or may compromise or otherwise dispose of the same as Lessee sees fit. Nothing herein shall be construed as indemnifying Lessor against its own gross negligent acts or omissions or willful misconduct. Lessee's liability for a breach of the provisions of this Article shall survive any termination of this Lease.

## ARTICLE XXIV

## SUBLETTING AND ASSIGNMENT

24.1 Subletting and Assignment. Subject to the provisions of Section 24.3 below and any other express conditions or limitations set forth herein, Lessee may not, without the prior consent of Lessor, (a) assign this Lease or sublet all or any part of the Leased Property to any Affiliate of Lessee, or (b) sublet all or any part of the Leased Property (I) in the normal course of the Primary Intended Use, or (ii) as to less than an aggregate of twenty percent (20%) of the rentable square footage of the Facility, to concessionaires or other third party users or operators of portions of the Leased Property, provided that any subletting to any party other than an Affiliate of Lessee shall not individually, as to any one such subletting, or in the aggregate, materially diminish the actual or potential Additional Charges payable under this Lease. Lessor shall not unreasonably withhold its consent to any subletting or assignment, provided that (a) in the case of a subletting, the sublessee shall comply with the provisions of Section 24.2, (b) in the case of an assignment, the assignee shall assume in writing and agree to keep and perform all of the terms of this Lease on the part of Lessee to be kept and performed and shall be and become jointly and severally liable with Lessee for the performance thereof, (c) an original counterpart of each such sublease and assignment and assumption, duly executed by Lessee and such sublessee or assignee, as the case may be, in form and substance satisfactory to Lessor, shall be delivered promptly to Lessor, and (d) in case of either an assignment or subletting, Lessee shall remain primarily liable, as principal rather than as surety, for the prompt payment of the Rent and for the performance and observance of all of the covenants and conditions to be performed by Lessee hereunder.

24.2 Sublease Limitation. Lessee shall sublet any portion of the leased property for a term extending beyond the Fixed Term hereof without the express written consent of Lessor.

## ARTICLE XXV

## OFFICER'S CERTIFICATES AND FINANCIAL STATEMENTS

At any time and from time to time within twenty (20) days following written request by Lessor, Lessee will furnish to Lessor an Officer's Certificate certifying that this Lease is unmodified and in full force and effect (or that this Lease is in full force and effect as modified and setting forth the modifications) and the dates to which the Rent has been paid. Any such Officer's Certificate furnished pursuant to this Article may be relied upon by Lessor and any prospective purchaser of the Leased Property.

(A) Lessee will furnish the following statements to Lessor:

(i) An Officer's certificate stating that to the best of the signer's knowledge and belief after making due inquiry, Lessee is not in default in the performance or observance of any of the terms of this Lease or, if Lessee shall be in default to its knowledge, specifying all such defaults, the nature thereof and the steps being taken to remedy the same, and

(ii) with reasonable promptness, such other information respecting the financial condition and affairs of Lessee as Lessor may reasonably request from time to time.

## ARTICLE XXVI

## INSPECTION

Lessee shall permit Lessor and its authorized representatives to inspect the Leased Property during usual business hours subject to any security, health, safety or confidentiality requirements of Lessee, any governmental agency, any Insurance Requirements relating to the Leased Property, or imposed by law or applicable regulations.

## ARTICLE XXVII

## NO WAIVER

No failure by Lessor or Lessee to insist upon the strict performance of any term hereof or to exercise any right, power or remedy consequent upon a breach thereof, and no acceptance of full or partial payment of Rent during the continuance of any such breach, shall constitute a waiver of any such breach or any such term. To the extent permitted by law, no waiver of any breach shall affect or alter this Lease, which shall continue in full force and effect with respect to any other then existing or subsequent breach.

## ARTICLE XXVIII

## REMEDIES CUMULATIVE

To the extent permitted by law, each legal, equitable or contractual right, power and remedy of Lessor or Lessee now or hereafter provided either in this Lease or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power and remedy and the exercise or beginning of the exercise by Lessor or Lessee of any one or more of such rights, powers and remedies shall not preclude the simultaneous or subsequent exercise by Lessor or Lessee of any or all of such other rights, powers and remedies.

## ARTICLE XXIX

## SURRENDER

No surrender to Lessor of this Lease or of the Leased Property or any part of any thereof, or of any interest therein, shall be valid or effective unless agreed to and accepted in writing by Lessor and no act by Lessor or any representative or agent of Lessor, other than such a written acceptance by Lessor, shall constitute an acceptance of any such surrender.

## ARTICLE XXX

## NO MERGER OF TITLE

There shall be no merger of this Lease or of the leasehold estate created hereby by reason of the fact that the same person, firm, corporation or other entity may acquire, own or hold, directly or indirectly, (a) this Lease or the leasehold estate created hereby or any interest in this Lease or such leasehold estate and (b) the fee estate in the Leased Property.

## ARTICLE XXXI

## TRANSFERS BY LESSOR

If Lessor or any successor owner of the Leased Property shall convey the Leased Property in accordance with the terms hereof, other than as security for a debt, and the grantee or transferee of the Leased Property shall expressly assume all obligations of Lessor hereunder arising or accruing from and after the date of such conveyance or transfer, and shall be reasonably capable of performing the obligations of Lessor hereunder, Lessor or such successor owner, as the case may be, shall thereupon be released from all future liabilities and obligations of the Lessor under this Lease arising or accruing from and after the date of such conveyance or other transfer as to the Leased Property and all such future liabilities and obligations shall thereupon be binding upon the new owner.

## ARTICLE XXXII

## QUIET ENJOYMENT

So long as Lessee shall pay all Rent as the same becomes due and shall fully comply with all of the terms of this Lease to be complied with by Lessee and fully perform its obligations hereunder, Lessee shall peaceably and quietly have, hold and enjoy the Leased Property for the Term hereof, free of any claim or other action by Lessor or anyone claiming by, through or under Lessor, but subject to all liens and encumbrances of record as of the date hereof or hereafter consented to by Lessee. Failure by Lessor to comply with the foregoing covenant shall give Lessee any the right to cancel or terminate this Lease, or to fail to perform any other sum payable under this Lease, or to fail to perform any other obligation of Lessee hereunder. Notwithstanding the foregoing, Lessee shall have the right by separate and independent action to pursue any claim it may have against Lessor as a result of a breach by Lessor of the covenant of quiet enjoyment contained in this Article.

## ARTICLE XXXIII

## NOTICES

All notices, demands, consents, approvals, requests and other communications under this agreement shall be in writing and shall be either (a) delivered in person, (b) sent by certified mail, return receipt requested, (c) delivered by recognized delivery service or (d) sent by facsimile transmission and addressed as follows:

(a) if to Lessee: St. Jude Children's Research Hospital, Inc.
331 North Lauderdale Street
Memphis, Tennessee 38105-3794
Phone: 901/495-3300
Fax: 901/525-2720
Attn: Mr. John D. Nash
Chief Financial Officer

with a copy to: Ms. Wendy R. Shea
Vice President & General Counsel
322 North Lauderdale Street
Memphis, Tennessee 38105-2794
Phone: 901/495-2341
Fax: 901/525-2720

(b) if to Lessor: American Lebanese Syrian Associated Charities, Inc.
501 St. Jude Place
Memphis, TN 38105
Attn: Triena Owens, Esq.
Phone: 901/ 524-0311
Fax: 901/523-6600

with a copy to: Baker, Donelson, Bearman & Caldwell
511 Union Street, Suite 1700
Nashville, TN 37219-1745
Attn: John A. Gupton, III
Phone: (615) 726-5600
Fax: (615) 726-0464

or to such other address as either party may hereafter designate, and shall be effective upon receipt. A notice, demand, consent, approval, request and other communication shall be deemed to be duly received if delivered in person or by a recognized delivery service, when left at the address of the recipient; provided that if a notice, demand, consent, approval, request or other communication is served by hand on a day which is not a business day, or after 5:00 p.m. on any business day at the addressee's location, such notice or communication shall be deemed to be duly received by the recipient at 9:00 a.m. on the first business day thereafter.

## ARTICLE XXXIV

## APPRAISAL

In the event that it becomes necessary to determine the Fair Market Value, Fair Market Value Purchase Price or Fair Market Added Value of the Leased Property or a Substitute Property for any purpose of this Lease, the party required or permitted to give notice of such required determination shall include in the notice the name of a person selected to act as an appraiser on its behalf. Within ten (10) days after receipt of any such notice, Lessor (or Lessee, as the case may be) shall by notice to Lessee (or Lessor, as the case may be) appoint a second person as an appraiser on its behalf. The appraisers thus appointed (each of whom must be a member of the American Institute of Real Estate Appraisers or any successor organization thereto) shall, within forty-five (45) days after the date of the notice appointing the first appraiser, proceed to appraise the Leased Property or Substitute Property, as the case may be, to determine the Fair Market Value, Fair Market Value Purchase Price or Fair Market Added Value thereof as of the relevant date (giving effect to the impact, if any, of inflation from the date of their decision to the relevant date); provided, however, that if only one appraiser shall have been so appointed, or if two appraisers shall have been so appointed but only one such appraiser shall have made such determination within fifty (50) days after the making of Lessee's or Lessor's request, then the determination of such appraiser shall be final and binding upon the parties. If two appraisers shall have been appointed and shall have made their determinations within the respective requisite periods set forth above and if the difference between the amounts so determined shall not exceed ten percent (10%) of the lesser of such amounts, then the Fair Market Value, Fair Market Value Purchase Price or Fair Market Added Value shall be an amount equal to fifty percent (50%) of the sum of the amounts so determined. If the difference between the amounts so determined shall exceed ten percent (10%) of the lesser of such amounts, then such two appraisers shall have twenty (20) days to appoint a third appraiser, but if such appraisers fail to do so, then either party may request the American Arbitration Association or any successor organization thereto to appoint an appraiser within twenty (20) days of such request, and both parties shall be bound by any appointment so made within such 20-day period. If no such appraiser shall have been appointed within such twenty (20) days or within ninety (90) days of the original request for a determination of Fair Market Value, Fair Market Value Purchase Price or Fair Market Added Value, whichever is earlier, either Lessor or Lessee may apply to any court having jurisdiction to have appointment made by such court. Any appraiser appointed, by the American Arbitrator Association or by such court shall be instructed to determine the Fair Market Value, Fair Market Value Purchase Price or Fair Market Added Value within thirty (30) days after appointment of such appraiser. The determination of the appraiser which differs most in terms of dollar amount from the determinations of the other two appraisers shall be excluded, and fifty percent (50%) of the sum of the remaining two determinations shall be final and binding upon Lessor and Lessee as the Fair Market Value, Fair Market Value Purchase Price or Fair Market Added Value for such interest. This provision for determination by appraisal shall be specifically enforceable to the extent such remedy is available under applicable law, and any determination hereunder shall be final and binding upon the parties except as otherwise provided by applicable law. Lessor and Lessee shall each pay the fees and expenses of the appraiser

appointed by it and each shall pay one-half of the fees and expenses of the third appraiser and one-half of all other costs and expenses incurred in connection with each appraisal.

## ARTICLE XXXV

## PURCHASE RIGHTS

35.1 First Refusal to Purchase. During the Term hereof, provided that Lessee is not in default at such time, Lessee shall have a first refusal option to purchase the Leased Property upon the same terms and conditions as Lessor, or its successors and assigns, shall propose to sell the Leased Property, or shall have received an offer from a third party to purchase the Leased Property, which Lessor intends to accept (or has accepted subject to Lessee's right of first refusal herein). If, during the Term, Lessor reaches such agreement with a third party or proposes to offer the Leased Property for sale, Lessor shall promptly notify Lessee of the purchase price and all other material terms and conditions of such agreement or proposed sale, and Lessee shall have thirty (30) days after receipt of such notice from Lessor within which time to exercise Lessee's option to purchase. If Lessee exercises its option, then such transaction shall be consummated within sixty (60) days after the date of receipt by Lessor of notice of such exercise in accordance with the terms and conditions set forth therein and in accordance with the provisions of Article XVIII hereof to the extent not inconsistent herewith, on the first day of the first month after all permits for owning or operating the Facility on the Leased Property have been obtained by Lessee, but in no event later than one hundred twenty (120) days after the date of receipt by Lessor of notice of the exercise by Lessee of this option. If Lessee shall not exercise Lessee's option to purchase within said thirty (30) day period after receipt of said notice from Lessor, Lessor shall be free for a period of one year after the expiration of said thirty (30) day period to sell the Leased Property to any third party at a price and upon terms no less favorable to Lessor than those so offered to Lessee. Provided however, this limitation on Lessor shall not apply after expiration of the Term. Whether or not such sale is consummated, Lessee shall be entitled to exercise its right of first refusal as provided in this section, as to any subsequent sale of the Leased Property during the Term of this Lease.

35.2 Lessor's Option to Purchase Lessee's Personal Property. Effective on not less than ninety (90) days' prior written notice given at any time within one hundred eighty (180) days prior to the expiration of the Term or this Lease, but not later than ninety (90) days prior to such expiration, or such shorter notice as shall be appropriate if this Lease is terminated prior to its expiration date, Lessor shall have the option to purchase all (but not less than all) of Lessee's Personal Property, if any, at the expiration or termination of this Lease, for an amount equal to the net sound insurable value thereof (current replacement cost less accumulated depreciation on the books of Lessee pertaining thereto), subject to, and with appropriate price adjustments for, all equipment leases, conditional sale contracts, security interests and other encumbrances to which Lessee's Personal Property is subject.

## ARTICLE XXXVI

## DEFAULT BY LESSOR

36.1 Default by Lessor. Lessor shall be in default of its obligations under this Lease if Lessor shall fail to observe or perform any term, covenant or condition of this Lease on its part to be performed and such failure shall continue for a period of thirty (30) days after notice thereof from Lessee, unless such failure cannot with due diligence be cured within a period of thirty (30) days, in which case such failure shall not be deemed to continue if Lessor, within said thirty (30) day period, proceeds promptly and with due diligence to cure the failure and diligently completes the curing thereof. The time within which Lessor shall be obligated to cure any such failure shall also be subject to extension of time due to the occurrence of any Unavoidable Delay. In the event Lessor fails to cure any such default within the grace period described above, Lessee, without waiving or releasing any obligations hereunder, and in addition to all other remedies available to Lessee hereunder or at law or in equity, may purchase the Leased Property from Lessor for a purchase price equal to the Fair Market Value Purchase Price of the Leased Property. In the event Lessee elects to purchase the Leased Property, it shall deliver a notice thereof to Lessor specifying a Payment Date occurring no less than

ninety (90) days subsequent to the date of such notice on which it shall purchase the Leased Property, and the same shall be thereupon conveyed in accordance with the provisions of Article XVIII.

36.2 Lessee's Right to Cure. Subject to the provisions of Section 36.1, if Lessor shall breach any covenant to be performed by it under this Lease, Lessee, after notice to and demand upon Lessor in accordance with Section 36.1, without waiving or releasing any obligation of Lessor hereunder, and in addition to all other remedies available hereunder and at law or in equity to Lessee, may (but shall be under no obligation at any time thereafter to) make such payment or perform such act for the account and at the expense of Lessor. All sums so paid by Lessee and all costs and expenses (including without limitation, reasonable attorneys' fees) so incurred, together with interest thereon at the Overdue Rate from the date on which such sums or expenses are paid or incurred by Lessee, shall be paid by Lessor to Lessee on demand. The rights of Lessee hereunder to cure and to secure payment from Lessor in accordance with this Section 36.2 shall survive the termination of this Lease.

## ARTICLE XXXVII

## ARBITRATION

37.1 Controversies. In the case a controversy arises between the parties as to any of the requirements of this lease or the performance thereunder which the parties are unable to resolve, the parties agree to waive the remedy of litigation (except for extraordinary relief in an emergency situation) and agree that such controversy or controversies shall be determined by arbitration as hereafter provided in this Article.

37.2 Appointment of Arbitrators. The party or parties requesting arbitration shall serve upon the other a demand therefor, in writing, specifying in detail the controversy and matter(s) to be submitted to arbitration. The selection of arbitrators shall be conducted pursuant to the rules for resolution of commercial disputes promulgated by the American Arbitration Association. The party or parties giving notice shall request a listing of available arbitrators from the American Arbitration Association, and each party shall respond in the selection process within fifteen (15) days after each receipt of such listings until a panel of three arbitrators has been designated. If either party fail to respond within fifteen (15) days, it is agreed that the American Arbitration Association may make such selections as are necessary to complete the panel of three arbitrators.

37.3 Arbitration Procedure. Within fifteen (15) days after the selection of the arbitration panel, the arbitrators shall give written notice to each party as to the time and the place of each meeting, which shall be held in Nashville, Tennessee, at which the parties may appear and be heard, which shall be no later than sixty (60) days after certification of the arbitration panel. The parties specifically waive discovery, and further waive the applicability of rules of evidence or rules of procedure in the proceedings. The applicable rules shall be those in effect at the time for the resolution of commercial disputes promulgated by the American Arbitration Association. The arbitrators shall take such testimony and make such examination and investigations as the arbitrators reasonably deem necessary. The decision of the arbitrators shall be in writing signed by a majority of the panel which decision shall be final and binding upon the parties to the controversy. Provided however, in rendering their decisions and making awards, the arbitrators shall not add to, subtract from or otherwise modify the provisions of this Lease.

37.4 Expenses. The expenses of the arbitration shall be assessed by the arbitrators and specified in the written decision. In the absence of a determination or assessment of expenses of the arbitration procedure in the award, all of the expenses of such arbitration shall be divided equally between Lessor and Lessee. Each party in interest shall be responsible for and pay the fees, costs and expenses of its own counsel, unless the arbitration award provides for an assessment of reasonable attorney fees and costs.

37.5 Enforcement of Arbitration Award. There shall be no appeal from the decision of the arbitrators, and upon the rendering of the award, any party thereto may file the arbitrator's decision in the United States District Court for the Middle District of Tennessee for enforcement as provided by applicable law.

## ARTICLE XXXVIII

## FINANCING OF THE LEASED PROPERTY

38.1 Financing by Lessor. Lessor agrees that, if it grants or creates any mortgage, lien, encumbrance or other title retention agreement ("Encumbrances") upon the Leased Property, the holder of each such Encumbrance shall simultaneously agree (a) to give Lessee the same notice, if any, given to Lessor of any default or acceleration of any obligation underlying any such Encumbrance or any sale in foreclosure of such Encumbrance, (b) to permit Lessee to cure any such default on Lessor's behalf within any applicable cure period, in which event Lessor agrees to reimburse Lessee for any and all out-of-pocket costs and expenses incurred to effect any such cure (including reasonable attorneys' fees), (c) to permit Lessee to appear with its representatives and to bid at any foreclosure sale with respect to any such Encumbrance, (d) that, if subordination by Lessee is requested by the holder of each such Encumbrance, to enter into an agreement with Lessee containing the provisions described in Article XXXIX of this Lease, and (e) Lessor and Lessor's successor and assigns, further agrees that no such Encumbrance shall in any way prohibit, derogate from, or interfere with Lessee's right and privilege to collaterally assign its leasehold and contract rights hereunder provided such collateral assignment and rights granted to the assignee thereunder shall be subordinate to the rights of the holder of an Encumbrance as provided in Article XXXIX hereof.

## ARTICLE XXXIX

## SUBORDINATION AND NON-DISTURBANCE

At the request from time to time by one or more institutional holders of a mortgage or deed of trust that may hereafter be placed by the Lessor upon the Leased Property or any part thereof, and any and all renewals, replacements, modifications, consolidations, spreaders and extensions thereof, Lessee shall subordinate this Lease and all of Lessee's rights and estate hereunder to each such mortgage or deed of trust and agree with each such institutional holder that Lessee will attorn to and recognize such holder or the purchaser at any foreclosure sale or any sale under a power of sale contained in any such mortgage or deed of trust, as the case may be, as Lessor under this Lease for the balance of the term then remaining, subject to all of the terms and provisions of this Lease; provided, however, that each such institutional holder simultaneously executes and delivers a written agreement (a) consenting to this Lease and agreeing that, notwithstanding any such other lease, mortgage, deed of trust, right, title or interest, or any default, expiration, termination, foreclosure, sale, entry or other act or omission under, pursuant to or affecting any of the foregoing, Lessee shall not be disturbed in peaceful enjoyment of the Leased Property nor shall this Lease be terminated or canceled at any time, except in the event Lessor shall have the right to terminate this Lease under the terms and provisions expressly set forth herein; (b) agreeing that for any period while it is Lessor hereunder, it will perform, fulfill and observe all of Lessor's representations, warranties and agreements set forth herein; and (c) agreeing that all proceeds of the casualty insurance described in Article XIV of this Lease and all Awards described in Article XV will be made available for restoration of the Leased Property as and to the extent required by this Lease, subject only to reasonable regulation regarding the disbursement and application thereof.

## ARTICLE XL

## MISCELLANEOUS

40.1 General. Anything contained in this Lease to the contrary notwithstanding, all claims against, and liabilities of, Lessee or Lessor arising prior to any date of termination of this Lease shall survive such termination. If any term or provision of this Lease or any application thereof shall be invalid or unenforceable, the remainder of this

Lease and any other application of such term or provision shall not be affected thereby. If any late charges provided for in any provision of this Lease are based upon a rate in excess of the maximum rate permitted by applicable law, the parties agree that such charges shall be fixed at the maximum permissible rate. Neither this Lease nor any provision hereof may be changed, waived, discharged or terminated except by an instrument in writing and in recordable form signed by Lessor and Lessee. All the terms and provisions of this Lease shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. The headings in this Lease are for convenience of reference only and shall not limit or otherwise affect the meaning hereof. This Lease shall be governed by and construed in accordance with the laws of Tennessee but not including its conflict of laws rules.

40.2 Transfer of Licenses. Upon the expiration or earlier termination of the Term, Lessee shall use its best efforts to transfer to Lessor or Lessor's nominee, without additional consideration to Lessee, all licenses (except Lessee's operating licenses), operating permits and other governmental authorizations and all contracts, including contracts with governmental or quasi-governmental entities which may be necessary or useful in the operation of the Facility.

## ARTICLE XLI

## MEMORANDUM OF LEASE

Lessor and Lessee shall, promptly upon the request of either, enter into a short form memorandum of this Lease, in form suitable for recording under the laws of the state in which the Leased Property is located in which reference to this Lease, and all options contained herein, shall be made.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed and their respective corporate seals to be hereunto affixed and attested by their respective officers thereunto duly authorized.

LESSOR:

American Lebanese Syrian Associated Charities, Inc.

By: Paul K. Hajar

Paul K. Hajar

Its: Chairman, Board of Directors

LESSEE:

St. Jude Children's Research Hospital, Inc.

By: Anthony R. Shaker

Anthony R. Shaker

Its: Chairman, Board of Governors

JD 1280
JC 8077 10
10

# MEMORANDUM OF LEASE

**THIS MEMORANDUM OF LEASE** made this 31st day of December, 1998, by and between American Lebanese Syrian Associated Charities, Inc. (hereinafter *referred to as "Lessor"), and St. Jude Children's Research Hospital, Inc.* (hereinafter referred to as "Lessee"),

**WITNESSETH:**

Lessor hereby leases to Lessee, its successor or assigns, the property described below:

See attached Exhibit A.

This Memorandum of Lease is made for One Dollar ($1.00) and other good and valuable consideration as further described in Article III of the lease between the parties.

The original Lease term shall commence on the 31st day of December, 1998, (the "Commencement Date") and shall end at midnight on the last day of the last month of the ninety-ninth (99th) year after the Commencement Date.

This Memorandum hereby incorporates herein in full the provisions of that certain lease between the parties of even date.

**IN TESTIMONY WHEREOF,** the parties have set their hands and seals the day and year first above written.

**LESSEE:**
**St. Jude Children's Research Hospital, Inc.**

**Address:**
332 North Lauderdale Street
Memphis, TN 38105

By: _____
Anthony R. Shaker, Chairman
Board of Governors

**LESSOR:**
**American Lebanese Syrian Associated Charities, Inc.**

**Address:**
501 St. Jude Place
Memphis, TN 38105

By: Paul K. Hajar
Paul K. Hajar, Chairman
Board of Directors

JD 1280

JC 8077

STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, the undersigned Notary Public of said county, ANTHONY R. SHAKER, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledges himself to be the CHAIRMAN of the BOARD OF GOVERNORS of ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC., the within named corporation, and that he executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as Chairman of the Board of Governors.

WITNESS MY HAND AND SEAL, at office in MEMPHIS, TN, this 31st day of December, 1998.

Lorene S. King
NOTARY PUBLIC

LORENE S. KING NOTARY AT LARGE SHELBY CO., TENNESSEE

My commission expires:
Jan 26, 1999

STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, the undersigned Notary Public of said county, PAUL K. HAJAR, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledges himself to be the CHAIRMAN of the BOARD OF DIRECTORS of AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC., the within named corporation, and that he executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as Chairman of the Board of Directors.

WITNESS MY HAND AND SEAL, at office in MEMPHIS, this 31st day of December, 1998.

Lorene S. King
NOTARY PUBLIC

LORENE S. KING NOTARY AT LARGE SHELBY CO., TENNESSEE

My commission expires:
Jan 26, 1999

**EXHIBIT A**

332 North Lauderdale: Parcel No. 01-119-00001

Tract I:

Being that part of Parcel No. 12, as shown on the subdivision of The Jackson Avenue Area Project No. Tenn. R-3, that lies south of the proposed north line of the future expressway right-of-way as shown on said subdivision plat and more particularly described as follows:

Beginning at the point of intersection of the east line of Lauderdale Street (80 feet wide) with the Northeast line of Winchester Avenue and running thence North 16 degrees 11 minutes West with the east line of Lauderdale Street, a distance of 193.55 feet; thence South 78 degrees 02 minutes 57 seconds East, a distance of 300 feet to an angle point; thence South 81 degrees 47 minutes 57 seconds East, a distance of 130 feet to an angle point; thence South 76 degrees 19 minutes 13 seconds East a distance of 71.93 feet to a point in the North line of Winchester Avenue (50 feet wide); thence South 55 degrees 05 minutes 40 seconds West with the north line of Winchester Avenue a distance of 264.35 feet to the beginning of a curve; thence by a curve to the right whose radius is 40 feet a distance of 38.46 feet as measured along the arc of said curve to the end of the curve in the northeast line of Winchester Avenue; thence with said northeast line North 69 degrees 48 minutes 45 seconds West a distance of 196.52 feet to the point of beginning.

A 20 foot wide gas easement traverses this parcel from South to North as shown on the plat of subdivision.

Containing 68,049 square feet.

Tract II:

Being that part of Parcel No. 12, as shown on the subdivision of The Jackson Avenue Area Project No. Tenn. R-3, that lies north of the proposed north line of the future expressway right-of-way as shown on said subdivision plat and more particularly described as follows:

Beginning at the intersection of the north line of said proposed expressway right-of-way with the East line of Lauderdale Street, said point being 193.55 feet northwardly from the intersection of the northeasterly line of Winchester Avenue and the East line of Lauderdale Street; thence North 16 degrees 11 minutes West with the East line of Lauderdale Street 139.77 feet to the beginning of a curve, thence by a curve to the right whose radius is 100 feet, a distance of 155.30 feet as measured along the arc of said curve to the end of the curve, said point being 42 feet southwardly from the centerline of former Jackson Avenue; thence North 72 degrees 48 minutes 02 seconds East a distance of 708.51 feet to an angle point; thence North 60 degrees 10 minutes 17 seconds East a distance of 135.17 feet to the original West line of Concord Street; thence South 31 degrees 13 minutes East a distance of 330.45 feet to a point in the northerly line of former Winchester Avenue; thence with said line of Winchester Avenue South 55 degrees 05 minutes 40

seconds West a distance of 610.62 feet to an intersection with the north line of the proposed expressway right-of-way; thence with said north right-of-way line North 76 degrees 19 minutes 13 seconds West a distance 71.93 feet to an angle point; thence continuing with said line North 81 degrees 47 minutes 57 seconds West 130 feet to an angle point; thence continuing with said line North 78 degrees 02 minutes 57 seconds West a distance of 300.00 feet to the point of beginning.

A 20 foot wide gas easement traverses this parcel from South to North as shown on the plat of subdivision.

Containing 370,406 square feet.

Tract III:

Being Parcel No. 12A of the subdivision of the Jackson Avenue Urban Renewal Area, Tenn. R-3, as shown on plat of record in Plat Book 26, Pages 31 & 32, Register's Office, Shelby County, Tennessee, being more particularly described as:
(Note: All bearings used herein are Lambert Grid bearings.)

Beginning at the point of intersection of the southerly line of Lane Avenue at Station 7 plus 34.87 and the proposed west line of the Interstate Highway (said beginning point having Lambert Grid coordinates of N302 077.54 and E792 848.63) and running thence southwestwardly with the westerly line of the proposed Interstate Highway on a bearing of south 43 degrees 45 minutes 18 seconds west a distance of 225.03 feet to an angle point; thence south 70 degrees 08 minutes 40 seconds west a distance of 114.83 feet to an angle point; thence north 82 degrees 55 minutes 25 seconds west a distance of 146.11 feet; thence north 86 degrees 43 minutes 45 seconds west a distance of 210.34 feet to an angle point; thence south 83 degrees 0 minutes 10 seconds west a distance of 88.33 feet to an angle point; thence south 55 degrees 09 minutes 32 seconds west a distance of 103.72 feet to an angle point; thence south 35 degrees 11 minutes 30 seconds west a distance of 144.37 feet to an angle point; thence south 55 degrees 58 minutes 05 seconds west a distance of 185.83 feet to an angle point; thence north 76 degrees 19 minutes 13 seconds west a distance of 127.99 feet to an intersection with the southeast line of Parcel No. 12 originally conveyed to St. Jude Hospital (the southeast line of Parcel No. 12 being the original northwest line of Winchester Avenue); thence with the southeast line of Parcel No. 12 on a bearing of north 55 degrees 05 minutes 40 seconds east a distance of 610.62 feet to a corner which was the original southwest line of Concord Avenue; thence with said northeast line of Parcel No. 12 on a bearing of north 31 degrees 13 minutes west a distance of 330.45 feet to a corner of Parcel No. 12; thence with a northwest line of Parcel No. 12 on a bearing of south 60 degrees 10 minutes 17 seconds west a distance of 135.17 feet to an angle point in said Parcel 12 line; thence continuing with a northwest line of Parcel No. 12 on a bearing of south 72 degrees 48 minutes 02 seconds west a distance of 708.51 feet to the beginning of a curve; thence with said curve to the left whose radius is 100 feet, a distance of 155.30 feet as measured along the arc of said curve to the end of the curve in the northeast line of Lauderdale Street; thence with the northeast in of Lauderdale Street on a bearing of north 16 degrees 11 minutes west a distance of 11.88 feet to the beginning of a curve to the left; thence with said curve to the left whose radius is 235 feet a

distance of 135.04 feet to the south line of the St. Jude Hospital property (the Delta angle for this part of the curve is 32 degrees 55 minutes 27 seconds); thence with the new south line of the St. Joseph Hospital property which was formerly the center line of old Jackson Avenue (56 feet wide) on a bearing of north 72 degrees 49 minutes east a distance of 839.02 feet to an angle point; thence north 60 degrees 06 minutes 42 seconds east a distance of 175.51 feet to an angle point; thence north 10 degrees 38 minutes 37 seconds east a distance of 67.41 feet to a point in the south line of Concord Avenue; thence with the south line of Concord Avenue and by a curve to the left whose radius is 430 feet a distance of 176.02 feet as measured along the arc of said curve to the beginning of another curve at the intersection of Concord Avenue and Lane Avenue (the Delta angle for this part of the curve is 23 degrees 27 minutes 15 seconds); thence with said curve to the right whose radius is 30 feet and whose Delta angle is 78 degrees 17 minutes 44 seconds a distance of 41 feet as measured along the arc of said curve to the end of the curve and the beginning of another curve in the southwesterly line of Lane Avenue; thence with the southwesterly line of Lane Avenue and by a curve to the left whose radius is 483 feet a distance of 478.60 feet as measured along the arc of said curve to the end of the curve at Station 5 plus 14.52 in Lane Avenue (the Delta angle for this part of the curve is 56 degrees 26 minutes 46 seconds); thence continuing with the south line of Lane Avenue on a bearing of south 81 degrees 17 minutes 20 seconds east a distance of 220.35 feet to the point of beginning, containing 303,131 square feet or 6.96 acres.

A triangular easement is reserved across the northwest corner of this parcel for sanitary sewer easement, drainage easement and other utilities, the hypotenuse of the triangle beginning in the new southeast line of the St. Joseph Hospital property 113.78 feet northeastwardly from its intersection with the northeast line of the Jackson-Lauderdale Intersection and the other end of the hypotenuse being located in the northeast line of Lauderdale Street at the P.C. of the curve connecting Jackson Avenue with Lauderdale Street.

A 20 foot wide gas easement the centerline of which starts in the southeast line of St. Joseph Hospital property 113.78 feet northeastwardly from the northeast line of the Jackson-Lauderdale Intersection and runs southeastwardly to an intersection with the northwest line of Parcel No. 12 approximately 4 feet southwest of the end of the curve at the northwest corner of Parcel No. 12. This easement extends on southeastwardly across Parcel No. 12 following the original alignment of Alabama Avenue.

A small triangular drainage easement is reserved for the Quimby Bayou culvert at the intersection of North Parkway (formerly Jackson Avenue) and New Lane Avenue. The two legs of the triangle being measured along North Parkway approximately 75 feet from the P.I. of the curve at the intersection and approximately 55 feet along Lane Avenue from the P.I. of the curve at the intersection.

Corner of Auction Avenue and 7th Street: Parcel No. 001 096 00025

Beginning at a point in the north line of Auction Avenue, 254 feet east of the easterly line of North Seventh Street, said point being the southeast corner of Lot 50 of the Lewis Shanks estate recorded in Plat Book 4, Page 18 in the Register's Office of Shelby County, Tennessee and also

being the southeast corner of the property conveyed to Board of Education of the City of Memphis Schools by deeds of record as described in Book 498, Page 404, Book 914, Page 51, Book 969, Page 245 and Book 1437, Page 261 in said Register's Office; thence north along the east line of the said Lot 50 and the east line of said Board of Education property a distance of 166.9 feet to a point in the south line of a 12 foot alley; thence westwardly along the south line of said alley and a westwardly projection of said alley south line a distance of 191 feet, more or less, to a point in the easterly line of North Seventh Street; thence southwardly along the easterly line of North Seventh Street a distance of 238 feet, more or less, to a point in the north line of Auction Avenue; thence eastwardly along the north line of Auction Street a distance of 264 feet to the point of beginning; and being the same property conveyed to the City of Memphis by deed of record as described in the Register's Office of Shelby County, Tennessee, in the Register's Official Record Book under Instrument Number Y5 2810; less and except any part of the above described property conveyed for street widening.

239 Auction Avenue; Parcel No. 001 068 00001

Beginning at the point of intersection of the east line of Fourth Street and the north line of Auction Avenue; running thence northwardly with the east line of Fourth Street 148 feet to an alley midway at the point between Sycamore Avenue and Auction Avenue; thence eastwardly with the south line of said alley, 148.5 feet to an alley midway between Fourth Street and Fifth Street; thence southwardly with the west line of said alley 130 feet, more or less, to the north line of Auction Avenue; thence westwardly with the north line of Auction Avenue 148.5 feet, more or less, to the point of beginning; and being the same property conveyed to the City of Memphis by deed of record as described in Book 313, Page 372, in the Register's Office of Shelby County, Tennessee and designated as Parcel Number 2.

221 Sycamore; Parcel No.

Beginning at the intersection of the east line of North Fourth Street with the south line of Sycamore Avenue; running thence eastwardly with said south line of Sycamore Avenue 148.5 feet to an alley; thence southwardly with the west line of said alley 148.5 feet to the north line of an alley running east and west; thence westwardly with the north line of the said last mentioned alley 148.5 feet to the east line of North Fourth Street; thence northwardly with the said east line of Fourth Street 148 feet to the point of beginning; and being the same property conveyed to the City of Memphis by deeds of record as described in Book 3323, Pages 591 and 593 in the Register's Office of Shelby County, Tennessee.

487 North Fifth Street, Parcel No. 001 068 00002

Beginning at the point of intersection of the west line of Fifth Street and the south line of Sycamore Avenue; thence south with the west line of Fifth Street 74.25 feet to a point; thence in a westwardly direction and parallel with the south line of Sycamore Avenue, 148.5 feet to a point in the east line of an alley; thence northwardly with the east line of said alley 74.25 feet to a point in the south line of Sycamore Avenue; thence east with the south line of Sycamore Avenue 148.5 feet to the point of beginning; and being the same property conveyed to the City of Memphis by

deed of record as described in Book 313, Page 372, in the Register's Office of Shelby County, Tennessee, and designated Parcel Number 5.

475-477 North Fifth Street; Parcel No. 001 068 00004

The south one-half of Lot 190 in Greenlaw Addition, as recorded in Plat Book 3, Page 16, in the Register's Office of Shelby County, Tennessee, more particularly described as follows:

Beginning at a point on the west line of North Fifth Street, said point begin 111.375 feet southwardly from the south line of Sycamore Avenue; thence southwardly, along the west line of North Fifth Street, a distance of 37.125 feet; thence westwardly, parallel with the south line of Sycamore Avenue and along the north line of an alley, a distance of 148.5 feet; thence northwardly, along the east line of an alley and parallel with North Fifth Street, 37.125 feet; thence eastwardly, parallel with the south line of Sycamore Avenue, a distance of 148.5 feet to the point of beginning, including an easement for private alley or driveway along and over the south 4 feet of the west 67.5 feet of lot or parcel of real estate north of and adjoining the above described real estate and an easement for private alley or driveway for owners, tenants and occupants of said parcel of land or real estate located north of and adjoining the real estate along and over the north 4 feet of the west 67.5 feet of the real estate. Said private alley or driveway is to be kept open at all time as a means of ingress and egress for all owners, tenants, or occupants of this real estate and also the parcel of land or real estate located north of and adjoining this real estate. This property being the same property described in Warranty Deed of record in Book 2352, Page 64, in the Register's Office of Shelby County, Tennessee.

479-481 North Fifth Street; Parcel No. 001 068 00003

The north one-half of lot 190, Greenlaw Addition, as recorded in Plat Book 3, Page 116, in the Register's Office of Shelby County, Tennessee, to which plat reference is hereby made for a more particular description.

This is part of the same property conveyed to Steven T. Barfoot and wife, Morrisa W. Barfoot by Warranty Deed of record under Register's No. W7 7829, in the Register's Office of Shelby County, Tennessee.

Vacant Land - Railroad Property; Parcel No. 001 118 00001Z

Being part of that property formerly owned by the Louisville and Nashville Railroad (now known as CSX Transportation, Inc.) as right-of-way and being situated on the west side of North Seventh Street between Auction Avenue and North Parkway (50/60 feet wide) being more particularly described as follows:

Beginning at a point in the present westerly line of North Seventh Street (63 feet wide, 26 feet from centerline as measured at right angles thereto) 345.83 feet southwestwardly from the tangent intersection of said westerly line with the present south line of Auction Avenue (72 feet wide); thence southwestwardly along the west line of North Seventh Street on a relative bearing

of S 27° 45' 45" W-50.51 feet to the intersection of said west line with the south line of the Louisville and Nashville Railroad (presently CSX Transportation) Right-of-Way (50 foot wide at this point); thence N 70° 23' 44" W along said south line, 1186.45 feet to a point in the east line of a closed alley; thence N 20° 32' 22" E along said former alley line, 60.01 feet to a point in the north line of said railroad property; thence S 56° 18' 21" E along said north line 41.07 feet to an angle point; thence run S 70° 23' 44" E along said north line, 1152.80 feet to the point of beginning.

Containing 59,681 square feet or 1.370 acres more or less.

Vacant land - Railroad property; Parcel No. 001 118 00002Z

Being part of that property formerly owned by the Louisville and Nashville Railroad (now known as CSX Transportation, Inc.) as Right-of-Way (100 feet wide) and being situated on the east side of North Parkway, north of Lane Avenue, more particularly described as follows:

Beginning at a point in the southeasterly line of North Parkway (80 feet wide) 109.89 feet northeastwardly from the tangent intersection of said southeasterly line with the north line of Lane Avenue (66 feet wide); thence northeastwardly along the southeasterly line of North Parkway on a relative bearing of N 60° 10' 43" E- 65.83 feet to a point; thence S 70° 23' 44" E-295.10 feet; thence S 19° 36' 16" W-50.0 feet to a point on the north line of Parcel 25, Jackson Avenue Area/Project Tenn. R-3 of record in Plat Book 26, pages 31 and 32, Shelby County Register's Office; thence N 70° 23' 44" W along the north line of Parcels 25 and 26-337.91 feet to the point of beginning.

Containing 15,825 square feet or 0.363 acres more or less.

505 and 570 St. Jude Place; Parcel No. 001 118 00002

Being Parcels 26 and part of Parcel 25, Subdivision of The Jackson Avenue Area/Project Tennessee R-3 of record in Plat Book 26, Pages 31 and 32, Shelby County Register's Office, more particularly described together as follows:

Beginning at a point in the southeasterly line of North Parkway (80 feet wide) 27.97 feet northeastwardly from the tangent intersection of said southeasterly line with the north line of St. Jude Place (formerly Lane Avenue) (66 feet wide); thence northeastwardly along the southeasterly line of North Parkway on a relative bearing of North 60 degrees 10 minutes 43 seconds east - 81.92 feet to the intersection with the former southwesterly right-of-way line of the Louisville and Nashville Railroad (presently CSX Transportation, Inc.) (100 feet wide), thence South 70 degrees 23 minutes 44 seconds east along said right-of-way line 337.91 feet; thence South 19 degrees 36 minutes 16 seconds west (leaving said former right-of-way) 212.17 feet to a point on the north line of St. Jude Place (formerly Lane Avenue); thence North 81 degrees 18 minutes 43 seconds west along said line 18.08 feet to the beginning of a curve to the right having a radius of 417.0 feet (central angle 55 degrees 30 minutes 23 seconds; chord

JD 1280
JC 8077

distance 388.36 feet; chord bearing north 53 degrees 33 minutes 31 seconds west); thence northeastwardly along the arc of said curve 403.98 feet to a point of compound curve; thence continuing northwestwardly, northwardly and northeastwardly by a 30.0 foot radius curve (central angle 85 degrees 59 minutes 02 seconds; chord distance 40.91 feet; chord bearing North 17 degrees 11 minutes 12 seconds East) 45.02 feet to the point of beginning. (Said legal description was prepared by William H. Woods, Tennessee Registered Land Surveyor License Number 974, who is with The Pickering Firm, Incorporated, 1750 Madison Avenue, Memphis, Tennessee 38104.)

Containing 74,311 square feet or 1.706 acres more or less. All of this being a part of the land conveyed to the Acee Company by Deed recorded in Book 5021, page 21 in the Register's Office in Shelby County, Tennessee.

590-596 St. Jude Place; Parcel No. 001-118-00003

Tract I:

Part of Lots 25 and 30, Subdivision of the Jackson Avenue Area as recorded in Plat Book 26, Page 32 in the Register's Office of Shelby County, Tennessee, and being more particularly described as beginning at a point in the south right of way line of the Louisville and Nashville Railroad 338.29 feet southeastwardly from the southeast line of North Parkway (Jackson Avenue), said point being in the center line of a concrete block wall running southwestwardly from said point; thence southeastwardly with said south right of way line of the Louisville and Nashville Railroad 344.24 feet to an iron pin; thence southwestwardly, making an angle to the right of 108 degrees 18 minutes a distance of 164.72 feet to a chisel mark in the north line of Lane Avenue; thence southwestwardly with the north line of Lane Avenue; thence southwestwardly with the north line of Lane Avenue 297.5 feet to a chisel mark in the southeastward projection of said concrete block wall; thence northeastwardly with the center line of said wall 212.15 feet to the point of beginning and being all of the property conveyed to Robert R. Kirkpatrick, Franklin C. Ellis, William Thomas Edge, Jr., and Paul A. Renshaw by warranty deed of record as Instrument No. F5 3678 in the Register's Office of Shelby County, Tennessee.

Tract II:

Beginning at a point in the centerline of the Seaboard System Railroad, Inc.'s ("Seaboard") abandoned Memphis line at valuation station 277+97; thence southwardly a distance of fifty (50) feet, more or less, to a point in the property line formerly between Seaboard and Robert R. Kirkpatrick, Franklin C. Ellis, William T. Edge, Jr., and Paul A. Renshaw, in equal shares as tenants in common, said point being three hundred thirty-eight and twenty-nine hundredths (338.29) feet east from the east line of North Parkway; thence eastwardly along said property line formerly between Seaboard and Robert R. Kirkpatrick, Franklin C. Ellis, William T. Edge, Jr., and Paul A. Renshaw, in equal shares as tenants in common, along a line fifty (50) feet southwardly from and parallel to the centerline of Seaboard's abandoned Memphis line, a

JD 1280
JC 8077

distance of three hundred forty-four and twenty-four hundredths (344.24) feet to a point; thence northwardly a distance of fifty (50) feet, more or less, to a point in the centerline of said abandoned line; thence westwardly along the centerline of said abandoned line a distance of three hundred forty-four and twenty-four hundredths (344.24) feet to the point of beginning, containing 17,210 square feet, more or less, being the same property conveyed to Robert R. Kirkpatrick, Franklin C. Ellis, William T. Edge, Jr., and Paul A. Renshaw by Corrected Deed and Release of record as Instrument No. X2 1252 in the Register's Office of Shelby County, Tennessee.

Re Recorded

No. JD 1280
D/C. DR # 8
Pgs. 10 Itm.
Vol.
STATE TAX
REGISTER FEE 4000
2 00
TOTAL 42 00
STATE OF TENNESSEE
SHELBY COUNTY
GUY D. BATES
REGISTER

JD1280

SHELBY COUNTY
REGISTER OF DEEDS
99 FEB 16 AM 8:59

No. JC 8077
D/C. DR # 4
Pgs. 10 Itm.
Vol.
STATE TAX
REGISTER FEE 4000
2 00
TOTAL 4200
STATE OF TENNESSEE
SHELBY COUNTY
GUY D. BATES
REGISTER

JC8077

SHELBY COUNTY
REGISTER OF DEEDS
99 FEB 10 AM 9:19

# AMENDED LEASE AGREEMENT

American Lebanese Syrian Associated Charities, Inc., an Illinois nonprofit corporation,

Lessor

AND

St. Jude Children's Research Hospital, Inc., a Tennessee nonprofit corporation,

Lessee

Property: Memphis, Shelby County, Tennessee

Original Lease Dated December 31, 1998

Amended Lease Dated June 21, 2003

# AMENDED LEASE

AMENDED LEASE (this "Lease") is dated as of June 21, 2003, and is between American Lebanese Syrian Associated Charities, Inc., ("Lessor"), an Illinois nonprofit corporation, having its principal office at 501 St. Jude Place, Memphis, Tennessee 38105 and St. Jude Children's Research Hospital, Inc., a Tennessee nonprofit corporation ("Lessee"), having its principal office at 332 North Lauderdale Street, Memphis, Tennessee 38105-2794.

This Amended Lease is entered into by and between the parties for the sole purpose of amending the properties covered under the Lease dated December 31, 1998. The properties to be included under the Amended Lease are attached as Exhibit A. Article I through Article XLI of the original Lease dated December 31, 1998, copy attached hereto as Exhibit B, shall remain in full force and effect.

Address:
332 N. Lauderdale Street
Memphis, TN 38105

INITIAL

**LESSEE:**
St. Jude Children's Research Hospital, Inc.

By: _____
John P. Moses, Chairman
Board of Governors

Address:
501 St. Jude Place
Memphis, TN 38105

INITIAL

**LESSOR:**
American Lebanese Syrian Associated Charities, Inc.

By: _____
Joseph G. Shaker, Chairman
Board of Directors

STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, the undersigned Notary Public of said county, JOHN P. MOSES, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledges himself to be the CHAIRMAN OF THE BOARD OF GOVERNORS OF ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC., the within named corporation, and that he executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Chairman of the Board of Governors.

WITNESS MY HAND AND SEAL, at office in Memphis, TN, this 21st day of June, 2003.

Lorene S. King
NOTARY PUBLIC

My commission expires:

My Commission Expires Nov. 21, 2006

LORENE S. KING
NOTARY PUBLIC AT LARGE
SHELBY COUNTY, TENNESSEE

STATE OF TENNESSEE
COUNTY OF SHELBY

Personally appeared before me, the undersigned Notary Public of said county, JOSEPH G. SHAKER, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who acknowledges himself to be the CHAIRMAN OF THE BOARD OF DIRECTORS OF AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC., the within named corporation, and that he executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself as Chairman of the Board of Directors.

WITNESS MY HAND AND SEAL, at office in Memphis, TN, this 21st day of June, 2003.

Lorene S. King
NOTARY PUBLIC

My commission expires:

My Commission Expires Nov. 21, 2006

LORENE S. KING
NOTARY PUBLIC AT LARGE
SHELBY COUNTY, TENNESSEE

EXHIBIT A

332 North Lauderdale: Parcel No. 01-119-00001

Tract I:

Being that part of Parcel No. 12, as shown on the subdivision of The Jackson Avenue Area Project No. Tenn. R-3, that lies south of the proposed north line of the future expressway right-of-way as shown on said subdivision plat and more particularly described as follows:

Beginning at the point of intersection of the east line of Lauderdale Street (80 feet wide) with the Northeast line of Winchester Avenue and running thence North 16 degrees 11 minutes West with the east line of Lauderdale Street, a distance of 193.55 feet; thence South 78 degrees 02 minutes 57 seconds East, a distance of 300 feet to an angle point; thence South 81 degrees 47 minutes 57 seconds East, a distance of 130 feet to an angle point; thence South 76 degrees 19 minutes 13 seconds East a distance of 71.93 feet to a point in the North line of Winchester Avenue (50 feet wide); thence South 55 degrees 05 minutes 40 seconds West with the north line of Winchester Avenue a distance of 264.35 feet to the beginning of a curve; thence by a curve to the right whose radius is 40 feet a distance of 38.46 feet as measured along the arc of said curve to the end of the curve in the northeast line of Winchester Avenue; thence with said northeast line North 69 degrees 48 minutes 45 seconds West a distance of 196.52 feet to the point of beginning.

A 20 foot wide gas easement traverses this parcel from South to North as shown on the plat of subdivision.

Containing 68,049 square feet.

Tract II:

Being that part of Parcel No. 12, as shown on the subdivision of The Jackson Avenue Area Project No. Tenn. R-3, that lies north of the proposed north line of the future expressway right-of-way as shown on said subdivision plat and more particularly described as follows:

Beginning at the intersection of the north line of said proposed expressway right-of-way with the East line of Lauderdale Street, said point being 193.55 feet northwardly from the intersection of the northeasterly line of Winchester Avenue and the East line of Lauderdale Street; thence North 16 degrees 11 minutes West with the East line of Lauderdale Street 139.77 feet to the beginning of a curve, thence by a curve to the right whose radius is 100 feet, a distance of 155.30 feet as measured along the arc of said curve to the end of the curve, said point being 42 feet southwardly from the centerline of former Jackson Avenue; thence North 72 degrees 48 minutes 02 seconds East a distance of 708.51 feet to an angle point; thence North 60 degrees 10 minutes 17 seconds East a distance of 135.17 feet to the original West line of Concord Street; thence South 31 degrees 13 minutes East a distance of 330.45 feet to a point in the northerly line of former Winchester Avenue; thence with said line of Winchester Avenue South 55 degrees 05 minutes 40

seconds West a distance of 610.62 feet to an intersection with the north line of the proposed expressway right-of-way; thence with said north right-of-way line North 76 degrees 19 minutes 13 seconds West a distance 71.93 feet to an angle point; thence continuing with said line North 81 degrees 47 minutes 57 seconds West 130 feet to an angle point; thence continuing with said line North 78 degrees 02 minutes 57 seconds West a distance of 300.00 feet to the point of beginning.

A 20 foot wide gas easement traverses this parcel from South to North as shown on the plat of subdivision.

Containing 370,406 square feet.

Tract III:

Being Parcel No. 12A of the subdivision of the Jackson Avenue Urban Renewal Area, Tenn. R-3, as shown on plat of record in Plat Book 26, Pages 31 & 32, Register's Office, Shelby County, Tennessee, being more particularly described as:
(Note: All bearings used herein are Lambert Grid bearings.)

Beginning at the point of intersection of the southerly line of Lane Avenue at Station 7 plus 34.87 and the proposed west line of the Interstate Highway (said beginning point having Lambert Grid coordinates of N302 077.54 and E792 848.63) and running thence southwestwardly with the westerly line of the proposed Interstate Highway on a bearing of south 43 degrees 45 minutes 18 seconds west a distance of 225.03 feet to an angle point; thence south 70 degrees 08 minutes 40 seconds west a distance of 114.83 feet to an angle point; thence north 82 degrees 55 minutes 25 seconds west a distance of 146.11 feet; thence north 86 degrees 43 minutes 45 seconds west a distance of 210.34 feet to an angle point; thence south 83 degrees 0 minutes 10 seconds west a distance of 88.33 feet to an angle point; thence south 55 degrees 09 minutes 32 seconds west a distance of 103.72 feet to an angle point; thence south 35 degrees 11 minutes 30 seconds west a distance of 144.37 feet to an angle point; thence south 55 degrees 58 minutes 05 seconds west a distance of 185.83 feet to an angle point; thence north 76 degrees 19 minutes 13 seconds west a distance of 127.99 feet to an intersection with the southeast line of Parcel No. 12 originally conveyed to St. Jude Hospital (the southeast line of Parcel No. 12 being the original northwest line of Winchester Avenue); thence with the southeast line of Parcel No. 12 on a bearing of north 55 degrees 05 minutes 40 seconds east a distance of 610.62 feet to a corner which was the original southwest line of Concord Avenue; thence with said northeast line of Parcel No. 12 on a bearing of north 31 degrees 13 minutes west a distance of 330.45 feet to a corner of Parcel No. 12; thence with a northwest line of Parcel No. 12 on a bearing of south 60 degrees 10 minutes 17 seconds west a distance of 135.17 feet to an angle point in said Parcel 12 line; thence continuing with a northwest line of Parcel No. 12 on a bearing of south 72 degrees 48 minutes 02 seconds west a distance of 708.51 feet to the beginning of a curve; thence with said curve to the left whose radius is 100 feet, a distance of 155.30 feet as measured along the arc of said curve to the end of the curve in the northeast line of Lauderdale Street; thence with the northeast in of Lauderdale Street on a bearing of north 16 degrees 11 minutes west a distance of 11.88 feet to the beginning of a curve to the left; thence with said curve to the left whose radius is 235 feet a

distance of 135.04 feet to the south line of the St. Jude Hospital property (the Delta angle for this part of the curve is 32 degrees 55 minutes 27 seconds); thence with the new south line of the St. Joseph Hospital property which was formerly the center line of old Jackson Avenue (56 feet wide) on a bearing of north 72 degrees 49 minutes east a distance of 839.02 feet to an angle point; thence north 60 degrees 06 minutes 42 seconds east a distance of 175.51 feet to an angle point; thence north 10 degrees 38 minutes 37 seconds east a distance of 67.41 feet to a point in the south line of Concord Avenue; thence with the south line of Concord Avenue and by a curve to the left whose radius is 430 feet a distance of 176.02 feet as measured along the arc of said curve to the beginning of another curve at the intersection of Concord Avenue and Lane Avenue (the Delta angle for this part of the curve is 23 degrees 27 minutes 15 seconds); thence with said curve to the right whose radius is 30 feet and whose Delta angle is 78 degrees 17 minutes 44 seconds a distance of 41 feet as measured along the arc of said curve to the end of the curve and the beginning of another curve in the southwesterly line of Lane Avenue; thence with the southwesterly line of Lane Avenue and by a curve to the left whose radius is 483 feet a distance of 478.60 feet as measured along the arc of said curve to the end of the curve at Station 5 plus 14.52 in Lane Avenue (the Delta angle for this part of the curve is 56 degrees 26 minutes 46 seconds); thence continuing with the south line of Lane Avenue on a bearing of south 81 degrees 17 minutes 20 seconds east a distance of 220.35 feet to the point of beginning, containing 303,131 square feet or 6.96 acres.

A triangular easement is reserved across the northwest corner of this parcel for sanitary sewer easement, drainage easement and other utilities, the hypotenuse of the triangle beginning in the new southeast line of the St. Joseph Hospital property 113.78 feet northeastwardly from its intersection with the northeast line of the Jackson-Lauderdale Intersection and the other end of the hypotenuse being located in the northeast line of Lauderdale Street at the P.C. of the curve connecting Jackson Avenue with Lauderdale Street.

A 20 foot wide gas easement the centerline of which starts in the southeast line of St. Joseph Hospital property 113.78 feet northeastwardly from the northeast line of the Jackson-Lauderdale Intersection and runs southeastwardly to an intersection with the northwest line of Parcel No. 12 approximately 4 feet southwest of the end of the curve at the northwest corner of Parcel No. 12. This easement extends on southeastwardly across Parcel No. 12 following the original alignment of Alabama Avenue.

A small triangular drainage easement is reserved for the Quimby Bayou culvert at the intersection of North Parkway (formerly Jackson Avenue) and New Lane Avenue. The two legs of the triangle being measured along North Parkway approximately 75 feet from the P.I. of the curve at the intersection and approximately 55 feet along Lane Avenue from the P.I. of the curve at the intersection.

Corner of Auction Avenue and 7th Street: Parcel No. 001 096 00025

Beginning at a point in the north line of Auction Avenue, 254 feet east of the easterly line of North Seventh Street, said point being the southeast corner of Lot 50 of the Lewis Shanks estate recorded in Plat Book 4, Page 18 in the Register's Office of Shelby County, Tennessee and also

being the southeast corner of the property conveyed to Board of Education of the City of Memphis Schools by deeds of record as described in Book 498, Page 404, Book 914, Page 51, Book 969, Page 245 and Book 1437, Page 261 in said Register's Office; thence north along the east line of the said Lot 50 and the east line of said Board of Education property a distance of 166.9 feet to a point in the south line of a 12 foot alley; thence westwardly along the south line of said alley and a westwardly projection of said alley south line a distance of 191 feet, more or less, to a point in the easterly line of North Seventh Street; thence southwardly along the easterly line of North Seventh Street a distance of 238 feet, more or less, to a point in the north line of Auction Avenue; thence eastwardly along the north line of Auction Street a distance of 264 feet to the point of beginning; and being the same property conveyed to the City of Memphis by deed of record as described in the Register's Office of Shelby County, Tennessee, in the Register's Official Record Book under Instrument Number Y5 2810; less and except any part of the above described property conveyed for street widening.

Vacant Land - Railroad Property; Parcel No. 001 118 00001Z

Being part of that property formerly owned by the Louisville and Nashville Railroad (now known as CSX Transportation, Inc.) as right-of-way and being situated on the west side of North Seventh Street between Auction Avenue and North Parkway (50/60 feet wide) being more particularly described as follows:

Beginning at a point in the present westerly line of North Seventh Street (63 feet wide, 26 feet from centerline as measured at right angles thereto) 345.83 feet southwestwardly from the tangent intersection of said westerly line with the present south line of Auction Avenue (72 feet wide); thence southwestwardly along the west line of North Seventh Street on a relative bearing

of S 27° 45' 45" W-50.51 feet to the intersection of said west line with the south line of the Louisville and Nashville Railroad (presently CSX Transportation) Right-of-Way (50 foot wide at this point); thence N 70° 23' 44" W along said south line, 1186.45 feet to a point in the east line of a closed alley; thence N 20° 32' 22" E along said former alley line, 60.01 feet to a point in the north line of said railroad property; thence S 56° 18' 21" E along said north line 41.07 feet to an angle point; thence run S 70° 23' 44" E along said north line, 1152.80 feet to the point of beginning.

Containing 59,681 square feet or 1.370 acres more or less.

Vacant land - Railroad property; Parcel No. 001 118 00002Z

Being part of that property formerly owned by the Louisville and Nashville Railroad (now known as CSX Transportation, Inc.) as Right-of-Way (100 feet wide) and being situated on the east side of North Parkway, north of Lane Avenue, more particularly described as follows:

Beginning at a point in the southeasterly line of North Parkway (80 feet wide) 109.89 feet northeastwardly from the tangent intersection of said southeasterly line with the north line of Lane Avenue (66 feet wide); thence northeastwardly along the southeasterly line of North Parkway on a relative bearing of N 60° 10' 43" E- 65.83 feet to a point; thence S 70° 23' 44" E-295.10 feet; thence S 19° 36' 16" W-50.0 feet to a point on the north line of Parcel 25, Jackson Avenue Area/Project Tenn. R-3 of record in Plat Book 26, pages 31 and 32, Shelby County Register's Office; thence N 70° 23' 44" W along the north line of Parcels 25 and 26-337.91 feet to the point of beginning.

Containing 15,825 square feet or 0.363 acres more or less.

505 and 570 St. Jude Place; Parcel No. 001 118 00002

Being Parcels 26 and part of Parcel 25, Subdivision of The Jackson Avenue Area/Project Tennessee R-3 of record in Plat Book 26, Pages 31 and 32, Shelby County Register's Office, more particularly described together as follows:

Beginning at a point in the southeasterly line of North Parkway (80 feet wide) 27.97 feet northeastwardly from the tangent intersection of said southeasterly line with the north line of St. Jude Place (formerly Lane Avenue) (66 feet wide); thence northeastwardly along the southeasterly line of North Parkway on a relative bearing of North 60 degrees 10 minutes 43 seconds east - 81.92 feet to the intersection with the former southwesterly right-of-way line of the Louisville and Nashville Railroad (presently CSX Transportation, Inc.) (100 feet wide), thence South 70 degrees 23 minutes 44 seconds east along said right-of-way line 337.91 feet; thence South 19 degrees 36 minutes 16 seconds west (leaving said former right-of-way) 212.17 feet to a point on the north line of St. Jude Place (formerly Lane Avenue); thence North 81 degrees 18 minutes 43 seconds west along said line 18.08 feet to the beginning of a curve to the right having a radius of 417.0 feet (central angle 55 degrees 30 minutes 23 seconds; chord

distance 388.36 feet; chord bearing north 53 degrees 33 minutes 31 seconds west); thence northeastwardly along the arc of said curve 403.98 feet to a point of compound curve; thence continuing northwestwardly, northwardly and northeastwardly by a 30.0 foot radius curve (central angle 85 degrees 59 minutes 02 seconds; chord distance 40.91 feet; chord bearing North 17 degrees 11 minutes 12 seconds East) 45.02 feet to the point of beginning. (Said legal description was prepared by William H. Woods, Tennessee Registered Land Surveyor License Number 974, who is with The Pickering Firm, Incorporated, 1750 Madison Avenue, Memphis, Tennessee 38104.)

Containing 74,311 square feet or 1.706 acres more or less. All of this being a part of the land conveyed to the Acee Company by Deed recorded in Book 5021, page 21 in the Register's Office in Shelby County, Tennessee.

590-596 St. Jude Place; Parcel No. 001-118-00003

Tract I:

Part of Lots 25 and 30, Subdivision of the Jackson Avenue Area as recorded in Plat Book 26, Page 32 in the Register's Office of Shelby County, Tennessee, and being more particularly described as beginning at a point in the south right of way line of the Louisville and Nashville Railroad 338.29 feet southeastwardly from the southeast line of North Parkway (Jackson Avenue), said point being in the center line of a concrete block wall running southwestwardly from said point; thence southeastwardly with said south right of way line of the Louisville and Nashville Railroad 344.24 feet to an iron pin; thence southwestwardly, making an angle to the right of 108 degrees 18 minutes a distance of 164.72 feet to a chisel mark in the north line of Lane Avenue; thence southwestwardly with the north line of Lane Avenue; thence southwestwardly with the north line of Lane Avenue 297.5 feet to a chisel mark in the southeastward projection of said concrete block wall; thence northeastwardly with the center line of said wall 212.15 feet to the point of beginning and being all of the property conveyed to Robert R. Kirkpatrick, Franklin C. Ellis, William Thomas Edge, Jr., and Paul A. Renshaw by warranty deed of record as Instrument No. F5 3678 in the Register's Office of Shelby County, Tennessee.

Tract II:

Beginning at a point in the centerline of the Seaboard System Railroad, Inc.'s ("Seaboard") abandoned Memphis line at valuation station 277+97; thence southwardly a distance of fifty (50) feet, more or less, to a point in the property line formerly between Seaboard and Robert R. Kirkpatrick, Franklin C. Ellis, William T. Edge, Jr., and Paul A. Renshaw, in equal shares as tenants in common, said point being three hundred thirty-eight and twenty-nine hundredths (338.29) feet east from the east line of North Parkway; thence eastwardly along said property line formerly between Seaboard and Robert R. Kirkpatrick, Franklin C. Ellis, William T. Edge, Jr., and Paul A. Renshaw, in equal shares as tenants in common, along a line fifty (50) feet southwardly from and parallel to the centerline of Seaboard's abandoned Memphis line, a

distance of three hundred forty-four and twenty-four hundredths (344.24) feet to a point; thence northwardly a distance of fifty (50) feet, more or less, to a point in the centerline of said abandoned line; thence westwardly along the centerline of said abandoned line a distance of three hundred forty-four and twenty-four hundredths (344.24) feet to the point of beginning, containing 17,210 square feet, more or less, being the same property conveyed to Robert R. Kirkpatrick, Franklin C. Ellis, William T. Edge, Jr., and Paul A. Renshaw by Corrected Deed and Release of record as Instrument No. X2 1252 in the Register's Office of Shelby County, Tennessee.

## 27. Overton/Auction; Parcel No. 001-041-00001C

### Parcel 1:

EING A LEGAL DESCRIPTION OF PART OF THE PROPERTY SHOWN ON SHEET 2 OF 2 OF THE SUBDIVISION OF HE JACKSON AVENUE AREA, PROJECT NO. TENN R-3, AN URBAN RENEWAL PROJECT, RECORDED IN PLAT OOK 26 - PAGE 32 AT THE SHELBY COUNTY REGISTER'S OFFICE (SCRO). PARCELS 6, 8, 9 AND 13 OF THE ABOVE AID JACKSON AVENUE AREA, PROJECT NO. R-3 AND LOTS 394, 395, 396, 397, 466 AND 467 PART OF COUNTRY OT 529 AND PART OF OLD JACKSON AVENUE AS SHOWN ON THE PLAN OF MEMPHIS, BEING THE SISTERS OF T. FRANCIS HEALTH SERVICES, INC. PROPERTY (INSTRUMENT NUMBER K9-0390, SCRO) THE SISTERS OF ST. RANCIS HEALTH SERVICES, INC. PROPERTY (FORMERLY OVERTON AVENUE) (INSTRUMENT NUMBER GB-73, SCRO), LESS AND EXCEPT ANY RIGHT OF WAY IN NORTH THIRD STREET, AND THE ST. JOSEPH HOSPITAL ROPERTY (BOOK 4411 - PAGE 431, SCRO) ALL SITUATED IN MEMPHIS, SHELBY COUNTY, TENNESSEE AND TO E KNOWN FOR THE PURPOSES OF THIS DESCRIPTION AS "TRACT ONE", SAID TRACT ONE BEING MORE ARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A SET CHISEL MARK AT THE INTERSECTION OF THE NORTHERLY RIGHT OF WAY LINE OF JACKSON AVENUE (A PUBLIC PAVED ROAD - 80 FOOT R.O.W.) AND THE EASTERLY RIGHT OF WAY LINE OF NORTH THIRD STREET (A PUBLIC PAVED ROAD - 66 FOOT R.O.W.); THENCE NORTH 20 DEGREES 35 MINUTES 52 SECONDS EAST ALONG THE SAID EASTERLY LINE OF NORTH THIRD STREET - 666.18 FEET TO A SET IRON PIN AT A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 30.00 FEET; THENCE CLOCKWISE WITH SAID CURVE AN ARC DISTANCE OF 47.15 FEET (CENTRAL ANGLE = 90 DEGREES 02 MINUTES 27 SECONDS - CHORD = NORTH 65 DEGREES 37 MINUTES 05 SECONDS EAST - 42.44 FEET) TO A SET CHISEL MARK IN THE SOUTHERLY RIGHT OF WAY LINE OF NORTH PARKWAY (A PUBLIC PAVED ROAD - 80 FOOT R.O.W.); THENCE SOUTH 69 DEGREES 21 MINUTES 41 SECONDS EAST ALONG THE SAID SOUTHERLY LINE OF NORTH PARKWAY - 1159.60 FEET TO A SET CHISEL MARK LYING ON A CURVE TO THE LEFT HAVING A RADIUS OF 409.05 FEET; THENCE COUNTERCLOCKWISE WITH SAID CURVE AND CONTINUING ALONG SAID SOUTHERLY LINE AN ARC DISTANCE OF 71.40 FEET (CENTRAL ANGLE = 10 DEGREES 00 MINUTES 03 SECONDS - CHORD = SOUTH 74 DEGREES 18 MINUTES 50 SECONDS EAST - 71.31 FEET) TO A SET CHISEL MARK AT THE NORTHERNMOST NORTHWEST CORNER OF THE ST. JUDE HOSPITAL, MEMPHIS, TENNESSEE, INC. PROPERTY (BOOK 4995 - PAGE 333, SCRO); THENCE SOUTH 12 DEGREES 06 MINUTES 34 SECONDS WEST ALONG THE WESTERLY LINE OF THE SAID ST. JUDE PROPERTY - 67.58 FEET TO A SET IRON PIN; THENCE SOUTH 59 DEGREES 31 MINUTES 12 SECONDS WEST (CONTINUING ALONG SAID WESTERLY LINE) 175.54 FEET TO A SET IRON PIN AT AN ANGLE POINT; THENCE SOUTH 72 DEGREES 48 MINUTES 08 SECONDS WEST (CONTINUING ALONG SAID WESTERLY LINE) - 836.92 FEET TO A SET CHISEL MARK IN THE ABOVE SAID NORTHERLY LINE OF JACKSON AVENUE, SAID POINT LYING ON A CURVE TO THE LEFT HAVING A RADIUS OF 235.00 FEET; THENCE COUNTERCLOCKWISE WITH SAID CURVE AND ALONG SAID NORTHERLY LINE AN ARC DISTANCE OF 84.87 FEET (CENTRAL ANGEL = 20 DEGREES 41 MINUTES 30 SECONDS - CHORD = NORTH 59 DEGREES 05 MINUTES 28 SECONDS WEST - 84.41 FEET) TO A SET CHISEL MARK; THENCE NORTH 69 DEGREES 26 MINUTES 13 SECONDS WEST (CONTINUING ALONG SAID NORTHERLY LINE) - 415.98 FEET TO THE POINT OF BEGINNING

BEING THE SAME PROPERTY AS SHOWN ON SURVEY DATED NOVEMBER 24, 1997, BY WILLIAM H. WOODS (TN RLS NO. 974) OF PICKERING FIRM INCORPORATED.

CONTAINING 661,830 SQUARE FEET OR 15.193 ACRES, MORE OR LESS.

BEARINGS ARE RELATIVE TO THE ABOVE SAID WESTERLY LINE IF ST. JUDE HOSPITAL, INC. PROPERTY AS SHOWN ON THE SURVEY PREPARED BY THE PICKERING FIRM, INC. AND DATED AUGUST 12, 1986.

THERE ARE FIVE FOOT WIDE UTILITY EASEMENTS AND A TWO FOOT WIDE SANITARY SEWER EASEMENT ALONG THE ABOVE EASTERLY LINE OF NORTH THIRD STREET, TOGETHER WITH A 28 FOOT WIDE UTILITY EASEMENT ALONG THE EASTERLY LINE OF THE ABOVE DESCRIBED TRACT ONE AS SHOWN ON THE ABOVE SAID PLAT OF RECORD IN PLAT BOOK 25 - PAGE 32. THERE IS A UTILITY EASEMENT ON THE ABOVE SAID NORTH LINE OF JACKSON AVENUE RECORDED IN BOOK 4019 - PAGE 355. THERE ARE TWO ANCHOR GUYS RECORDED IN BOOK 1564 - PAGES 244 AND 245 AFFECTING THE NORTHWEST CORNER OF THE ABOVE DESCRIBED TRACT. THE CITY OF MEMPHIS RETAINS EASEMENTS FOR PUBLIC UTILITIES IN THE CLOSED PORTION OF OVERTON AVENUE AS DESCRIBED IN ABOVE SAID INSTRUMENT NUMBER GB-8373.

BEING THE SAME PROPERTY CONVEYED TO THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC., BY QUITCLAIM DEEDS OF RECORD AS INSTRUMENT NOS. K9-0390, AND GB 8373, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE; AND THE SAME PROPERTY CONVEYED TO ST. JOSEPH HOSPITAL BY QUITCLAIM DEED OF RECORD AS BOOK 4411, PAGE 431, IN SAID REGISTER'S OFFICE.

PARCEL II

BEING A LEGAL DESCRIPTION OF THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC. PROPERTY RECORDED IN INSTRUMENT NUMBER BN-7135 AT THE SHELBY COUNTY REGISTER'S OFFICE (SCRO), BEING SITUATED IN MEMPHIS, SHELBY COUNTY, TENNESSEE AND TO BE KNOWN FOR THE PURPOSES OF THIS DESCRIPTION AS "TRACT TWO", SAID TRACT TWO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A SET CHISEL MARK IN THE NORTHERLY LINE OF NORTH PARKWAY (A PUBLIC PAVED ROAD - 80 FOOT RIGHT OF WAY, AS WIDENED), 22.98 FEET EASTWARDLY FROM THE TANGENT INTERSECTION OF SAID NORTHERLY LINE AND THE EASTERLY LINE OF NORTH THIRD STREET (A PUBLIC PAVED ROAD - 66 FOOT RIGHT OF WAY), SAID POINT OF BEGINNING LYING ON A CURVE TO THE RIGHT HAVING A RADIUS OF 23.00 FEET; THENCE CLOCKWISE ALONG SAID CURVE TO THE RIGHT AN ARC DISTANCE OF 36.11 FEET (CENTRAL ANGLE = 89 DEGREES 56 MINUTES 42 SECONDS - CHORD = NORTH 24 DEGREES 23 MINUTES 20 SECONDS WEST - 32.51 FEET) TO THE SAID EASTERLY LINE OF NORTH THIRD STREET; THENCE NORTH 20 DEGREES 35 MINUTES 01 SECONDS EAST ALONG SAID EASTERLY LINE - 111.03 FEET TO A SET CHISEL MARK IN THE SOUTH LINE OF A PUBLIC ALLEY (16.5 FEET WIDE); THENCE SOUTH 69 DEGREES 20 MINUTES 17 SECONDS EAST ALONG SAID SOUTH LINE OF ALLEY - 148.50 FEET TO A SET IRON PIN IN THE WEST LINE OF A PUBLIC ALLEY (24.75 FEET WIDE); THENCE SOUTH 20 DEGREES 34 MINUTES 13 SECONDS WEST ALONG SAID WEST LINE OF ALLEY - 133.94 FEET TO A SET CHISEL MARK IN THE ABOVE SAID NORTHERLY LINE OF NORTH PARKWAY; THENCE NORTH 69 DEGREES 21 MINUTES 41 SECONDS WEST ALONG SAID NORTHERLY LINE - 125.55 FEET TO THE POINT OF BEGINNING.

BEING THE SAME PROPERTY AS SHOWN ON SURVEY DATED NOVEMBER 25, 1997, BY WILLIAM H. WOODS (TN RLS NO. 974) OF PICKERING FIRM INCORPORATED.

CONTAINING 19,783 SQUARE FEET, OR 0.454 ACRES, MORE OR LESS.

THIS PROPERTY IS SUBJECT TO EASEMENTS OF RECORD IN BOOK 1364 - PAGE 552, SCRO, SAID EASEMENTS BEING BLANKET EASEMENTS REGARDING THE GAYOSO BAYOU AND SANITARY SEWER EASEMENTS. THE ENTIRE TRACT IS AFFECTED BY THESE EASEMENTS.

BEING THE SAME PROPERTY CONVEYED TO SISTERS OF ST. FRANCIS HEALTH SERVICES, INC., BY WARRANTY DEED OF RECORD AS INSTRUMENT NO. BN 7135, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE.

PARCEL III

BEING A LEGAL DESCRIPTION OF PART OF THE PROPERTY SHOWN ON SHEET 2 OF 2 OF THE SUBDIVISION OF THE JACKSON AVENUE AREA, PROJECT NO. TENN R-3, AN URBAN RENEWAL PROJECT RECORDED IN PLAT BOOK 26-PAGE 32 AT THE SHELBY COUNTY REGISTER'S OFFICE (SCRO), BEING PARCELS 14 AND 15 OF THE ABOVE SAID JACKSON AVENUE AREA PROJECT AND DESCRIBED IN THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC. PROPERTY RECORDED IN INSTRUMENT NO K9-0390 (SCRO), SITUATED IN MEMPHIS, SHELBY COUNTY, TENNESSEE, ALL TO BE KNOWN FOR PURPOSES OF THIS DESCRIPTION AS "TRACT THREE", AND SAID TRACT THREE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A SET CHISEL MARK IN THE NORTHERLY LINE OF NORTH PARKWAY (A PUBLIC PAVED ROAD - 80 FOOT RIGHT OF WAY, AS WIDENED), 151.92 FEET WESTWARDLY FROM THE TANGENT INTERSECTION OF SAID NORTHERLY LINE AND THE WESTERLY LINE OF ST. JUDE PLACE (A PUBLIC PAVED ROAD - 63 FOOT RIGHT OF WAY) (STREET CLOSURE IN PROGRESS); THENCE NORTH 69 DEGREES 21 MINUTES 41 SECONDS WEST ALONG SAID NORTHERLY LINE 1013.91 FEET TO A SET CHISEL MARK IN THE EASTERLY LINE OF A PUBLIC ALLEY (24.75 FEET WIDE); THENCE NORTH 20 DEGREES 34 MINUTES 13 SECONDS EAST ALONG SAID EASTERLY LINE - 133.26 FEET TO A SET IRON PIN IN THE SOUTHERLY LINE OF THE ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC. PROPERTY (INSTRUMENT NUMBER AW-0297); THENCE SOUTH 70 DEGREES 23 MINUTES 44 SECONDS EAST ALONG SAID SOUTHERLY LINE AND ALONG THE COMMON SOUTHERLY LINES OF THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC. PROPERTY (INSTRUMENT NUMBER BR-6431, SCRO) AND THE AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC. PROPERTY (INSTRUMENT NUMBER AV-4124, SCRO) - 1185.27 FEET TO A SET CHISEL MARK IN THE ABOVE SAID WESTERLY LINE OF ST. JUDE PLACE; THENCE SOUTH 27 DEGREES 45 MINUTES 45 SECONDS WEST ALONG SAID WESTERLY LINE - 1.96 FEET TO A SET CHISEL MARK LYING ON A CURVE TO THE RIGHT HAVING A RADIUS OF 173.19 FEET; THENCE CLOCKWISE ALONG SAID CURVE TO THE RIGHT AN ARC DISTANCE OF 249.53 FEET (CENTRAL ANGLE = 82 DEGREES 33 MINUTES 04 SECONDS - CHORD = SOUTH 69 DEGREES 02 MINUTES 17 SECONDS WEST - 228.30 FEET) TO THE POINT OF BEGINNING.

BEING THE SAME PROPERTY AS SHOWN ON SURVEY DATED NOVEMBER 25, 1997, BY WILLIAM H. WOODS (TN RLS NO. 974) OF PICKERING FIRM INCORPORATED.

CONTAINING 163,158 SQUARE FEET, OR 3.745 ACRES, MORE OR LESS.

THERE IS A FIVE FOOT PUBLIC UTILITY EASEMENT ALONG THE NORTH LINE OF THIS TRACT AND AN EIGHT FOOT WIDE PUBLIC UTILITY EASEMENT SERVING AN EXISTING BUILDING, BOTH EASEMENTS BEING RECORDED IN BOOK 5802 - PAGE 111, SCRO.

ARCEL III (CONTINUED)

THERE IS A FOURTEEN FOOT WIDE PUBLIC UTILITY EASEMENT AND A FIVE FOOT WIDE UTILITY EASEMENT AFFECTING THE WESTERLY PORTION OF THIS TRACT, TOGETHER WITH A FIFTY FOOT WIDE DRAINAGE EASEMENT AND A TEN FOOT WIDE DRAINAGE EASEMENT, ALL RECORDED IN ABOVE SAID PLAT BOOK 26 - PAGE 32

BEING THE SAME PROPERTY CONVEYED TO SISTERS OF ST. FRANCIS HEALTH SERVICES, INC., BY QUITCLAIM DEED OF RECORD AS INSTRUMENT NO. K9 0390, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE.

ARCEL IV

EING A LEGAL DESCRIPTION OF THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC. PROPERTY ECORDED IN INSTRUMENT NUMBER BR 6431 AT THE SHELBY COUNTY REGISTER'S OFFICE (SCRO). AID PROPERTY TO BE KNOWN FOR PURPOSES OF THIS DESCRIPTION AS "TRACT FOUR", SAID RACT FOUR BEING SITUATED IN MEMPHIS, SHELBY COUNTY, TENNESSEE, AND BEING MORE ARTICULARLY DESCRIBED AS FOLLOWS.

COMMENCING AT A POINT IN THE PRESENT WESTERLY LINE OF NORTH SEVENTH STREET (63 FEET WIDE, 26 FEET FROM THE CENTERLINE AS MEASURED AT RIGHT ANGELS THERETO) 345.83 FEET SOUTHWESTWARDLY FROM THE TANGENT INTERSECTION OF SAID WESTERLY LINE WITH THE PRESENT SOUTH LINE OF AUCTION AVENUE (72 FEET WIDE); THENCE SOUTHWESTWARDLY ALONG THE WEST LINE OF NORTH SEVENTH STREET ON A RELATIVE BEARING OF SOUTH 27 DEGREES 45 MINUTES 45 SECONDS WEST - 50.51 FEET TO THE INTERSECTION OF SAID WEST LINE WITH THE FORMER SOUTH LINE OF THE LOUISVILLE AND NASHVILLE RAILROAD (PRESENTLY CSX TRANSPORTATION , INC.) (50 FEET WIDE AT THIS POINT); THENCE NORTH 70 DEGREES 23 MINUTES 44 SECONDS WEST ALONG THE SOUTH LINE 836.30 FEET TO THE TRUE POINT OF BEGINNING OF ABOVE SAID TRACT OUR; THENCE CONTINUING ALONG SAID SOUTH LINE NORTH 70 DEGREES 23 INUTES 44 SECONDS WEST - 207.95 FEET; THENCE NORTH 20 DEGREES 38 MINUTES 53 SECONDS EAST - 165.36 FEET TO A POINT IN THE PRESENT SOUTH LINE OF AUCTION AVENUE; THENCE SOUTH 69 DEGREES 21 MINUTES 07 SECONDS EAST ALONG SAID SOUTH LINE - 207.91 FEET; THENCE SOUTH 20 DEGREES 38 MINUTES 53 SECONDS WEST - 161.57 FEET TO THE POINT OF BEGINNING.

BEING THE SAME PROPERTY AS SHOWN ON SURVEY DATED NOVEMBER 26, 1997, BY WILLIAM H. WOODS (TN RLS NO. 974) OF PICKERING FIRM INCORPORATED.

CONTAINING 33,987 SQUARE FEET, OR 0.780 ACRES, MORE OR LESS.

THERE IS A PUBLIC DRAINAGE EASEMENT (WIDTH VARIES) RECORDED IN INSTRUMENT NUMBER BU-9537, SCRO ALONG THE WEST LINE OF THE ABOVE DESCRIBED TRACT FOUR.

BEING THE SAME PROPERTY CONVEYED TO SISTERS OF ST. FRANCIS HEALTH SERVICES, INC., BY QUITCLAIM DEED OF RECORD AS INSTRUMENT NO. BR 6431, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE.

Release Deed #02128782 (MLGW Easement - eGMP site)

This easement is 8 feet wide across Lot 14, The Jackson Avenue Project No. Tenn. R-3 and being the same property as recorded in Plat Book 26, Page 31 and 32 in the Register's Office of Shelby County, Tennessee.

The center line of this easement is located as follows: Beginning at a point in the north line of North Parkway, 161 feet east of the east line of North Third Street; thence in a northeastwardly direction 123.3 feet to an existing pole #T-115-A1; thence in a northeastwardly direction 102 feet, more or less, to a point in the north line of said property, 312.5 feet east of the east line of North Third Street; beginning again at a point in the north line of North Parkway, 166.1 feet east of the east line of North Third Street; thence in a northeastwardly direction 124 feet to an existing pole #T-115 located 285.5 feet east of the east line of North Third Street and 31.8 feet north of the north line of North Parkway; thence in a northeastwardly direction 109 feet to a point in the north line of said property, 320.5 feet east of the east line of North Third Street.

Permission is granted to install 1 anchor guy approximately 30 feet east of the above mentioned existing pole #T-115.

Property located on the north side of North Parkway, approximately 160 feet east of the east line of North Third Street.

Auction/3rd Street Alley Closure - (GMP site)

Tract 1:

Parts of Lots 392, 465 and 528 and alley adjacent, Plan of Memphis, more particularly described as follows: beginning at an iron pipe in the east line of North Third Street (66 feet wide) 122 feet southwardly from the south line of Auction Avenue, said iron pipe being 23.15 feet northwardly from the centerline of a railroad track in North Third Street (not in use); thence S 16E54'30" W, 26.5 feet to an iron stake in the north line of a 16.5 foot alley; thence S 73EE along said north line, 148.5 feet to an iron stake; thence S 16E54'30" W parallel to North Third Street 16.5 feet to an iron stake in the north line of Lot 393; thence S 73EE parallel to Auction Avenue 24 feet to a point on the east line of an alley; thence N 16E54'30" E parallel to North Third Street, 35 feet to a point in the south line of the Thomas H. Green property (U6-9552); thence N 73EW with said south line 24 feet, more or less, to an iron stake in the east line of Lot 392; thence N 16E54'30" E with said east line 8.0 feet to a point; thence N 73EW, 148.5 feet to the point of beginning, containing 4,775 square feet or 0.11 acre.

Being the same property conveyed to Grantor by deed of record as instrument KC 2614, said Register's Office.

Tract 2:

Commencing at the tangent intersection of the north line of North Parkway (public, paved road, 80' ROW) and the east line of North Third Street (public, paved road, 66' ROW); thence running S69°21'41"E along the north line of North Parkway, 148.53 feet to a point in the west line of a 24.75 foot wide public alley, the true point of Beginning, said point also being in the east line of a parcel owned by the American Lebanese Syrian Associated Charities, Inc. (ALSAC) as recorded in Instrument No. HA-2094 (SCRO); thence N20°34'13"E along said east line, 133.94 feet to a corner of the property owned by St. Jude Children's Research Hospital, Inc. as recorded in Instrument No. AW-0297 (SCRO); thence S65°28'18"E along said south line, 24.81 feet to the northwest corner of the ALSAC property as recorded in Instrument No. HA-2094 (SCRO); thence S20°34'13"W along the west line of said ALSAC property, 132.26 feet to a point in the north line of North Parkway (public, paved road, 80' ROW); thence N69°21'41"W along said north line, 24.75 feet to the point of Beginning. Containing 3,294 square feet or 0.076 acres, more or less.

Tract 3:

Commencing at the tangent intersection of the north line of North Parkway (public, paved road, 80' ROW) and the east line of North Third Street (public, paved road, 66' ROW); thence running N20°35'01"E along the east line of North Third Street, 134.01 feet to a point in the south line of a 16.5 foot wide public alley, the true point of Beginning; thence N20°35'01"E along said east line, 16.5 feet to a point in the north line of said alley, being in the south line of the St. Jude Children's Research Hospital, Inc. property as recorded in Instrument No. KC-2614 in the Register's Office in Shelby County, Tennessee (SCRO); thence S69°20'17"E along said south line, 148.5 feet to a point on an interior line of the Hospital property; thence S20°34'13"W along said line, 16.5 feet to the northeast corner of the American Lebanese Syrian Associated Charities, Inc. property as recorded in Instrument No. HA-2094 (SCRO); thence N69°20'17"W along said north line, 148.5 feet to the point in the east line of North Third street, being the point of Beginning. Containing 2,450 square feet or 0.056 acres, more or less.

Original 501 St. Jude Place

Being part of PARCELS NO. 2 THROUGH 7 of that property conveyed to the St. Jude Children's Research Hospital by Special Warranty Deed of record in Instrument Y6-8997, Shelby County Register's Office and part of the former Louisville and Nashville Railroad (presently CSX Transportation, Inc.) property more particularly described together as follows:

Beginning at a point in the present westerly line of North Seventh Street (63 feet wide, 26 feet from centerline as measured at right angles thereto) 42.38 feet southwestwardly from the tangent intersection of said westerly line with the present south line of Auction Avenue (72 feet wide); thence southwestwardly along the west line of North Seventh Street on a relative bearing of S 27° 45′ 45″ W - 353.96 feet to the intersection of said west line with the south line of the former Louisville and Nashville Railroad (presently CSX Transportation, Inc. Right-of-Way (50 foot wide at this point); thence N 70° 23′ 44″ W along said South line 836.30 feet to a point; thence N 20° 38′ 53″ E-161.57 feet to a point in the present south line of Auction Avenue; thence S 69° 21′ 07″ E along said south line 15.17 feet to the beginning of a curve to the left having a radius of 322.50 feet (central angle = 16° 42′ 28″, chord length = 93.71 feet; chord bearing S 77° 42′ 21″ E); thence southeastwardly along the arc of said curve 94.04 feet to point of tangency; thence S 86° 03′ 35″ E, continuing along the present south line of Auction Avenue, 774.81 feet to a point; thence southeastwardly along a curve to the right having a radius of 32.5 feet (central angle = 83° 58′ 51″, chord distance = 43.49 feet, chord bearing = S 22° 59′ 22″ E) an arc distance of 47.64 feet to the point of beginning.

# 442 NORTH THIRD STREET

## PROPERTY DESCRIPTION

PARCEL A:

The north 122 feet of Lot 392, Plan of Memphis, being more particularly described as follows:

Beginning at the point of intersection of the south line of Auction Avenue with the east line of North Third Street; thence running east along the south line of Auction Avenue 148.5 feet; thence south parallel with North Third Street 122 feet more or less to the M. & L. Railway; thence west with said railroad 148.5 feet to a point in the east line of North Third Street; thence north along the east line of North Third Street 122 feet to the point of beginning; being the same Parcel III conveyed to Grantor herein by deed of record at U6-9652 in said Register's Office.

PARCEL B:

Beginning at a point 148.5 feet eastwardly, as measured along the south line of Auction Avenue, from the intersection of said south line with the east line of North Third Street; said point also being the northeast corner of the above described Parcel A and being the northeast corner of Lot 392, Plan of Memphis; thence east along the south line of Auction Avenue 148 feet to the East wing of Bayou Gayoso Bridge, being the northwest corner of the Water Company's lot; thence south 130 feet to the M & L or L & N railroad tracks; thence west with said track 148 feet to the southeast corner of said Lot 392; thence north with the said east line of Lot 392 and along the east side of the above described Parcel A 130 feet to the point of beginning, and being the same Parcel IV conveyed to Grantor by deed of record at U5-9652 in said Register's Office.

Closure of St. Jude Place (IRC Building)

Beginning at a point in the southerly line of North Parkway (80' R.O.W.) 28 feet northeastwardly from the tangent intersection of the said southerly line with the easterly line of said St. Jude Place (80' R.O.W.), said point of Beginning lying on a curve to the left having a radius of 30 feet; thence southwestwardly, southwardly and southeastwardly along said curve to the left an arc distance of 45.06 feet (central angle= 86°03'34"; chord= S17°08'55"W-40.94 feet) to the said northerly line of said St. Jude Place, and lying on a point of compound curve to the left having a radius of 417 feet; thence southeastwardly along said northerly line and along said curve to the left an arc distance of 403.99 feet (central angle=55°30'32"; chord=S53°33'55"E-388.38 feet); thence S81°18'43"E along said northerly line 315.81 feet to the westerly line of said Danny Thomas Boulevard; thence S08°41'17"W (leaving said westerly line) 33 feet to the physical centerline of said St. Jude Place; thence N 81°18'43"W along said physical centerline 94.9 feet; thence S08°41'17"W (leaving said centerline) 33 feet to the southerly line of said St. Jude Place; thence N81°18'43"W along said southerly 220.9 feet to a point of curve to the right having a radius of 483 feet; thence northwestwardly along said southerly line and along said curve to the right an arc distance of 480.78 feet (central angle= 57°01'57"; chord= N52°47'44"W- 461.18 feet) to a point of reverse curve to the left having a radius of 30.01 feet; thence northwestwardly along said curve to the left an arc distance of 41.69 feet (central angle=79°36'01"; chord=N64°05'12"W-38.42 feet) to a point on the said southerly line of North Parkway, being 40 feet southwardly from the physical centerline of said North Parkway and lying on a curve to the left having a radius of 394.23 feet; thence northeastwardly along said curve to the left and parallel to said centerline an arc distance of 118.65 feet (central angle=17°14'40"; chord=N70°32'17"E-118.2 feet) to the point of Beginning. Containing 48,918 square feet, or 1.123 acres, more or less.

Beginning at a point in the southerly line of Auction Avenue (72' R.O.W.), 71.8 feet westwardly from the physical centerline of St. Jude Place (63' R.O.W.) as measured along an eastwardly projection of the said south line of Auction Avenue; thence S86°08'40"E along said eastwardly projection 125.77 feet to a point lying on a curve to the left having a radius of 30 feet; thence southwestwardly along said curve to the left an arc distance of 34.61 feet (central angle=66°05'35"; chord=S60°48'33"W-32.72 feet) to a point in the easterly line of said St. Jude Place; thence S27°45'45"W along said easterly line 397.51 feet to a point of curve to the left having a radius of 30 feet; thence southwestwardly, southwardly and southeastwardly along said curve to the left an arc distance of 34.03 feet (central angle=64°59'11"; chord=S03°04'33"E=32.23 feet) to a point lying on a curve to the left having a radius of 16.56 feet; thence southeastwardly along said curve to the left an arc distance of 21.65 feet (central angle=74°54'17"; chord=S75°27'19"E-20.14 feet) to a point in the northerly line of North Parkway (80' R.O.W.) (East of St. Jude Place) and lying on a curve to the right having a radius of 350.58 feet; thence southwestwardly, westwardly and northwestwardly along the westerwardly projection of said northerly line and said curve to the right an arc distance of 305.46 feet (central angle=49°55'16"; chord=S85°51'25"W-295.89 feet) to a point in the said northerly line of North Parkway (west of St. Jude Place) and lying on a curve to the left having a radius of 173.19 feet and being 40 feet north of the physical centerline of said North Parkway; thence southeastwardly, eastwardly and northeastwardly along said curve to the left an arc distance of 249.53 feet (central angle= 82°33'07"; chord= N69°28'41"E-228.5 feet) to a point in the westerly line of said St. Jude Place; thence N27°45'45"E along said westerly line 355.92 feet to a point lying on a curve to the left having a radius of 32.5 feet; thence northwestwardly along said curve to the left an arc distance of 47.64 feet (central angle=83°58'51"; chord=N23°57'46"W=43.49 feet) to the point of Beginning. Containing 35,954 square feet, or 0.825 acres, more or less.

TRU TAGG
(grassy area north of GA

# 442 NORTH THIRD STREET

## PROPERTY DESCRIPTION

PARCEL A:
The north 122 feet of Lot 392, Plan of Memphis, being more particularly described as follows:

Beginning at the point of intersection of the south line of Auction Avenue with the east line of North Third Street; thence running east along the south line of Auction Avenue 148.5 feet; thence south parallel with North Third Street 122 feet more or less to the M & L Railway; thence west with said railroad 148.5 feet to a point in the east line of North Third Street; thence north along the east line of North Third Street 122 feet to the point of beginning; being the same Parcel III conveyed to Grantor herein by deed of record at U6 9652 in said Register's Office.

PARCEL B:
Beginning at a point 148.5 feet eastwardly, as measured along the south line of Auction Avenue, from the intersection of said south line with the east line of North Third Street; said point also being the northeast corner of the above described Parcel A and being the northeast corner of Lot 392, Plan of Memphis; thence east along the south line of Auction Avenue 148 feet to the East wing of Bayou Gayoso Bridge, being the northwest corner of the Water Company's lot; thence south 130 feet to the M & L or L & N railroad tracks; thence west with said track 148 feet to the southeast corner of said Lot 392; thence north with the said east line of Lot 392 and along the east side of the above described Parcel A 130 feet to the point of beginning, and being the same Parcel IV conveyed to Grantor by deed of record at U6 9652 in said Register's Office.

# *Tom Leatherwood*

Shelby County Register

As evidenced by the instrument number shown below, this document has been recorded as a permanent record in the archives of the Office of the Shelby County Register.

03145700

07/24/2003 - 09:44 AM

| | |
|---|---|
| 17 PGS : R - LEASE | |
| BOBBY 154161-3145700 | |
| VALUE | 0.00 |
| MORTGAGE TAX | 0.00 |
| TRANSFER TAX | 0.00 |
| RECORDING FEE | 85.00 |
| DP FEE | 2.00 |
| REGISTER'S FEE | 0.00 |
| WALK THRU FEE | 0.00 |
| TOTAL AMOUNT | 87.00 |

TOM LEATHERWOOD

REGISTER OF DEEDS SHELBY COUNTY TENNESSEE

160 N. Main St., Suite 519 ~ Memphis, Tennessee 38103 ~ (901) 545-4366
http://register.shelby.tn.us

# SECOND AMENDMENT TO LEASE AGREEMENT

This SECOND AMENDMENT TO LEASE AGREEMENT (the "Second Amendment"), is made and entered into effective as of the 30th day of June, 2009, by and between AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC., an Illinois not-for-profit corporation, ("Lessor"), and ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC., a Tennessee not-for-profit corporation ("Lessee").

WHEREAS, Lessor and Lessee entered into that certain Lease Agreement dated December 31, 1998, whereby Lessor leased to Lessee certain parcels of real property more particularly described therein (the "Original Lease"), the Original Lease having been memorialized by that certain Memorandum of Lease filed of record in the Register's Office of Shelby County, Tennessee, at Instrument No. JC 8077, and re-recorded at Instrument No. JD 1280, aforesaid Register's Office;

WHEREAS, Lessor and Lessee amended the Original Lease pursuant to that certain Amended Lease Agreement dated June 21, 2003 (the "First Amendment" and, together with the Original Lease, collectively the "Lease"), the First Amendment having been memorialized by that certain Amended Memorandum of Lease filed of record at Instrument No. 03145700, in the aforesaid Register's Office;

WHEREAS, Lessor and Lessee desire to amend certain provisions of the Lease to subject additional parcels of real property to the terms and provisions of the Lease, to remove a certain parcel of real property from the Lease, and to reflect updated contact information for the parties.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Lessor and Lessee hereby amend the Lease as follows:

1. The legal descriptions contained on Exhibit "A" attached hereto and incorporated herein by reference are hereby added to Exhibit "A" to the Lease.

2. The following language is hereby deemed added to any legal description contained in the Lease, the First Amendment and this Second Amendment:

   "LESS AND EXCEPT that portion of the above-described real property on which the Tamer-Rashid building (having a municipal address of 501 St. Jude Place, Memphis, TN 38105), and parking areas and pedestrian access areas serving such Building, are located; and any portion of any structure occupied by Lessor as confirmed in writing from time to time between the parties."

3. The contact information for Lessor and Lessee contained in Article XXXIII of the Original Lease is hereby deleted and replaced with the following:

   "if to Lessee: St. Jude Children's Research Hospital, Inc.
   262 Danny Thomas Place
   Memphis, TN 38105

Fax: 901/595-8600
Attn: Chief Executive Officer

with a copy to: St. Jude Children's Research Hospital, Inc.
262 Danny Thomas Place
Memphis, TN 38105
Fax: 901/595-5944
Attn: General Counsel

if to Lessor: American Lebanese Syrian Associated Charities, Inc.
501 St. Jude Place
Memphis, TN 38105
Fax: 901/578-2801
Attn: Chief Executive Officer

with a copy to: American Lebanese Syrian Associated Charities, Inc.
501 St. Jude Place
Memphis, TN 38105
Fax: 901/578-2831
Attn: General Counsel"

All terms and provisions of the Lease remain in full force and effect except to the extent expressly amended hereby. Lessor and Lessee hereby ratify all terms and provisions of the Lease and confirm and acknowledge that the Lease, as amended hereby, is in full force and effect.

Any capitalized term contained herein which is not defined herein shall have the meaning ascribed to it under the Lease. This Amendment may be executed in counterparts, with each counterpart signature constituting an original signature, and with all counterpart signatures taken together constituting one original, fully-executed Amendment.

WITNESS the due execution hereof.

LESSOR:

AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.,
an Illinois not-for-profit corporation

BY: David L. McKee
David L. McKee, COO and Interim CEO

LESSEE:

ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.,
a Tennessee not-for-profit corporation

BY: _____
William E. Evans, Director and CEO

EXHIBIT "A"
TO SECOND AMENDMENT TO LEASE AGREEMENT

The property commonly referred to as 567 N. Parkway:

**Part of Lot 2 of Smythe Subdivision recorded in Plat Book 27, Page 13, Register's Office of Shelby County, Tennessee, and more particularly described as follows: Beginning at a point in the southeasterly line of North Parkway a distance of 221.39 feet from the intersection of the southeasterly line of North Parkway and the northeasterly line of the L & N Railroad; thence continuing northeastwardly along the southeasterly line of North Parkway a distance of 145.62 feet to a point; thence southeastwardly a distance of 214.45 feet to a point; thence southwestwardly a distance of 132.21 feet to the point in the northeasterly line of the L & N Railroad; thence northwestwardly a distance of 56.78 feet to a point; thence northwestwardly a distance of 258.74 feet to the point of beginning.**

(Key 59; Tab 46)

The property commonly referred to as North Second Street Alley:

Being all of a 24.75' wide alley located south of Auction Avenue and between North Seconds Street and North Third Street being more particularly described by metes and bounds as follows:
Commencing at the physical centerline intersection of North Second Street (66' ROW) and Auction Avenue (72' ROW); thence along the centerline of said Auction Avenue, S73°00'OO"E a distance of 33 .33' to a point; thence departing from and perpendicular to said centerline, S17°0O'OO"W a distance of 36.00' to the intersection of the east right of way line of said North Second Street with the south right of way line of said Auction Avenue; thence along said south right of way line of Auction Avenue, S73°00'OO"E a distance of 150.57' to the intersection of said south right of way line with the west line of a 24.75' wide alley, said intersection being the TRUE POINT OF BEGINNING; thence continuing along said south right of way line, S73°00'OO"E a distance of 24.75' to the intersection of said south right of way line with the east line said 24.75' wide alley; thence departing from said south right of way line along the east line of said alley, Sl6°39'25"W a distance of 149.57' to the southeast corner of said alley; thence along the south line of said alley, N72°57'56"W a distance of 24.75' to the southwest corner of said alley; thence along the west line of said alley, N16°39'23"E a distance of 149.56' to said TRUE POINT OF BEGINING.
Said described 24.75' wide alley containing 3,702 square feet or 0.085 acres, more or less.

(Key 14; Tab 1/Key 15; Tab 13)

The property commonly referred to as Target House I and II**:

BEGINNING AT THE POINT OF INTERSECTION OF THE EAST LINE OF AUBURNDALE STREET (50.0' R.O.W.) AND THE SOUTH LINE OF POPLAR AVENUE (100.0' R.O.W.); THENCE SOUTH 84 DEGREES 38 MINUTES 23 SECONDS EAST ALONG THE SOUTH LINE OF POPLAR AVENUE A DISTANCE OF 511.83 FEET TO A POINT; THENCE SOUTH 05 DEGREES 20 MINUTES 01 SECONDS WEST A DISTANCE OF 365.97 FEET TO A POINT; THENCE NORTH 84 DEGREES 40 MINUTES 00 SECONDS WEST A DISTANCE OF 36.09 FEET TO A POINT; THENCE SOUTH 05 DEGREES 20 MINUTES 01 SECONDS WEST A DISTANCE OF 82.50 FEET TO A POINT; THENCE SOUTH 84 DEGREES 42 MINUTES 36 SECONDS EAST A DISTANCE OF 126.85 FEET TO A POINT; THENCE SOUTH 05 DEGREES 17 MINUTES 25 SECONDS WEST A DISTANCE OF 74.93 FEET TO A POINT; THENCE NORTH 84 DEGREES 42 MINUTES 36 SECONDS WEST A DISTANCE OF 60.15 FEET TO A POINT; THENCE SOUTH 05 DEGREES 17 MINUTES 25 SECONDS WEST A DISTANCE OF 127.79 FEET TO A POINT; THENCE SOUTH 84 DEGREES 42 MINUTES 36 SECONDS EAST A DISTANCE OF 71.35 FEET TO A POINT; THENCE SOUTH 05 DEGREES 17 MINUTES 25 SECONDS WEST A DISTANCE OF 70.24 FEET TO A POINT; THENCE NORTH 84 DEGREES 33 MINUTES 23 SECONDS WEST A DISTANCE OF 168.80 FEET TO A POINT; THENCE SOUTHWESTWARDLY AND ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 23.23 FEET, AN ARC LENGTH OF 25.50 FEET TO A POINT; THENCE NORTH 88 DEGREES 08 MINUTES 05 SECONDS WEST A DISTANCE OF 25.28 FEET TO A POINT; THENCE NORTH 81 DEGREES 34 MINUTES 25 SECONDS WEST A DISTANCE OF 29.67 FEET TO A POINT; THENCE SOUTH 08 DEGREES 30 MINUTES 22 SECONDS EAST A DISTANCE OF 13.90 FEET TO A POINT; THENCE NORTH 52 DEGREES 41 MINUTES 12 SECONDS WEST A DISTANCE OF 106.04 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISTANCE OF 50.70 FEET TO A POINT; THENCE SOUTH 84 DEGREES 30 MINUTES 49 SECONDS EAST A DISTANCE OF 14.72 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISTANCE OF 154.23 FEET TO A POINT; THENCE NORTH 84 DEGREES 30 MINUTES 49 SECONDS WEST A DISATNCE OF 4.00 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISTANCE OF 52.99 FEET TO A POINT; THENCE SOUTH 84 DEGREES 30 MINUTES 49 SECONDS EAST A DISTANCE OF 19.61 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISTANCE OF 12.00 FEET TO A POINT; THENCE NORTH 84 DEGREES 30 MINUTES 49 SECONDS WEST A DISTANCE OF 9.57 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISATNCE OF 36.33 FEET TO A POINT; THENCE NORTH 84 DEGREES 30 MINUTES 49 SECONDS WEST A DISTANCE OF 36.38 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISTANCE OF 223.54 FEET TO A POINT; THENCE NORTH 84 DEGREES 30 MINTUES 49 SECONDS WEST A DISTANCE OF 274.40 FEET TO A POINT IN THE EAST LINE OF SAID AUBURNDALE STREET; THENCE NORTH 06 DEGREES 46 MINUTES 37 SECONDS EAST ALONG SAID EAST LINE A DISTANCE OF 168.17 FEET TO THE POINT OF BEGINNING AND CONTAINING 228,027 SQUARE FEET OR 5.2348 ACRES OF LAND.

** Subject to Lessor's rights in and to the above-described property under that certain unrecorded Agreement by and between Lessor and Lessee dated as of June 5, 2008. (Key 57; Lease Tab 5)

The property commonly referred to as 649-689 N.Parkway:

That portion of the building(s) located on the real property described below that is occupied by Lessee from time to time, but in any event excluding that portion of the building located on such real property that is leased by Lessor to any party other than Lessee:

LOT 20A OF THE RESUBDIVISION OF LOTS 20, 21, AND 22, JACKSON AVENUE AREA SUBDIVISION, AS SHOWN ON PLAT RECORDED IN PLAT BOOK 180, PAGE 17, IN THE REGISTER'S OFFICE, SHELBY COUNTY, TENNESSEE, TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID LOT, TOGETHER WITH RIGHTS UNDER EASEMENT AGREEMENT OF RECORD AS INSTRUMENT GH 7402 IN SAID REGISTER'S OFFICE. BEING THE SAME PROPERTY CONVEYED TO GRANTOR HEREIN PURSUANT TO WARRANTY DEED OF RECORD AS INSTRUMENT NUMBER GH 7400 IN SAID REGISTER'S OFFICE.

(Key 53; Tab 33)

Prepared By and Return To:
Joshua B. Lawhead
Burch, Porter & Johnson, PLLC
130 N. Court Ave.
Memphis, TN 38103

MEMORANDUM OF SECOND AMENDMENT TO LEASE AGREEMENT

This MEMORANDUM OF SECOND AMENDMENT TO LEASE AGREEMENT (the "Memorandum of Second Amendment"), made and entered into effective as of the 30th day of June, 2009, by and between AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC., an Illinois not-for-profit corporation, ("Lessor"), and ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC., a Tennessee not-for-profit corporation ("Lessee"), will evidence and, when recorded, will serve as notice that pursuant to that certain Second Amendment to Lease Agreement executed by and between Lessor and Lessee of even date (the "Second Amendment"), Lessor and Lessee have amended that certain Lease Agreement entered into by and between Lessor and Lessee, which is memorialized by that certain Memorandum of Lease filed of record at Instrument No JC 8077, and re-recorded at Instrument No. JD 1280, in the Register's Office of Shelby County, Tennessee (the "Original Lease"), the Original Lease having been previously amended pursuant to that certain Amended Lease Agreement, which is memorialized by that certain Amended Memorandum of Lease filed of record at Instrument No. 03145700, aforesaid Register's Office. Capitalized terms used but not otherwise defined in this Memorandum of Second Amendment shall have the respective meanings for such terms set forth in the Second Amendment. The Second Amendment provides in part as follows:

1. The legal descriptions contained on Exhibit "A" attached hereto and incorporated herein by reference are hereby added to Exhibit "A" to the Lease.

2. The following language is hereby deemed added to any legal description contained in the Lease, the First Amendment and the Second Amendment:

   "LESS AND EXCEPT that portion of the above-described real property on which the Tamer-Rashid building (having a municipal address of 501 St. Jude Place, Memphis, TN 38105), and parking areas and pedestrian access areas serving such Building, are located; and any portion of any structure occupied by Lessor as confirmed in writing from time to time between the parties."

The terms and provisions of the Second Amendment are incorporated herein by reference. This document is not intended to alter or modify in any manner any of the terms and provisions of the Second Amendment referred to herein, but rather to serve as a written memorandum thereof for purposes of recordation and notice. The terms of the Second Amendment shall govern all matters referenced herein.

This Memorandum of Second Amendment may be executed in counterparts, with each counterpart signature constituting an original signature, and with all counterpart signatures taken together constituting one original, fully-executed instrument.

WITNESS the due execution hereof.

LESSOR:
AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC., an Illinois not-for-profit corporation

BY: _____
David L. McKee, COO and Interim CEO

LESSEE:
ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC., a Tennessee not-for-profit corporation

BY: _____
William E. Evans, Director and CEO

[ACKNOWLEDGMENTS FOLLOW]

[ACKNOWLEDGMENTS TO
MEMORANDUM OF SECOND AMENDMENT TO LEASE AGREEMENT]

**STATE OF TENNESSEE**
**COUNTY OF SHELBY**

Before me, a Notary Public of the state and county aforesaid, personally appeared David L. McKee, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be COO of AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC., the within named bargainor, a corporation, and that he, as such COO, being authorized to so do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as such COO.

WITNESS MY HAND AND SEAL, at office, this 30th day of June, 2009.

Bryan W. Jackson
Notary Public

My Commission Expires: 2/27/2013

BRYANN W. JACKSON
STATE OF TENNESSEE NOTARY PUBLIC
SHELBY COUNTY

MY COMMISSION EXPIRES:
February 27, 2013

**STATE OF TENNESSEE**
**COUNTY OF SHELBY**

Before me, a Notary Public of the state and county aforesaid, personally appeared William E. Evans, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be Director & CEO of ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC., the within named bargainor, a corporation, and that he, as such Director & CEO, being authorized to so do, executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as such Director & CEO.

WITNESS MY HAND AND SEAL, at office, this [illegible] day of June, 2009.

M Wilemon
Notary Public

M. WILEMON
STATE OF TENNESSEE NOTARY PUBLIC
SHELBY COUNTY

My Commission Expires:

My Commission Expires February 10, 2010

EXHIBIT "A"
TO MEMORANDUM OF SECOND AMENDMENT TO LEASE AGREEMENT

The property commonly referred to as 567 N. Parkway:

**Part of Lot 2 of Smythe Subdivision recorded in Plat Book 27, Page 13, Register's Office of Shelby County, Tennessee, and more particularly described as follows: Beginning at a point in the southeasterly line of North Parkway a distance of 221.39 feet from the intersection of the southeasterly line of North Parkway and the northeasterly line of the L & N Railroad; thence continuing northeastwardly along the southeasterly line of North Parkway a distance of 145.62 feet to a point; thence southeastwardly a distance of 214.45 feet to a point; thence southwestwardly a distance of 132.21 feet to the point in the northeasterly line of the L & N Railroad; thence northwestwardly a distance of 56.78 feet to a point; thence northwestwardly a distance of 258.74 feet to the point of beginning.**

(Key 59; Tab 46)

The property commonly referred to as North Second Street Alley:

Being all of a 24.75' wide alley located south of Auction Avenue and between North Seconds Street and North Third Street being more particularly described by metes and bounds as follows: Commencing at the physical centerline intersection of North Second Street (66' ROW) and Auction Avenue (72' ROW); thence along the centerline of said Auction Avenue, S73°00'OO"E a distance of 33 .33' to a point; thence departing from and perpendicular to said centerline, S17°0O'OO"W a distance of 36.00' to the intersection of the east right of way line of said North Second Street with the south right of way line of said Auction Avenue; thence along said south right of way line of Auction Avenue, S73°00'OO"E a distance of 150.57' to the intersection of said south right of way line with the west line of a 24.75' wide alley, said intersection being the TRUE POINT OF BEGINNING; thence continuing along said south right of way line, S73°00'OO"E a distance of 24.75' to the intersection of said south right of way line with the east line said 24.75' wide alley; thence departing from said south right of way line along the east line of said alley, Sl6°39'25"W a distance of 149.57' to the southeast corner of said alley; thence along the south line of said alley, N72°57'56"W a distance of 24.75' to the southwest corner of said alley; thence along the west line of said alley, N16°39'23"E a distance of 149.56' to said TRUE POINT OF BEGINING.
Said described 24.75' wide alley containing 3,702 square feet or 0.085 acres, more or less.

(Key 14; Tab 1/Key 15; Tab 13)

The property commonly referred to as Target House I and II**:

BEGINNING AT THE POINT OF INTERSECTION OF THE EAST LINE OF AUBURNDALE STREET (50.0' R.O.W.) AND THE SOUTH LINE OF POPLAR AVENUE (100.0' R.O.W.); THENCE SOUTH 84 DEGREES 38 MINUTES 23 SECONDS EAST ALONG THE SOUTH LINE OF POPLAR AVENUE A DISTANCE OF 511.83 FEET TO A POINT; THENCE SOUTH 05 DEGREES 20 MINUTES 01 SECONDS WEST A DISTANCE OF 365.97 FEET TO A POINT; THENCE NORTH 84 DEGREES 40 MINUTES 00 SECONDS WEST A DISTANCE OF 36.09 FEET TO A POINT; THENCE SOUTH 05 DEGREES 20 MINUTES 01 SECONDS WEST A DISTANCE OF 82.50 FEET TO A POINT; THENCE SOUTH 84 DEGREES 42 MINUTES 36 SECONDS EAST A DISTANCE OF 126.85 FEET TO A POINT; THENCE SOUTH 05 DEGREES 17 MINUTES 25 SECONDS WEST A DISTANCE OF 74.93 FEET TO A POINT; THENCE NORTH 84 DEGREES 42 MINUTES 36 SECONDS WEST A DISTANCE OF 60.15 FEET TO A POINT; THENCE SOUTH 05 DEGREES 17 MINUTES 25 SECONDS WEST A DISTANCE OF 127.79 FEET TO A POINT; THENCE SOUTH 84 DEGREES 42 MINUTES 36 SECONDS EAST A DISTANCE OF 71.35 FEET TO A POINT; THENCE SOUTH 05 DEGREES 17 MINUTES 25 SECONDS WEST A DISTANCE OF 70.24 FEET TO A POINT; THENCE NORTH 84 DEGREES 33 MINUTES 23 SECONDS WEST A DISTANCE OF 168.80 FEET TO A POINT; THENCE SOUTHWESTWARDLY AND ALONG A CURVE TO THE RIGHT HAVING A RADIUS OF 23.23 FEET, AN ARC LENGTH OF 25.50 FEET TO A POINT; THENCE NORTH 88 DEGREES 08 MINUTES 05 SECONDS WEST A DISTANCE OF 25.28 FEET TO A POINT; THENCE NORTH 81 DEGREES 34 MINUTES 25 SECONDS WEST A DISTANCE OF 29.67 FEET TO A POINT; THENCE SOUTH 08 DEGREES 30 MINUTES 22 SECONDS EAST A DISTANCE OF 13.90 FEET TO A POINT; THENCE NORTH 52 DEGREES 41 MINUTES 12 SECONDS WEST A DISTANCE OF 106.04 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISTANCE OF 50.70 FEET TO A POINT; THENCE SOUTH 84 DEGREES 30 MINUTES 49 SECONDS EAST A DISTANCE OF 14.72 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISTANCE OF 154.23 FEET TO A POINT; THENCE NORTH 84 DEGREES 30 MINUTES 49 SECONDS WEST A DISATNCE OF 4.00 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISTANCE OF 52.99 FEET TO A POINT; THENCE SOUTH 84 DEGREES 30 MINUTES 49 SECONDS EAST A DISTANCE OF 19.61 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISTANCE OF 12.00 FEET TO A POINT; THENCE NORTH 84 DEGREES 30 MINUTES 49 SECONDS WEST A DISTANCE OF 9.57 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISATNCE OF 36.33 FEET TO A POINT; THENCE NORTH 84 DEGREES 30 MINUTES 49 SECONDS WEST A DISTANCE OF 36.38 FEET TO A POINT; THENCE NORTH 05 DEGREES 29 MINUTES 11 SECONDS EAST A DISTANCE OF 223.54 FEET TO A POINT; THENCE NORTH 84 DEGREES 30 MINTUES 49 SECONDS WEST A DISTANCE OF 274.40 FEET TO A POINT IN THE EAST LINE OF SAID AUBURNDALE STREET; THENCE NORTH 06 DEGREES 46 MINUTES 37 SECONDS EAST ALONG SAID EAST LINE A DISTANCE OF 168.17 FEET TO THE POINT OF BEGINNING AND CONTAINING 228,027 SQUARE FEET OR 5.2348 ACRES OF LAND.

** Subject to Lessor's rights in and to the above-described property under that certain unrecorded Agreement by and between Lessor and Lessee dated as of June 5, 2008.
(Key 57; Lease Tab 5)

The property commonly referred to as 649-689 N. Parkway):

That portion of the building(s) located on the real property described below that is occupied by Lessee from time to time, but in any event excluding that portion of the building located on such real property that is leased by Lessor to any party other than Lessee:

LOT 20A OF THE RESUBDIVISION OF LOTS 20, 21, AND 22, JACKSON AVENUE AREA SUBDIVISION, AS SHOWN ON PLAT RECORDED IN PLAT BOOK 180, PAGE 17, IN THE REGISTER'S OFFICE, SHELBY COUNTY, TENNESSEE. TO WHICH PLAT REFERENCE IS HEREBY MADE FOR A MORE PARTICULAR DESCRIPTION OF SAID LOT, TOGETHER WITH RIGHTS UNDER EASEMENT AGREEMENT OF RECORD AS INSTRUMENT GH 7402 IN SAID REGISTER'S OFFICE. BEING THE SAME PROPERTY CONVEYED TO GRANTOR HEREIN PURSUANT TO WARRANTY DEED OF RECORD AS INSTRUMENT NUMBER GH 7400 IN SAID REGISTER'S OFFICE.

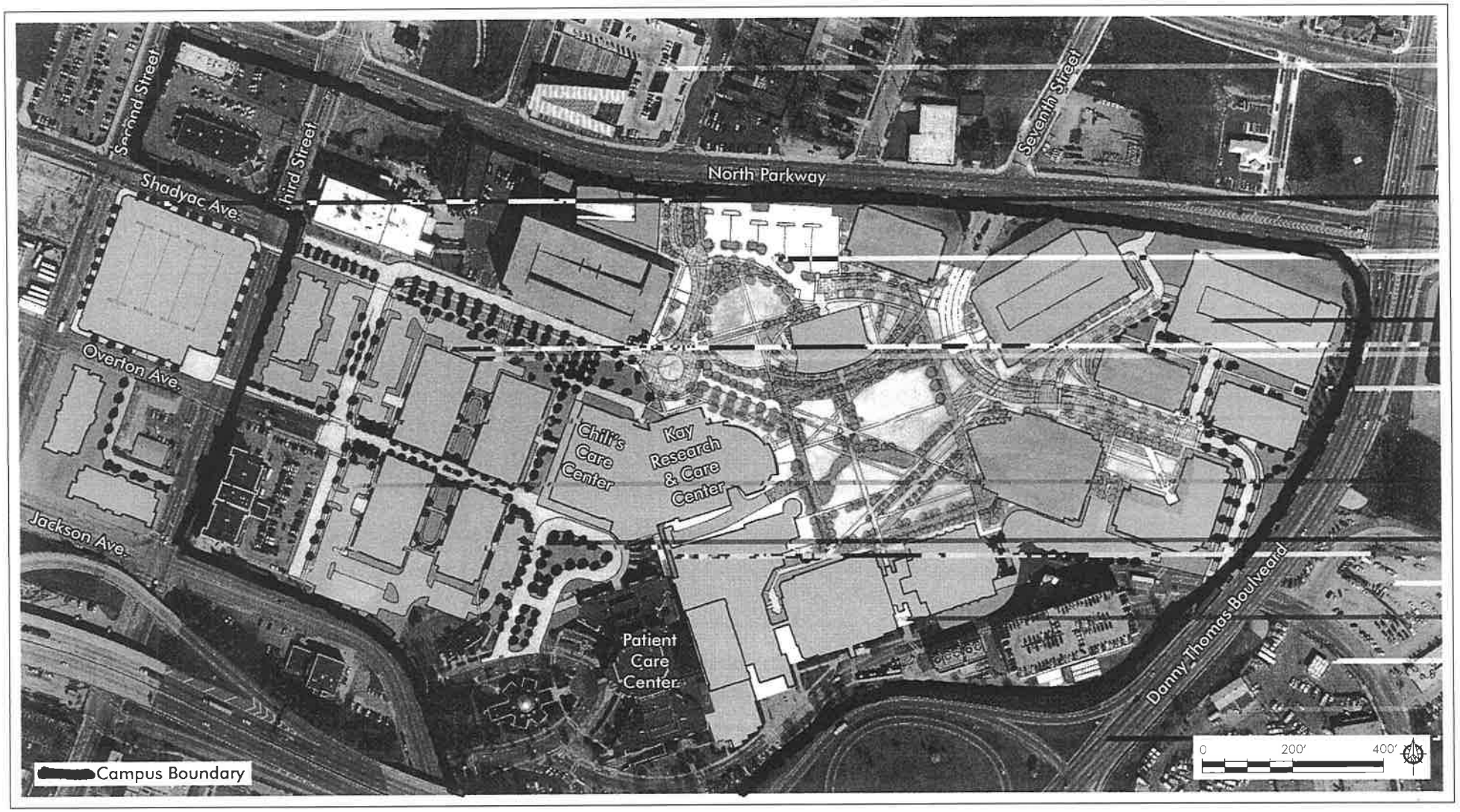
(Key 53; Tab 33)

# B.II.A.--Square Footage and Costs Per Square Footage Chart

# SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

| A. Unit / Department | Existing Location | Existing SF | Temporary Location | Proposed Final Location | Proposed Final Square Footage | | | Proposed Final Cost / SF | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Renovated | New | Total | Renovated | New | Total |
| Respiratory Therapy | Pat. Care Cntr | 1,560 | NA | Kay Center | 1,700 | | 1,700 | $140.00 | | $238,000.00 |
| Medical Surgical Units | Pat. Care Cntr | 60,094 | NA | Kay Center | 81,726 | | 81,726 | $319.11 | | $26,079,776.00 |
| 4th-5th Floor Connectors | Kay Center | 9,686 | NA | Kay Center | 9,328 | | 9,328 | $140.00 | | $1,305,920.00 |
| Subtotal This Project | | | | | | | | $297.82 | | $27,623,696.00 |
| Bldg & Connector Shells* | Kay Center | 102,104 | NA | Kay Center | | 102,104 | 102,104 | | $234.74 | $23,968,220.00 |
| *(constructed in CY2014) | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| B. Unit/Dept. GSF Sub-Total | | | | | 92,754 | 102,174 | 194,128 | $297.82 | $234.74 | $51,591,916.00 |
| C. Mechanical / Electrical GSF | | | | | | | | | | |
| D. Circulation / Structure GSF | | | | | | | | | | |
| E. Total GSF | | | | | 92,754 | 102,174 | 194,128 | $297.82 | $234.74 | $51,591,916.00 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| **GRAND TOTAL** | | | | | 92,754 | 102,174 | 194,128 | $297.82 | $224.74 | $51,591,916.00 |

# B.III.--Plot Plan




LRK
Looney Ricks Kiss

# St. Jude Campus Master Plan

St. Jude Children's Research Hospital • Memphis, Tennessee

## Concept Plan

66 ACRES

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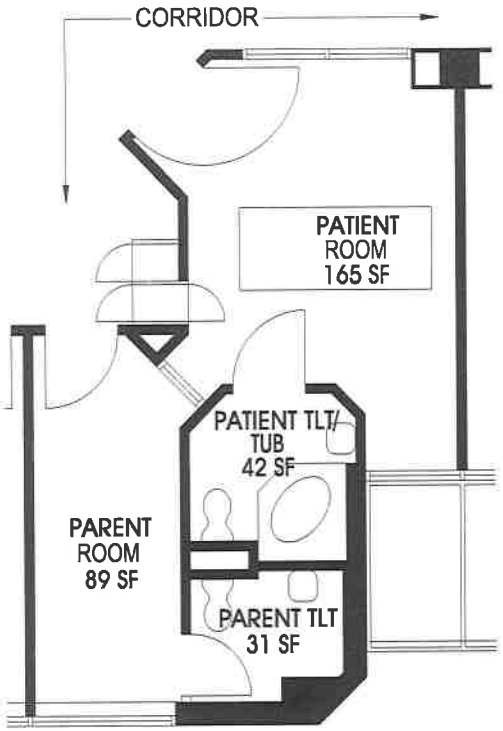
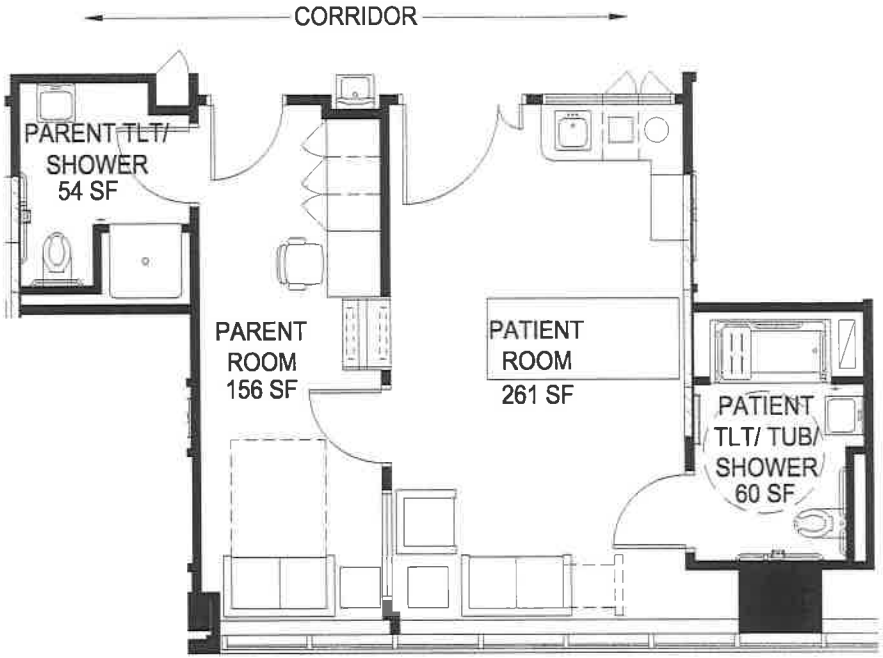
SEP 15 '14 AM 11:38

# B.IV.--Floor Plan



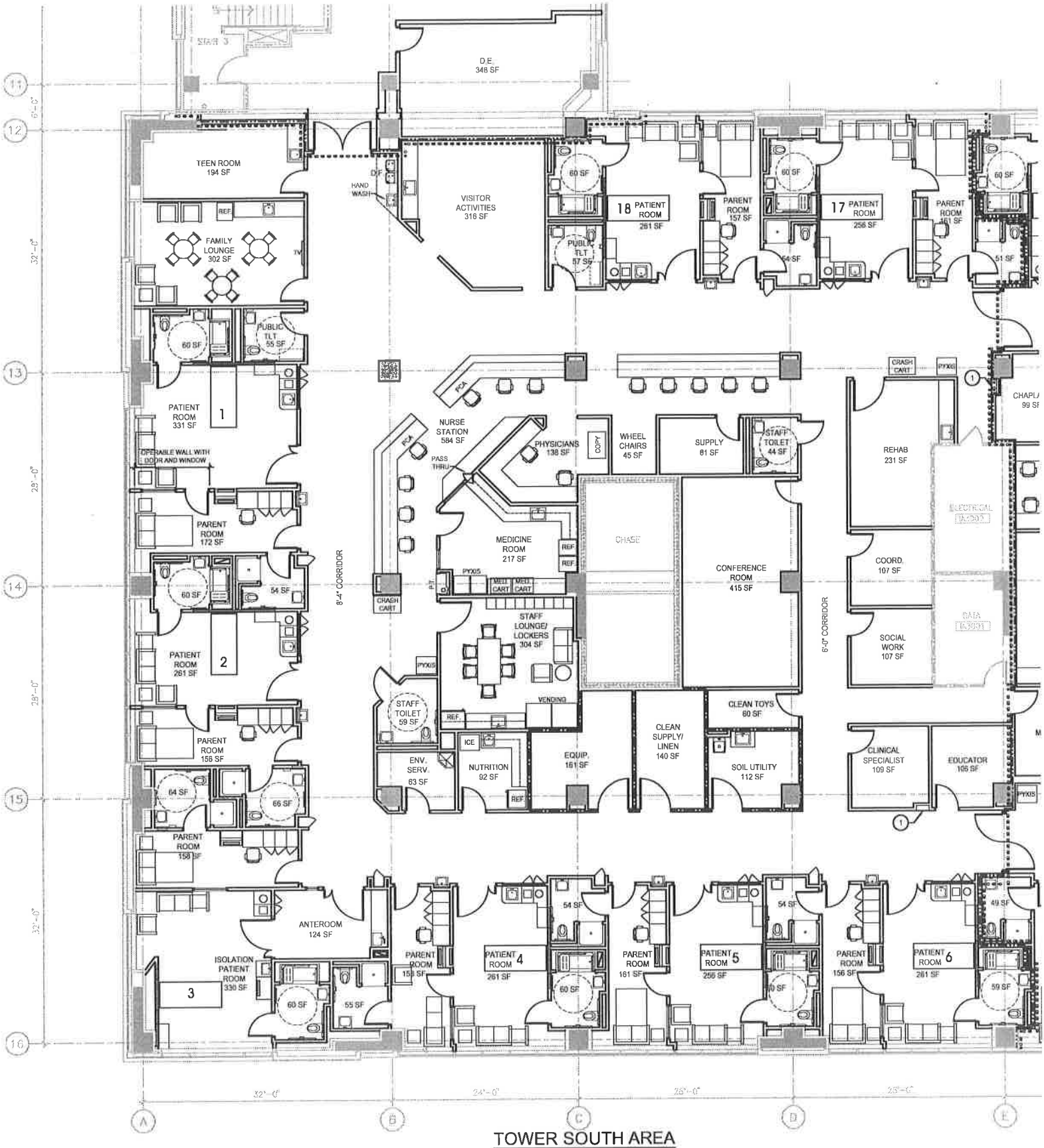

EXISTING PATIENT/ PARENT ROOMS
(PATIENT CARE CENTER)
1/8"=1'-0"



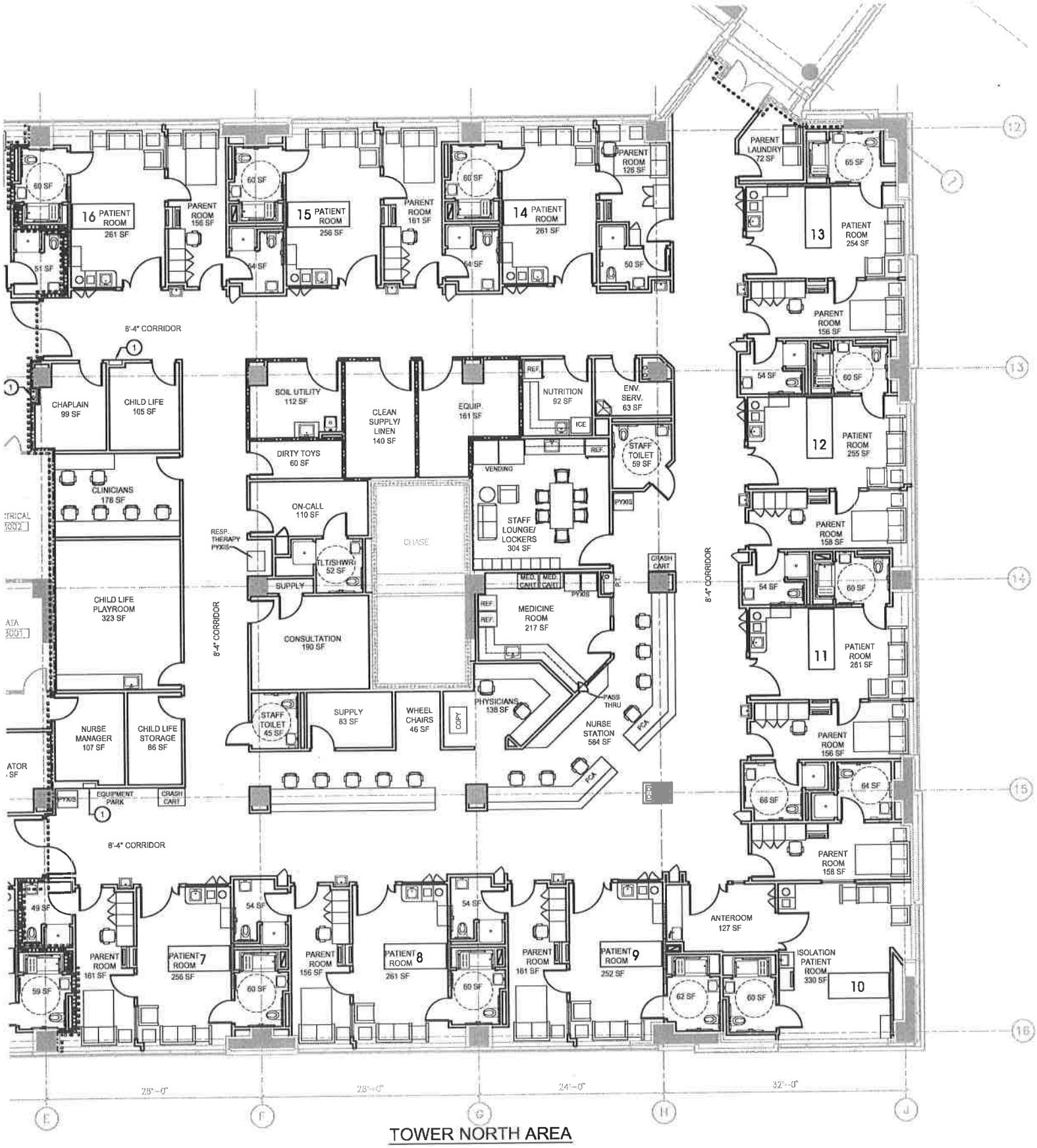

PROPOSED PATIENT/ PARENT ROOMS
(TOWER 2)
1/8"=1'-0"

Tower 2 - Inpatient Rooms - Floors 3, 4 & 5
315 Danny Thomas Place, Memphis, TN 38105
for
St. Jude Children's Research Hospital

343 North Main Street
Memphis, Tennessee 38103
Telephone: 901.525.5344
Facsimile: 901.525.5420
Evans Taylor Foster Childress ▪ Architects




TOWER SOUTH AREA




TOWER NORTH AREA

## THIRD FLOOR PLAN NOTES - AREA A

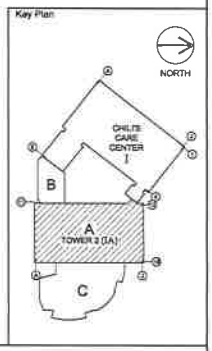
1. RECONNECT FIRE HOSE CONNECTION. SEE FIRE PROTECTION DRAWINGS.

## LEGEND

- 1-HOUR RATED FIRE BARRIER
- 2-HOUR RATED FIRE BARRIER
- SMOKE COMPARTMENT WALLS
- CONCRETE WALL/COLUMNS
- CONCRETE BLOCK WALLS
- GYPSUM WOOD/STEEL STUD WALLS
- NEW DOOR
- EXISTING DOOR
- 1A200 ROOM NUMBER

## WALL HEIGHTS

ALL WALLS THIS FLOOR TO EXTEND FROM FLOOR TO UNDERSIDE OF FLOOR SLAB OR INTERSTITIAL FLOOR ABOVE AND ARE TO RECEIVE FULL HEIGHT 3 1/2" SOUND BATT INSULATION.




1 THIRD FLOOR PLAN - AREA A
1/8" = 1'-0"

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Fax 901.937.5455

Electrical Engineer:
Liles Engineering Design Consultants, LLC
696 Oakleaf Office Lane, #100
Memphis, TN 38117
Telephone 901.682.8990
Fax 901.683.0126

Tower 2 - Inpatient Rooms - Floors 3, 4 & 5
315 Danny Thomas Place, Memphis, TN 38105
for
St. Jude Children's Research Hospital

Seal: SCHEMATIC DESIGN

343 North Main Street
Memphis, Tennessee 38103
Telephone: 901.525.5344
Facsimile: 901.525.5420
Evans Taylor Foster Childress Architects

THIRD FLOOR PLAN
AREA A

Drawing Number: A2.3.A

Date: 2 September 2014

Project Number: 21326

## FOURTH FLOOR PLAN NOTES - AREA A

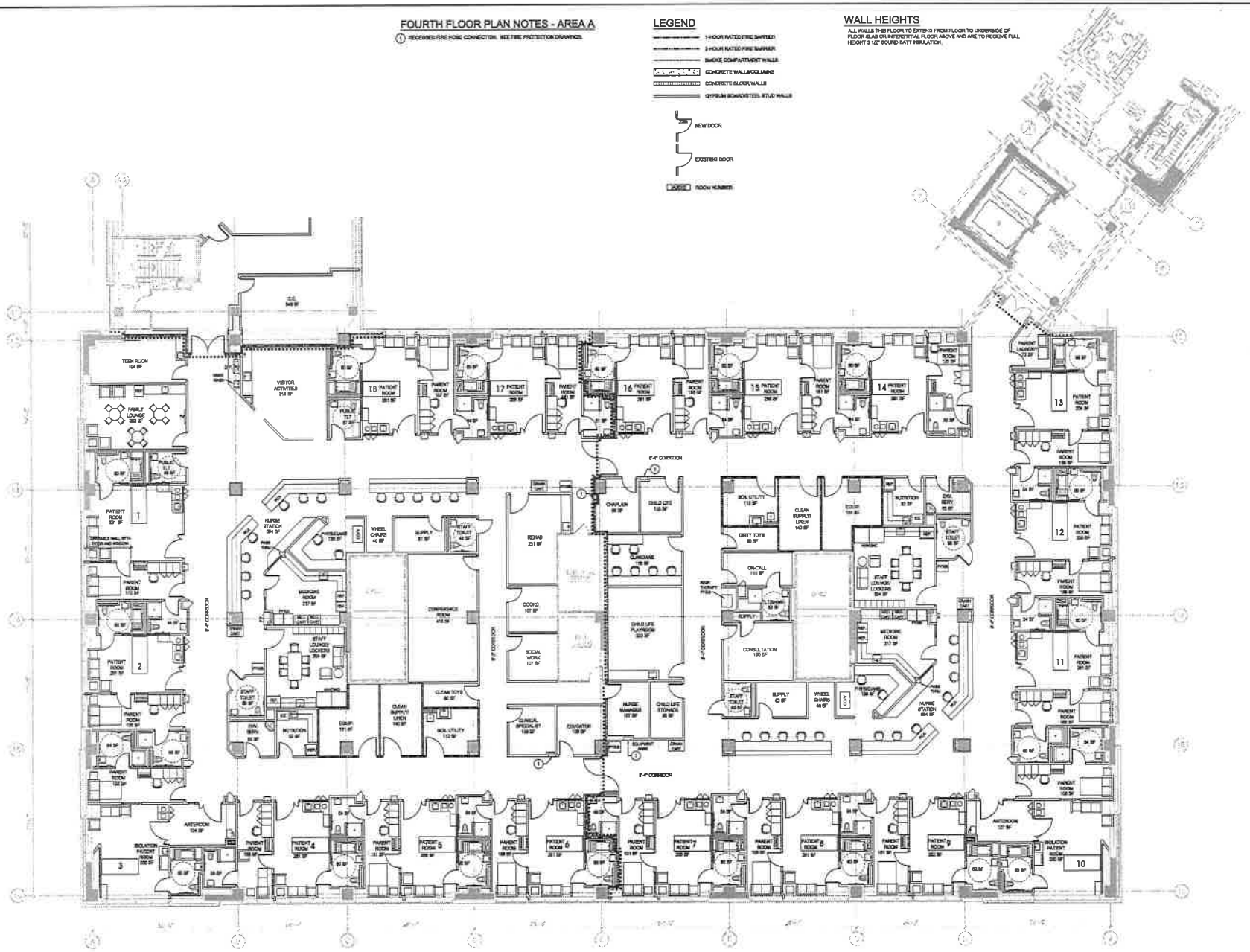
1 RECESSED FIRE HOSE CONNECTION. SEE FIRE PROTECTION DRAWINGS.

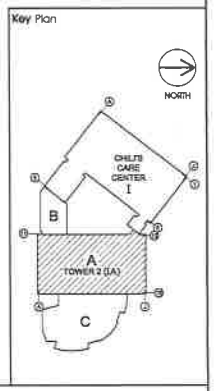
## LEGEND

- 1-HOUR RATED FIRE BARRIER
- 2-HOUR RATED FIRE BARRIER
- SMOKE COMPARTMENT WALLS
- CONCRETE WALLS/COLUMNS
- CONCRETE BLOCK WALLS
- GYPSUM BOARD/STEEL STUD WALLS
- NEW DOOR
- EXISTING DOOR
- ROOM NUMBER

## WALL HEIGHTS

ALL WALLS THIS FLOOR TO EXTEND FROM FLOOR TO UNDERSIDE OF FLOOR SLAB OR INTERSTITIAL FLOOR ABOVE AND ARE TO RECEIVE FULL HEIGHT 3 1/2" SOUND BATT INSULATION.




| | |
|---|---|
| 1 | FOURTH FLOOR PLAN - AREA A |
| 1/8" = 1'-0" | |

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Evans Taylor Foster Childress Architects

FOURTH FLOOR PLAN
AREA A

Drawing Number
A2.4.A

Date: 2 September 2014
Project Number: 21326

## FIFTH FLOOR PLAN NOTES - AREA A

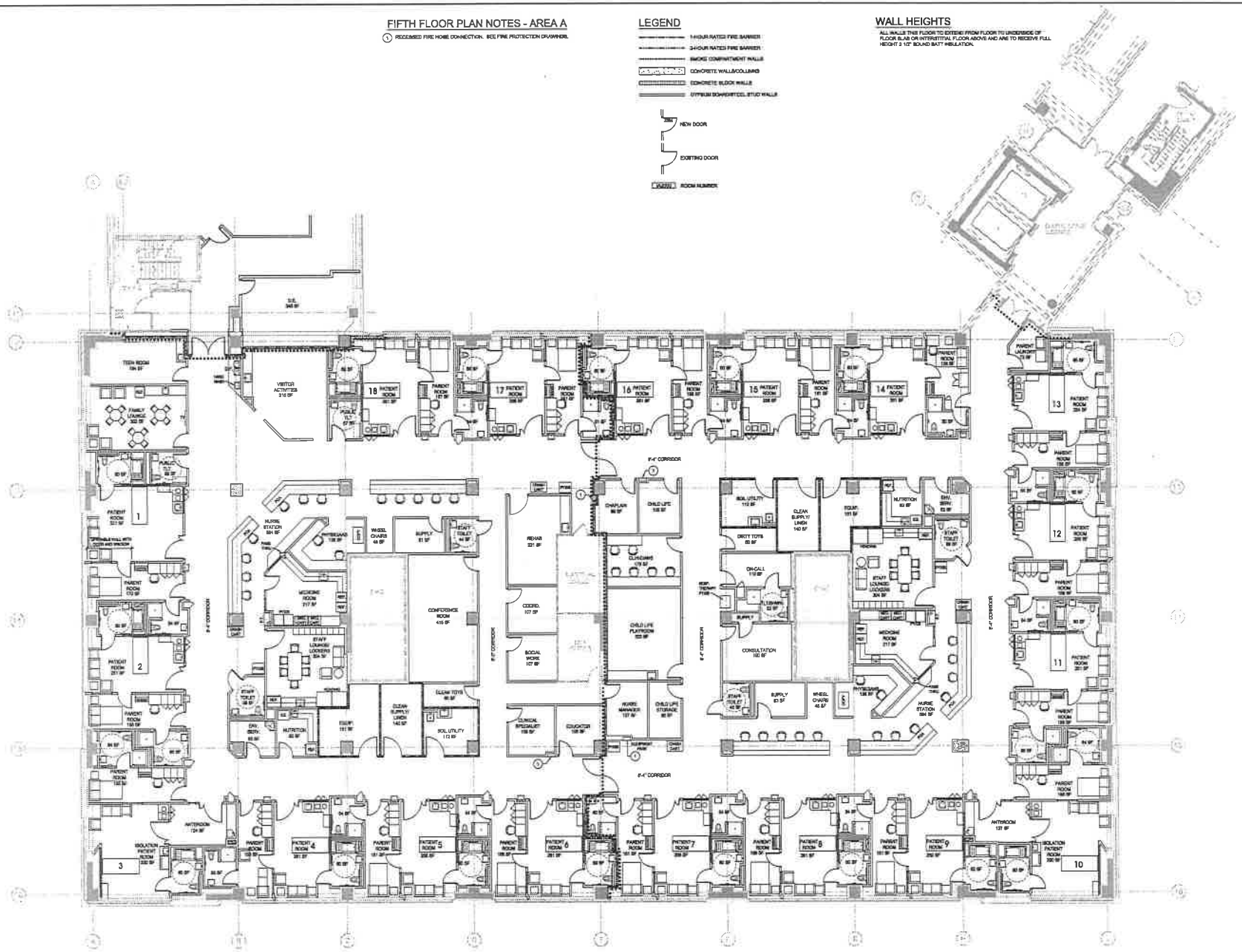
1. RECESSED FIRE HOSE CONNECTION. SEE FIRE PROTECTION DRAWINGS.

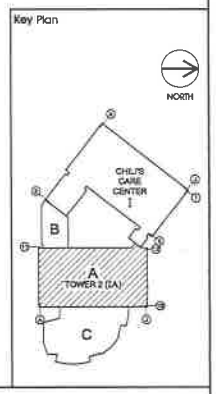
## LEGEND

- 1-HOUR RATED FIRE BARRIER
- 2-HOUR RATED FIRE BARRIER
- SMOKE COMPARTMENT WALLS
- CONCRETE WALLS/COLUMNS
- CONCRETE BLOCK WALLS
- GYPSUM BOARD/STEEL STUD WALLS
- NEW DOOR
- EXISTING DOOR
- ROOM NUMBER

## WALL HEIGHTS

ALL WALLS THIS FLOOR TO EXTEND FROM FLOOR TO UNDERSIDE OF FLOOR SLAB OR INTERSTITIAL FLOOR ABOVE AND ARE TO RECEIVE FULL HEIGHT 2 1/2" BOUND BATT INSULATION.




1 FIFTH FLOOR PLAN - AREA A
1/8" = 1'-0"

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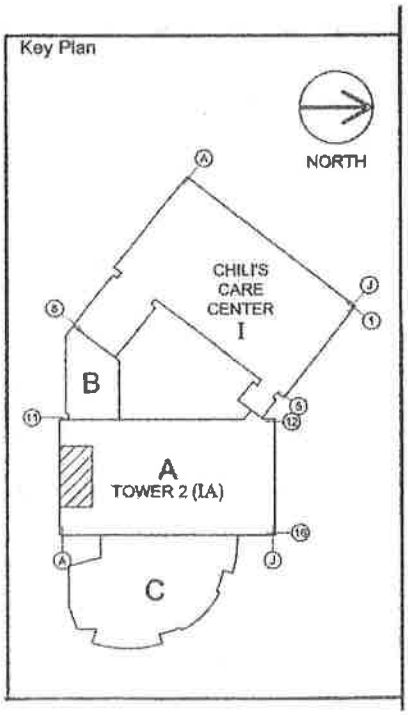
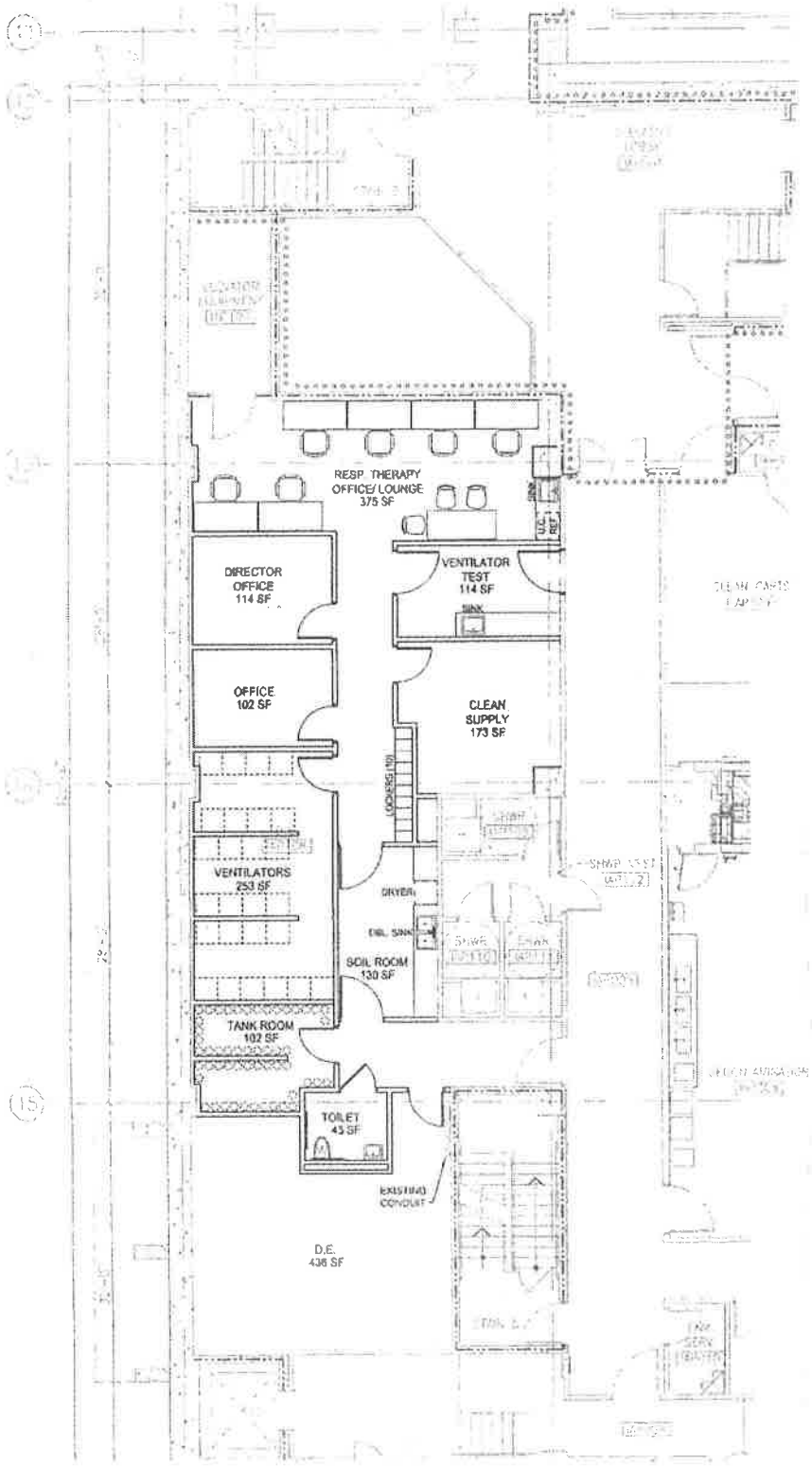
Evans Taylor Foster Childress Architects

FIFTH FLOOR PLAN
AREA A

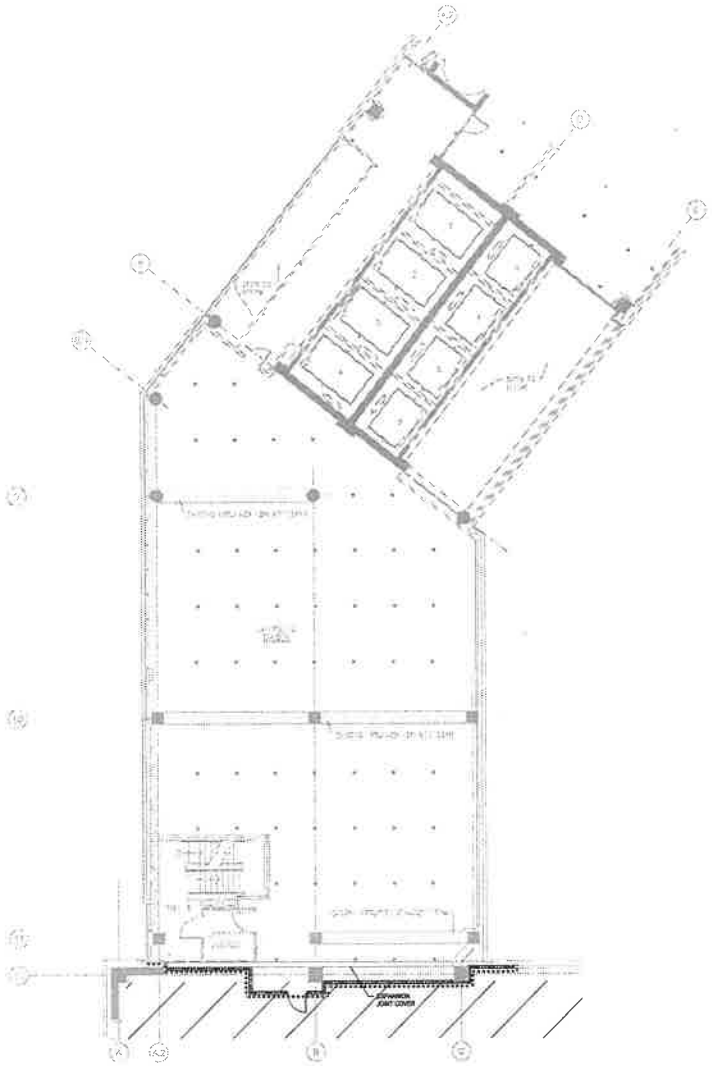
Drawing Number: A2.5.A

Date: 2 September 2014
Project Number: 21326




**PLAZA LEVEL**
**RESPIRATORY THERAPY**



2 FOURTH FLOOR INTERSTITIAL PLAN – AREA B

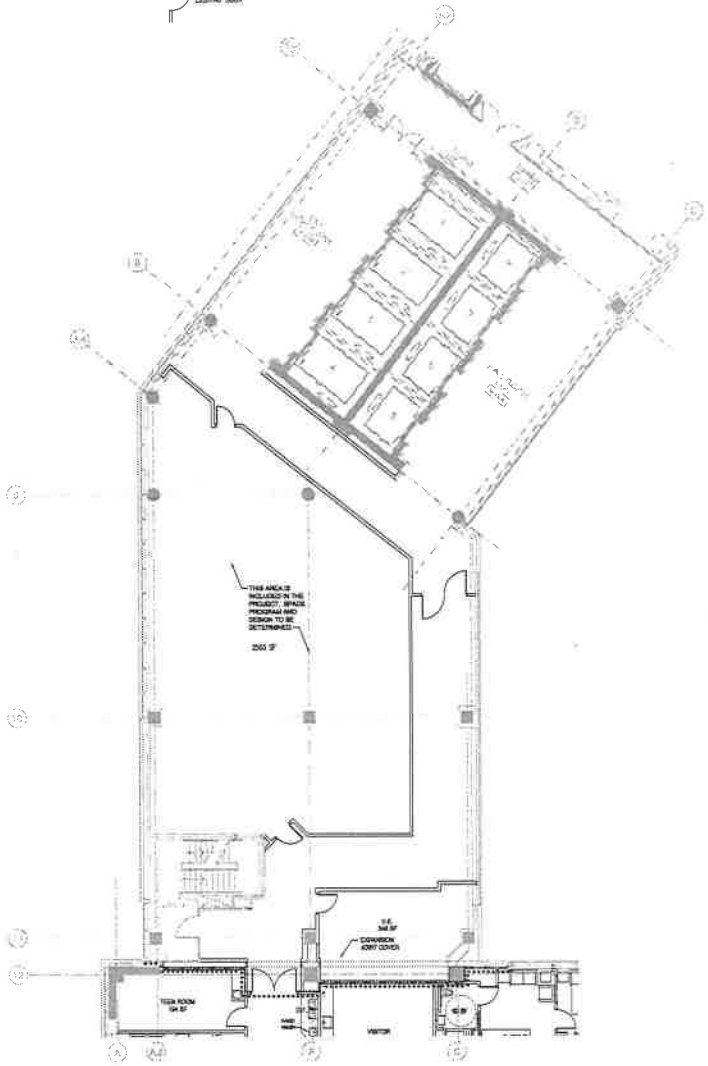
SCALE: 1/8" = 1'-0"

LEGEND

- 1-HOUR RATED FIRE BARRIER
- 2-HOUR RATED FIRE BARRIER
- SMOKE COMPARTMENT WALLS
- CONCRETE WALLS/COLUMNS
- CONCRETE BLOCK WALLS
- GYPSUM BOARD/STEEL STUD WALLS
- NEW DOOR
- EXISTING DOOR

WALL HEIGHTS

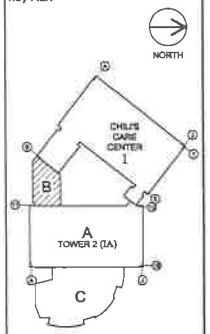
ALL WALLS THIS FLOOR TO EXTEND FROM FLOOR TO UNDERSIDE OF FLOOR SLAB OR INTERSTITIAL FLOOR ABOVE AND ARE TO RECEIVE FULL HEIGHT 3 1/2" SOUND BATT INSULATION.




1 FOURTH FLOOR PLAN – AREA B

SCALE: 1/8" = 1'-0"

Key Plan

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Seal

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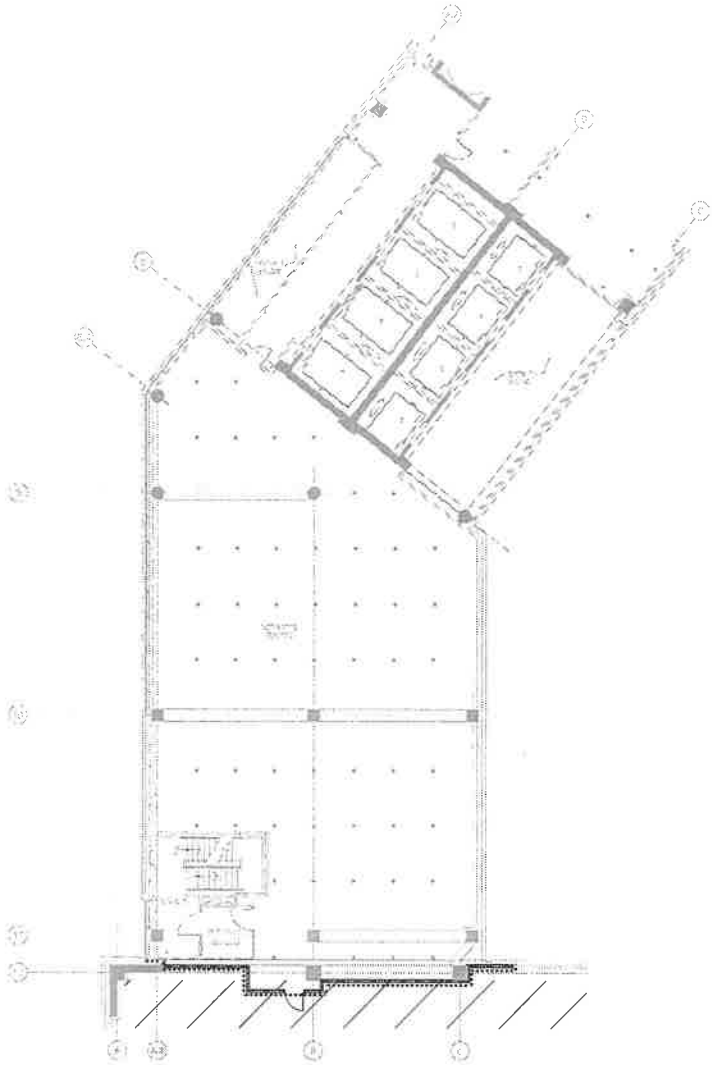
Evans Taylor Foster Childress Architects

FOURTH FLOOR AND INTERSTITIAL PLAN AREA B

Drawing number: A2.4.B

Date: 22 August 2014

Project number: 21326



2 FIFTH FLOOR INTERSTITIAL PLAN – AREA B

SCALE: 1/8" = 1'-0"

LEGEND

1-HOUR RATED FIRE BARRIER

2-HOUR RATED FIRE BARRIER

SMOKE COMPARTMENT WALLS

CONCRETE WALLS/COLUMNS

CONCRETE BLOCK WALLS

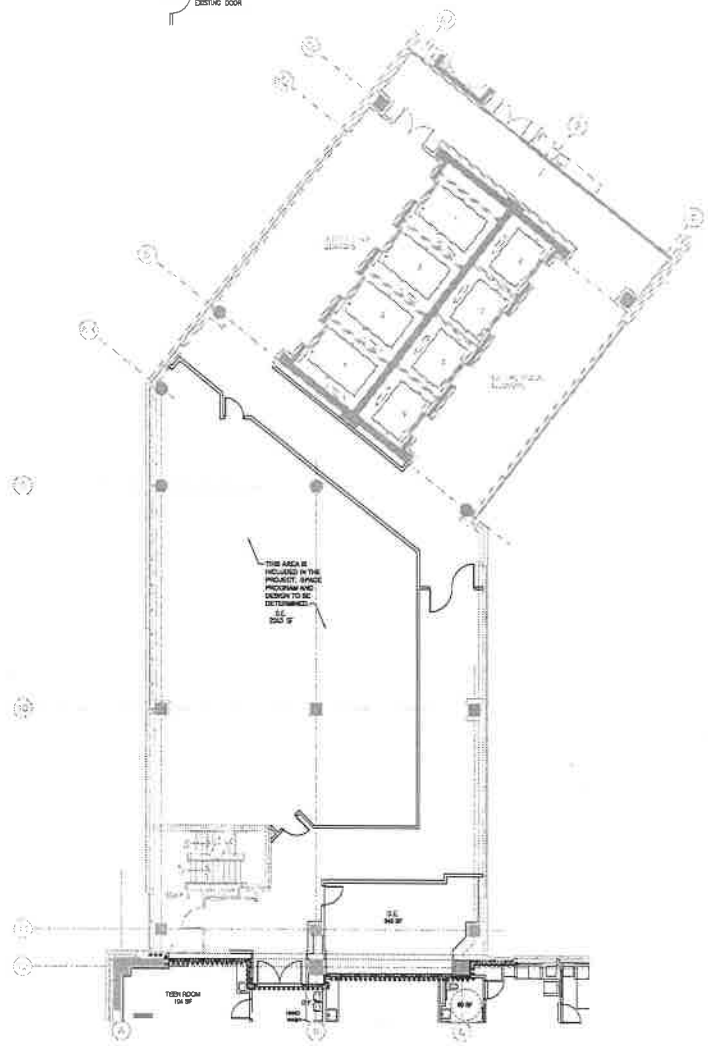
GYPSUM BOARD/STEEL STUD WALLS

NEW DOOR

EXISTING DOOR

WALL HEIGHTS

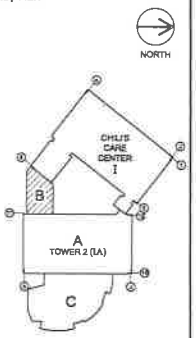
ALL WALLS THIS FLOOR TO EXTEND FROM FLOOR TO UNDERSIDE OF FLOOR SLAB OR INTERSTITIAL FLOOR ABOVE AND ARE TO RECEIVE FULL HEIGHT 3 1/2" SOUND BATT INSULATION.




1 FIFTH FLOOR PLAN – AREA B

SCALE: 1/8" = 1'-0"

Key Plan

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Seal

STAGE 1 CONCEPT DESIGN

343 North Main Street
Memphis, Tennessee 38103
Telephone: 901.525.6344
Facsimile: 901.525.5420
Evans Taylor Foster Childress Architects

FIFTH FLOOR AND INTERSTITIAL PLAN AREA B

Drawing Number

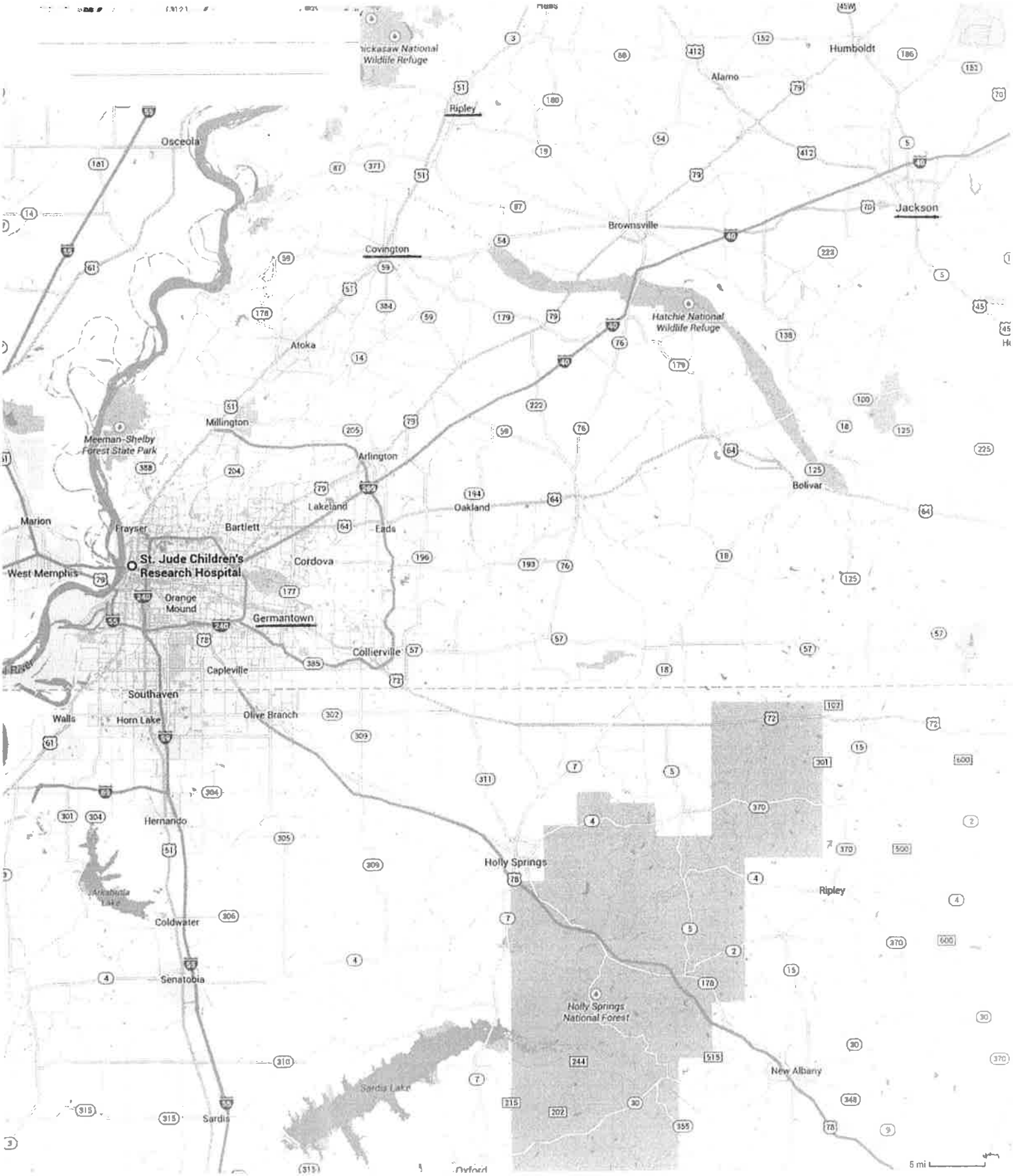
A2.5.B

22 August 2014

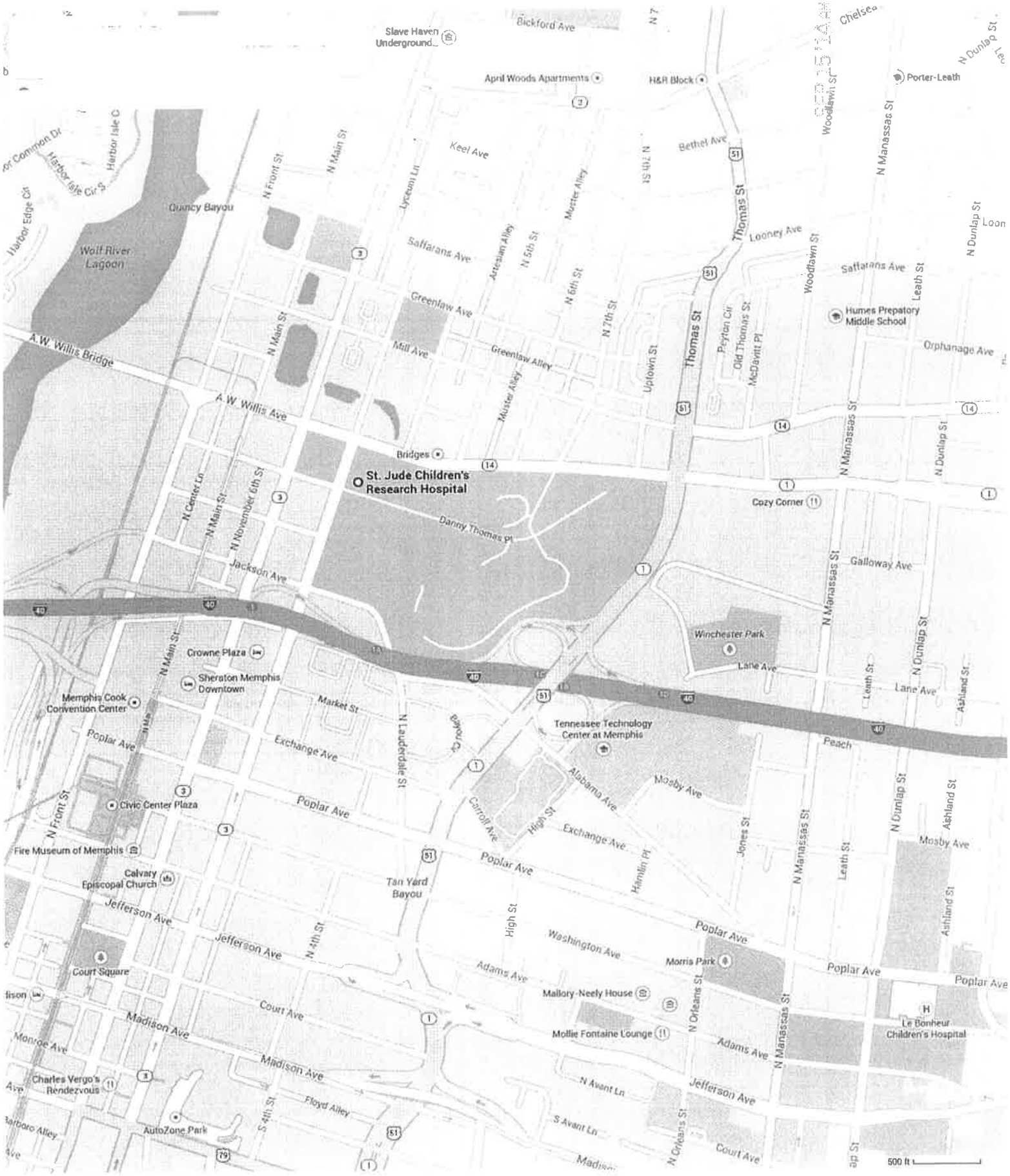
Project Number

21326

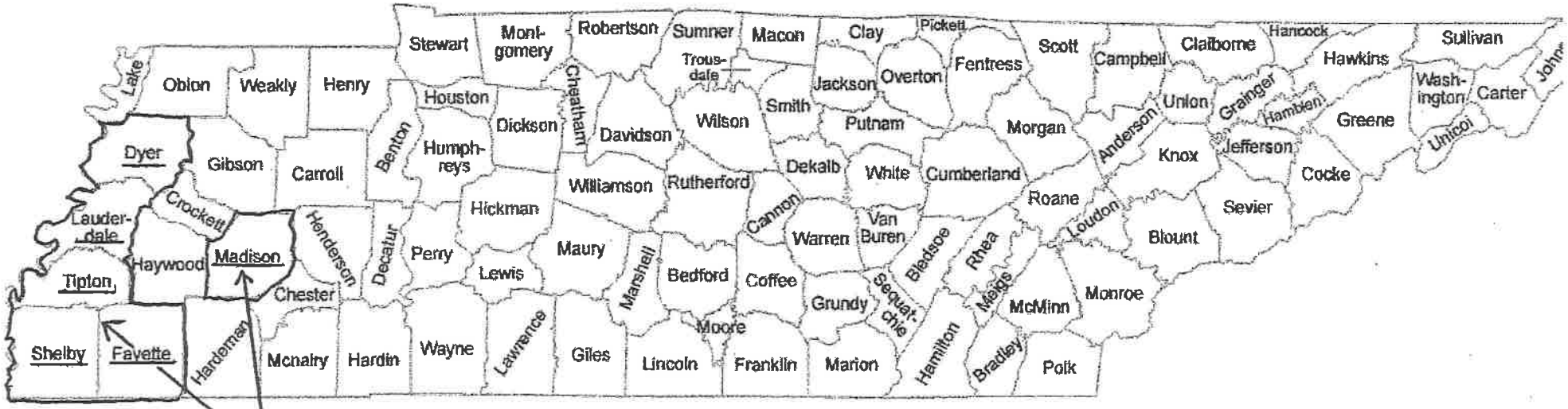
# C, Need--3
# Service Area Maps


Chickasaw National Wildlife Refuge
Humboldt
Alamo
Ripley
Osceola
Jackson
Brownsville
Covington
Hatchie National Wildlife Refuge
Atoka
Millington
Meeman-Shelby Forest State Park
Arlington
Bolivar
Lakeland
Oakland
Marion
Frayser
Bartlett
Eads
St. Jude Children's Research Hospital
Cordova
West Memphis
Orange Mound
Germantown
Collierville
Capleville
Southaven
Walls
Horn Lake
Olive Branch
Hernando
Holly Springs
Ripley
Coldwater
Senatobia
Holly Springs National Forest
New Albany
Sardis Lake
Sardis
Oxford
5 mi

St. Jude Children's Research Hospital
Memphis
Mississippi River
Memphis Zoo
Overton Park
Dr Martin Luther King Jr Expy
Sam Cooper Blvd
Walnut Grove Rd
Oak Court Mall
Frayser Blvd
Frayser Raleigh Rd
Egypt Central Rd
John F Kennedy Park
Wolf River Lagoon
North Memphis
Medical District
Midtown
Binghamton
Central Gardens
Cooper-Young
Orange Mound
Kilowatt Lake
Hyde Park
Overton Park Ave
Poplar Ave
Madison Ave
Peabody Ave
Central Ave
Southern Ave
Park Ave
Walker Ave
E McLemore Ave
E Trigg Ave
South Pkwy E
E Person Ave
Alice Ave
E Mallory Ave
Dunn Ave
Barron Ave
Kimball Ave
Harris Ave
Sharpe Ave
Elliston Rd
Dwight Rd
Ball Rd
E Alcy Rd
Ketchum Rd
Avron B Fogelman Expy
American Way
Democrat Rd
Cottonwood Rd
Knight Arnold Rd
W Peebles Rd
W Brooks Rd
E Brooks Rd
Rivergate Dr
W B Fowler St Expy
Jackson Ave
Vollintine Ave
Chelsea Ave
Lyon Ave
Wales Ave
Macon Rd
McCrory Ave
Given Ave
Turnwiler Ave
Sequoia Rd
Colonial Rd
Cherry Rd
Ivy Rd
Stage Rd
Austin Peay
Yale Rd
Whitney Ave
Scenic Hwy
James Rd
Carrollton Ave
Floyd Ave
Coming Ave
St Elmo Ave
Hawkins Mill Rd
Levee Rd
Breedlove St
Springdale St
Hyde Park
Collins St
Tillman St
N Highland St
Walnut Grove Rd
Southern Ave
Park Ave
Barron Ave
Kimball Ave
Dunn Ave
Harris Ave
Sharpe Ave
Elliston Rd
Dwight Rd
Ball Rd
E Alcy Rd
Ketchum Rd
American Way
Democrat Rd
Cottonwood Rd
Knight Arnold Rd
1 mi


Slave Haven Underground
Bickford Ave
April Woods Apartments
H&R Block
Porter-Leath
Chelsea
N Dunlap St
Harbor Isle Cir S
Harbor Isle Ct
Harbor Edge Ct
Quincy Bayou
Wolf River Lagoon
N Front St
N Main St
Lyceum Ln
Keel Ave
Muster Alley
N 7th St
Bethel Ave
Woodlawn St
N Manassas St
Thomas St
Looney Ave
Saffarans Ave
Artesian Alley
N 5th St
N 6th St
Greenlaw Ave
Mill Ave
Greenlaw Alley
Uptown St
Peyton Cir
Old Thomas St
McDavitt Pl
Woodlawn St
Leath St
Humes Prepatory Middle School
Orphanage Ave
A.W. Willis Bridge
A.W. Willis Ave
Bridges
St. Jude Children's Research Hospital
Danny Thomas Pl
Cozy Corner
N Center Ln
N November 6th St
Jackson Ave
Galloway Ave
Winchester Park
Lane Ave
Crowne Plaza
Sheraton Memphis Downtown
Memphis Cook Convention Center
Market St
Poplar Ave
Exchange Ave
N Lauderdale St
Cypress Cr
Tennessee Technology Center at Memphis
Peach
Alabama Ave
Mosby Ave
Civic Center Plaza
Carroll Ave
High St
Jones St
Ashland St
Fire Museum of Memphis
Calvary Episcopal Church
Tan Yard Bayou
Hamlin Pl
Jefferson Ave
N 4th St
Washington Ave
Morris Park
Court Square
Adams Ave
Mallory-Neely House
N Orleans St
Court Ave
Madison Ave
Mollie Fontaine Lounge
Le Bonheur Children's Hospital
Monroe Ave
Charles Vergo's Rendezvous
N Avant Ln
S Avant Ln
Floyd Alley
S 4th St
AutoZone Park
500 ft

ST JUDE CHILDREN'S RESEARCH HOSPITAL




TENNESSEE PRIMARY SERVICE AREA COUNTIES

# C, Economic Feasibility--1
# Documentation of Construction Cost Estimate

EVANS TAYLOR FOSTER CHILDRESS ▪ ARCHITECTS

September 10, 2014

Mr. John Curran
Director Design and Construction
St. Jude Children's Research Hospital
262 Danny Thomas Place, Mail Stop 503
Memphis, Tennessee 38105-3678

RE: Bed Replacement and Respiratory Therapy Project
St. Jude Children's Research Hospital
262 Danny Thomas Place
Memphis, TN. 38105
ETFC 21326

Dear John:

Evans Taylor Foster Childress Architects (ETFC) has reviewed the construction cost estimate for this project and, in our opinion, finds the estimated amount of approximately $27,623,696.00 to be reasonable for the type and size of project for the West Tennessee area. In providing this opinion, it is understood that ETFC has no control over the cost of availability of labor, equipment or materials, or over market conditions, or the Contractor's method of pricing, or the Code Reviewer's interpretation at a later date of the requirements for the project, and that this opinion is made on the basis of ETFC's professional judgment and experience. ETFC makes no warranty, express or implied, that the bids or the negotiated cost of the Work will not vary from the construction cost estimate.

The following codes and regulations will be followed in the design of this project:

1. Codes and Regulations enforced by the State of Tennessee Department of Health
   a. 2012 International Building Code (IBC)
   b. 2012 National Fire Protection Association
   c. 2012 International Plumbing Code (IPC)
   d. 2012 International Mechanical Code (IMC)
   e. 2012 International Fuel Gas Code (IFC)
   f. 2012 NFPA1, excluding NFPA 5000
   g. 2011 National Electric Code
   h. 2008 ASHRAE/ASHE Standard
   i. 2010 Guidelines for Design and Construction of Healthcare Facilities
   j. 2012 NFPA Life Safety Code (LSC)
   k. 2012 NFPA 99 – Health Care Facilities
2. Codes and Regulations enforced by the Memphis and Shelby County Office of Construction Code Enforcement
   a. 2009 Edition International Building Code (Chapters 1-13 and 27-33 and Chapter 35) with Local Amendments (IBC)
   b. 2012 Edition International Existing Building Code (Chapters 14-26 and Chapter 34) with Local Amendments (IBC)
   c. 2012 Edition International Existing Building Code
   d. 2012 Edition International Residential Building Code

[illegible] ▪ Memphis, Tennessee 38105 ▪ V 901.525.6344 ▪ F 901.525.5420 ▪ Email@ETFC-arch.com

e. 2003 Edition American National Standard ICC A 117.1 2009 in conjunction with Chapter 11 of 2009 IBC
f. 2008 Edition National Electric Code (NEC)
g. 2012 Edition Joint Electrical Code (JEC)
h. 2009 Edition International Mechanical Code (IMC)
i. 2009 Edition International Gas Code with Local Amendments (IGC)
j. 2009 Edition International Plumbing Code with Local Amendments (IPC)
k. 2010 Edition ANSI/ASME Elevator Code – A17.1
l. 2009 Edition International Energy Conservation Code (IECC)

3. Notes
   a. This project is to also comply with the 2010 ADA Standards for Accessible Design
   b. When conflicts occur between any of the above referenced codes, the more stringent requirement is to be followed.

Sincerely,

Rusty Foster, AIA, Partner

# C, Economic Feasibility--2
# Documentation of Availability of Funding

St. Jude Children's Research Hospital
ALSAC · Danny Thomas, Founder

September 4, 2014

Melanie Hill, Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Dear Mrs. Hill:

St. Jude Children's Research Hospital, Inc. (a corporation), intends to file an application for a Certificate of Need (CON) to construct fifty-four (54) inpatient acute care beds on three shelled floors (floors 3-5) of its Kay Research and Care Center, located at 315 Danny Thomas Place, Memphis, TN 38105, on the St. Jude campus. Fifty-two (52) of those beds will be replacement beds; two (2) will be new licensed beds. The project will also finish out two shelled-in connectors to an adjoining building and will relocate Respiratory Therapy from the Patient Care Center to the Kay Center. This will require approximately $38,600,000.00 in actual capital expenditures.

American Lebanese Syrian Associated Charities, Inc. ("ALSAC"), a not-for-profit, section 501(c)(3) corporation, is the charity founded by the late entertainer Danny Thomas in 1957 to raise funds exclusively for the support of St. Jude Children's Research Hospital. As Chief Financial Officer of ALSAC, I am writing to confirm that ALSAC will provide all funding required to complete the tower project and operate its new services, and that ALSAC will continue to cover any operational deficits of the hospital as it pursues its mission of pediatric research and patient care.

To ensure continued funding of hospital operational expenses, ALSAC will provide cash transfers to the hospital, as needed. The Certificate of Need application includes appropriate excerpts from ALSAC's current audited financial statements, documenting that sufficient cash reserves, operating income, and lines of credit exist at ALSAC to provide the referenced funding.

Sincerely,

Jeff Pearson
Chief Financial Officer
ALSAC/St. Jude Children's Research Hospital

# C, Orderly Development--7(C)
# Licensing & Accreditation Inspections

St. Jude Children's
Research Hospital

March 22, 2005

State of Tennessee
Department of Health
West Tennessee Health Care Facilities
781B Airways Boulevard
Jackson, Tennessee 38310-3203

Attention: Celia Skelley, MSN, RN

RE: Fire Safety Licensure Survey, March 10, 2005

Dear Ms. Skelley,

We have completed the repairs required to correct the two deficiencies noted during the subject Fire Safety Licensure Survey. The Statement of Deficiencies and Plan for Correction Form is completed and enclosed for your records as required.

If you have any questions, or if I can be of further assistance, please call me at (901)495-3608.

Respectfully submitted,

Robert B. Hall, CPE, CEM
Director, Facility Operations and Maintenance

STATE OF TENNESSEE
DEPARTMENT OF HEALTH
WEST TENNESSEE HEALTH CARE FACILITIES
781-B AIRWAYS BOULEVARD
JACKSON, TENNESSEE 38301-3203

March 17, 2005

Dr. William Evans, Director
St. Jude Children's Research Hospital
332 N Lauderdale Street
Memphis, TN 38105

RE: Fire Safety Licensure Survey

Dear Dr. Evans:

Enclosed is the statement of deficiencies for the fire safety licensure survey completed at your facility completed on March 10, 2005. Based upon 1200-8-1-.08, you are asked to submit an acceptable plan of correction for achieving compliance with completion dates, and signature within ten (10) days from the date of this letter.

Please address each deficiency separately with positive and specific statements advising this office of a plan of correction that includes acceptable time schedule, which will lead to the correction of the cited deficiencies. Enter on the right side of the State Form, opposite the deficiencies, your planned action to correct the deficiencies and the expected completion date. The completion date can be no longer than 45 days from the day of survey. Before the plan can be considered "acceptable," it must be signed and dated by the administrator

Your plan of correction must contain the following:

- How the deficiency will be corrected;
- How the facility will prevent the same deficiency from recurring.
- The date the deficiency will be corrected;
- How ongoing compliance will be monitored.

Please be advised that under the disclosure of survey information provisions, the Statement of Deficiencies will be available to the public.

If you are in disagreement with the deficiencies cited, you may request an Informal Dispute Resolution. The request must be made in writing and be submitted with the Plan of Correction to the West Tennessee Health Care Facilities Regional Office. Each deficiency being disputed must be listed and evidence must be provided to verify that the deficiency should not have been cited. This process will not delay any enforcement action.

If assistance is needed, please feel free to call me at 731-421-5113.

Sincerely,

Celia Skelley for

Celia Skelley, MSN, RN
Public Health Consultant Nurse 2

CS/TW

PRINTED: 03/11/2005
FORM APPROVED

Division of Health Care Facilities

| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: | (X2) MULTIPLE CONSTRUCTION<br>A. BUILDING 01 - MAIN<br>B. WING | (X3) DATE SURVEY COMPLETED |
|---|---|---|---|
| | TNP531113 | | 03/10/2005 |

| NAME OF PROVIDER OR SUPPLIER | STREET ADDRESS, CITY, STATE, ZIP CODE |
|---|---|
| ST JUDE CHILDRENS RESEARCH HOS | 332 NORTH LAUDERDALE ST<br>MEMPHIS, TN 38105 |

| (X4) ID PREFIX TAG | SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) | ID PREFIX TAG | PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY) | (X5) COMPLETE DATE |
|---|---|---|---|---|
| H 871 | 1200-8-1-.08 (1) Building Standards<br><br>(1) The hospital must be constructed, arranged, and maintained to ensure the safety of the patient.<br><br>This Statue is not met as evidenced by:<br>Surveyor: 13913<br><br>Based on observation and manual testing, it was determined that the facility failed to maintain fire doors.<br><br>The findings included:<br><br>On 3/10/05, it was determined the doors to the 3rd floor center stairwell would not close completely and the parking garage double doors also would not close completely and contained a damaged astragal. These conditions would not prevent spread of smoke or fire to other portions of the structure. | H 871 | Both doors were repaired on 3/11/05 and verified to be working properly. | 3/11/05 |

Division of Health Care Facilities

Robert B. Hall — Robert B. Hall — Director Facility Operations & Maintenance — 21 March 05

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE — TITLE — (X6) DATE

STATE FORM — 6899 — NSWC21 — If continuation sheet 1 of 1

## Hall, Bruce

**From:** Griffin, Dean

**Sent:** Tuesday, March 15, 2005 10:50 AM

**To:** Hall, Bruce

**Subject:** Fire Marshal's Visit on 3/10/05

Bruce,

Tommy Hardin with the State Fire Marshal's office performed an inspection of the Patient Care Center and Alsac Tower patient areas and kitchen on 3/10/05. A walk-through was made of all floors and areas where patient care is provided. He also visited our office where documentation of fire safety compliance was reviewed. Overall the inspection was excellent. The only noted deficiencies were two fire doors that did not properly latch (PCC 2nd floor north center fire door and the double doors leading into the PCC Garage). Both doors were repaired on 3/11/05 and verified by me to be working properly.

Dean

# C, Economic Feasibility--10
# Financial Statements

# St. Jude Children's Research Hospital, Inc. American Lebanese Syrian Associated Charities, Inc.

Combined Financial Statements as of and for the Years Ended June 30, 2013 and 2012, and Independent Auditors' Report

# ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.
# AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

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| COMBINED FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED JUNE 30, 2013 AND 2012: | |
| Statements of Financial Position | 3 |
| Statements of Activities | 4–5 |
| Statements of Functional Expenses | 6–7 |
| Statements of Cash Flows | 8 |
| Notes to Combined Financial Statements | 9–24 |

Deloitte.

Deloitte & Touche LLP
100 Peabody Place
Suite 800
Memphis, TN 38103-0830
USA

Tel: +1 901 322 6700
Fax: +1 901 322 6799
www.deloitte.com

## INDEPENDENT AUDITORS' REPORT

To the Board of Governors of
St. Jude Children's Research Hospital, Inc. and
the Board of Directors of
American Lebanese Syrian Associated Charities, Inc.

We have audited the accompanying combined financial statements of St. Jude Children's Research Hospital, Inc. and American Lebanese Syrian Associates Charities, Inc. (collectively, the "Organization"), which comprise the combined statements of financial position as of June 30, 2013 and 2012, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

### Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined financial position of the Organization as of June 30, 2013 and 2012, and the changes in its net assets, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Deloitte & Touche LLP

October 21, 2013

# ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.
# AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

## COMBINED STATEMENTS OF FINANCIAL POSITION
## AS OF JUNE 30, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| **ASSETS** | | |
| CASH AND CASH EQUIVALENTS | $ 42,378,176 | $ 84,035,939 |
| RECEIVABLES: | | |
| Contributions | 21,141,316 | 17,361,882 |
| Patient care services — net | 13,112,953 | 12,790,434 |
| Grants and contracts | 5,664,796 | 8,142,964 |
| Other | 1,689,320 | 2,390,580 |
| UNRESTRICTED INVESTMENTS | 1,784,208,195 | 1,499,058,806 |
| RESTRICTED INVESTMENTS | 897,401,395 | 828,468,535 |
| ASSETS LIMITED AS TO USE | 11,939,754 | 11,687,967 |
| PROPERTY AND EQUIPMENT — Net | 539,600,897 | 495,124,755 |
| OTHER ASSETS | 19,595,347 | 22,856,460 |
| TOTAL | $ 3,336,732,149 | $ 2,981,918,322 |
| **LIABILITIES AND NET ASSETS** | | |
| LIABILITIES: | | |
| Accounts payable | $ 42,262,021 | $ 44,017,749 |
| Accrued expenses | 45,054,004 | 45,088,309 |
| Annuity obligations | 36,228,849 | 29,076,274 |
| Long-term debt | 228,557,040 | 233,841,492 |
| Other liabilities | 12,300,793 | 12,138,233 |
| Total liabilities | 364,402,707 | 364,162,057 |
| NET ASSETS: | | |
| Unrestricted | 2,068,341,902 | 1,782,242,015 |
| Temporarily restricted | 60,144,267 | 52,799,597 |
| Permanently restricted | 843,843,273 | 782,714,653 |
| Total net assets | 2,972,329,442 | 2,617,756,265 |
| TOTAL | $ 3,336,732,149 | $ 2,981,918,322 |

See notes to combined financial statements.

# ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.
# AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

## COMBINED STATEMENTS OF ACTIVITIES
## FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| REVENUES, GAINS, AND OTHER SUPPORT: | | | | | | | | |
| Support: | | | | | | | | |
| Contributions | $ 713,849,965 | $ 4,084,400 | $ 250,000 | $ 718,184,365 | $ 651,303,869 | $ 4,400,715 | $ 250,000 | $ 655,954,584 |
| Bequests | 152,308,415 | 50,000 | 455,311 | 152,813,726 | 137,580,714 | - | 3,609,109 | 141,189,823 |
| Special events — net | 10,250,679 | - | - | 10,250,679 | 8,525,443 | - | - | 8,525,443 |
| Total support | 876,409,059 | 4,134,400 | 705,311 | 881,248,770 | 797,410,026 | 4,400,715 | 3,859,109 | 805,669,850 |
| Revenues: | | | | | | | | |
| Net patient service revenue | 104,014,142 | - | - | 104,014,142 | 95,536,676 | - | - | 95,536,676 |
| Research grants and contracts | 93,786,270 | - | - | 93,786,270 | 95,189,714 | - | - | 95,189,714 |
| Net investment income (loss) | 126,744,307 | 5,615,939 | 69,209,599 | 201,569,845 | (19,727,484) | 2,550,365 | (8,877,846) | (26,054,965) |
| Net assets released from restrictions | 11,191,959 | (2,405,669) | (8,786,290) | - | 1,965,188 | (1,065,188) | (900,000) | - |
| Other revenues | 10,778,398 | - | - | 10,778,398 | 8,636,409 | - | - | 8,636,409 |
| Total revenues | 346,515,076 | 3,210,270 | 60,423,309 | 410,148,655 | 181,600,503 | 1,485,177 | (9,777,846) | 173,307,834 |
| Total revenues, gains (losses), and other support | 1,222,924,135 | 7,344,670 | 61,128,620 | 1,291,397,425 | 979,010,529 | 5,885,892 | (5,918,737) | 978,977,684 |
| EXPENSES: | | | | | | | | |
| Program services: | | | | | | | | |
| Patient care services | 299,875,022 | - | - | 299,875,022 | 289,489,762 | - | - | 289,489,762 |
| Research | 315,814,938 | - | - | 315,814,938 | 309,831,750 | - | - | 309,831,750 |
| Education, training, and community services | 76,226,314 | - | - | 76,226,314 | 71,524,200 | - | - | 71,524,200 |
| Total program services | 691,916,274 | - | - | 691,916,274 | 670,845,712 | - | - | 670,845,712 |

(Continued)

# ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.
# AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

## COMBINED STATEMENTS OF ACTIVITIES
## FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | 2013 | | | | 2012 | | | |
|---|---|---|---|---|---|---|---|---|
| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
| EXPENSES: | | | | | | | | |
| Supporting services: | | | | | | | | |
| Fundraising | $ 149,477,159 | $ - | $ - | $ 149,477,159 | $ 143,085,645 | $ - | $ - | $ 143,085,645 |
| Administrative and general — Hospital | 30,530,204 | - | - | 30,530,204 | 28,172,240 | - | - | 28,172,240 |
| Administrative and general — ALSAC | 63,827,347 | - | - | 63,827,347 | 58,749,670 | - | - | 58,749,670 |
| Total supporting services | 243,834,710 | - | - | 243,834,710 | 230,007,555 | - | - | 230,007,555 |
| Total expenses | 935,750,984 | - | - | 935,750,984 | 900,853,267 | - | - | 900,853,267 |
| REVENUES, GAINS (LOSSES), AND OTHER SUPPORT IN EXCESS OF EXPENSES | 287,173,151 | 7,344,670 | 61,128,620 | 355,646,441 | 78,157,262 | 5,885,892 | (5,918,737) | 78,124,417 |
| LOSS FROM DISPOSAL OF PROPERTY AND EQUIPMENT | (1,073,264) | - | - | (1,073,264) | (2,007,506) | - | - | (2,007,506) |
| CHANGE IN NET ASSETS | 286,099,887 | 7,344,670 | 61,128,620 | 354,573,177 | 76,149,756 | 5,885,892 | (5,918,737) | 76,116,911 |
| NET ASSETS — Beginning of year | 1,782,242,015 | 52,799,597 | 782,714,653 | 2,617,756,265 | 1,706,092,259 | 46,913,705 | 788,633,390 | 2,541,639,354 |
| NET ASSETS — End of year | $ 2,068,341,902 | $ 60,144,267 | $ 843,843,273 | $ 2,972,329,442 | $ 1,782,242,015 | $ 52,799,597 | $ 782,714,653 | $ 2,617,756,265 |

See notes to combined financial statements.

(Concluded)

# ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.
# AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

## COMBINED STATEMENT OF FUNCTIONAL EXPENSES
## FOR THE YEAR ENDED JUNE 30, 2013

| | Program Services | | | | Supporting Services | | | |
|---|---|---|---|---|---|---|---|---|
| | Patient Care Services | Research | Education, Training, and Community Service | Total Program Services | Fundraising | Administrative and General | Total Supporting Services | Total Program and Supporting Services |
| SALARIES AND BENEFITS | $161,876,479 | $172,975,108 | $ 15,839,335 | $350,690,922 | $ 48,059,516 | $ 44,619,916 | $ 92,679,432 | $443,370,354 |
| CAMPAIGN MATERIALS AND EXPENSES | - | - | 21,713,864 | 21,713,864 | 23,675,691 | 2,877,538 | 26,553,229 | 48,267,093 |
| PROFESSIONAL FEES AND CONTRACT SERVICES | 39,985,999 | 46,431,732 | 6,938,565 | 93,356,296 | 5,477,324 | 10,347,169 | 15,824,493 | 109,180,789 |
| SUPPLIES | 53,012,705 | 39,562,579 | 319,606 | 92,894,890 | - | 1,568,844 | 1,568,844 | 94,463,734 |
| TELEPHONE | 466,423 | 583,340 | 2,013,778 | 3,063,541 | 5,539,761 | 2,359,379 | 7,899,140 | 10,962,681 |
| MAILING COSTS | - | - | 20,231,011 | 20,231,011 | 39,575,571 | 7,751,857 | 47,327,428 | 67,558,439 |
| OCCUPANCY | 9,046,325 | 9,337,808 | 641,003 | 19,025,136 | 3,236,610 | 3,680,480 | 6,917,090 | 25,942,226 |
| PRINTING AND PUBLICATIONS | - | - | 554,869 | 554,869 | 3,555,581 | 647,399 | 4,202,980 | 4,757,849 |
| TRAVEL, MEETINGS AND LOCAL TRANSPORTATION | 6,480,768 | 3,025,543 | 1,706,802 | 11,213,113 | 5,693,542 | 2,258,279 | 7,951,821 | 19,164,934 |
| INTEREST AND AMORTIZATION | 2,592,641 | 4,817,197 | 398 | 7,410,236 | - | 7,979 | 7,979 | 7,418,215 |
| SERVICE FEES | - | - | 2,137,258 | 2,137,258 | 5,817,328 | 2,554,811 | 8,372,139 | 10,509,397 |
| EQUIPMENT AND SOFTWARE MAINTENANCE | - | - | 725,238 | 725,238 | 1,612,752 | 2,331,982 | 3,944,734 | 4,669,972 |
| MISCELLANEOUS | 2,923,977 | 3,417,362 | 2,280,344 | 8,621,683 | 5,376,025 | 5,882,020 | 11,258,045 | 19,879,728 |
| Total before depreciation | 276,385,317 | 280,150,669 | 75,102,071 | 631,638,057 | 147,619,701 | 86,887,653 | 234,507,354 | 866,145,411 |
| DEPRECIATION | 23,489,705 | 35,664,269 | 1,124,243 | 60,278,217 | 1,857,458 | 7,469,898 | 9,327,356 | 69,605,573 |
| TOTAL FUNCTIONAL EXPENSES | $299,875,022 | $315,814,938 | $ 76,226,314 | $691,916,274 | $149,477,159 | $ 94,357,551 | $243,834,710 | $935,750,984 |

See notes to combined financial statements.

# ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.
# AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

## COMBINED STATEMENT OF FUNCTIONAL EXPENSES
## FOR THE YEAR ENDED JUNE 30, 2012

| | Program Services | | | | Supporting Services | | | |
|---|---|---|---|---|---|---|---|---|
| | Patient Care Services | Research | Education, Training, and Community Service | Total Program Services | Fundraising | Administrative and General | Total Supporting Services | Total Program and Supporting Services |
| SALARIES AND BENEFITS | $152,974,108 | $167,731,765 | $ 14,721,071 | $335,426,944 | $ 44,376,190 | $ 41,649,754 | $ 86,025,944 | $421,452,888 |
| CAMPAIGN MATERIALS AND EXPENSES | - | - | 18,418,976 | 18,418,976 | 21,677,664 | 2,683,026 | 24,360,690 | 42,779,666 |
| PROFESSIONAL FEES AND CONTRACT SERVICES | 37,853,367 | 45,329,925 | 5,641,213 | 88,824,505 | 1,924,112 | 5,501,971 | 7,426,083 | 96,250,588 |
| SUPPLIES | 47,949,165 | 37,368,461 | 447,229 | 85,764,855 | - | 1,362,414 | 1,362,414 | 87,127,269 |
| TELEPHONE | 505,600 | 606,613 | 1,734,012 | 2,846,225 | 5,782,169 | 2,440,768 | 8,222,937 | 11,069,162 |
| MAILING COSTS | - | - | 20,658,451 | 20,658,451 | 39,927,877 | 7,722,795 | 47,650,672 | 68,309,123 |
| OCCUPANCY | 8,804,022 | 10,022,202 | 623,585 | 19,449,809 | 2,970,352 | 3,681,329 | 6,651,681 | 26,101,490 |
| PRINTING AND PUBLICATIONS | - | - | 414,688 | 414,688 | 2,876,300 | 576,536 | 3,452,836 | 3,867,524 |
| TRAVEL, MEETINGS AND LOCAL TRANSPORTATION | 6,646,528 | 3,182,441 | 1,564,650 | 11,393,619 | 4,856,991 | 1,789,171 | 6,646,162 | 18,039,781 |
| INTEREST AND AMORTIZATION | 3,706,545 | 6,308,785 | 919 | 10,016,249 | - | 18,641 | 18,641 | 10,034,890 |
| SERVICE FEES | - | - | 1,648,848 | 1,648,848 | 5,694,559 | 2,305,658 | 8,000,217 | 9,649,065 |
| EQUIPMENT AND SOFTWARE MAINTENANCE | - | - | 591,143 | 591,143 | 1,356,285 | 2,278,256 | 3,634,541 | 4,225,684 |
| MISCELLANEOUS | 6,408,965 | 3,739,931 | 4,079,285 | 14,228,181 | 10,275,837 | 7,565,571 | 17,841,408 | 32,069,589 |
| Total before depreciation | 264,848,300 | 274,290,123 | 70,544,070 | 609,682,493 | 141,718,336 | 79,575,890 | 221,294,226 | 830,976,719 |
| DEPRECIATION | 24,641,462 | 35,541,627 | 980,130 | 61,163,219 | 1,367,309 | 7,346,020 | 8,713,329 | 69,876,548 |
| TOTAL FUNCTIONAL EXPENSES | $289,489,762 | $309,831,750 | $ 71,524,200 | $670,845,712 | $143,085,645 | $ 86,921,910 | $230,007,555 | $900,853,267 |

See notes to combined financial statements.

## ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC.
## AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC.

### COMBINED STATEMENTS OF CASH FLOWS
### FOR THE YEARS ENDED JUNE 30, 2013 AND 2012

| | 2013 | 2012 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Changes in net assets | $ 354,573,177 | $ 76,116,911 |
| Adjustments to reconcile change in net assets to net cash provided by operating activities: | | |
| Depreciation | 69,605,573 | 69,876,548 |
| Amortization | (559,744) | (556,433) |
| Net realized and unrealized investment (gains) losses | (175,697,278) | 50,702,936 |
| Loss on disposal of property and equipment | 1,073,264 | 2,007,506 |
| Transfer of permanently restricted contributions, interest and transfers of restricted assets | 263,089 | (10,841,894) |
| Changes in operating assets and liabilities: | | |
| Contributions receivable | (3,779,434) | (2,117,664) |
| Patient care and other receivables | 2,856,909 | 1,758,141 |
| Other assets | 3,191,405 | (126,771) |
| Accounts payable and accrued expenses | (1,627,473) | 5,912,435 |
| Annuity obligations | 7,152,575 | 3,873,159 |
| Net cash provided by operating activities | 257,052,063 | 196,604,874 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of investments | (710,047,478) | (543,070,739) |
| Sale of investments | 531,529,345 | 418,530,603 |
| Net (increase) decrease in assets limited as to use | (118,625) | 1,607,746 |
| Capital expenditures | (115,820,675) | (81,105,242) |
| Proceeds from disposal of property and equipment | 665,696 | 971,839 |
| Net cash used in investing activities | (293,791,737) | (203,065,793) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Transfer of permanently restricted contributions, interest and transfers of restricted assets | (263,089) | 10,841,894 |
| Bond principal payments | (4,655,000) | (4,435,000) |
| Net cash (used in) provided by financing activities | (4,918,089) | 6,406,894 |
| NET CHANGE IN CASH AND EQUIVALENTS | (41,657,763) | (54,025) |
| CASH AND CASH EQUIVALENTS — Beginning of year | 84,035,939 | 84,089,964 |
| CASH AND CASH EQUIVALENTS — End of year | $ 42,378,176 | $ 84,035,939 |

See notes to combined financial statements.

# Miscellaneous Information

# Dyer County, Tennessee

| People QuickFacts | Dyer County | Tennessee |
|---|---|---|
| Population, 2013 estimate | 38,213 | 6,495,978 |
| Population, 2010 (April 1) estimates base | 38,337 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2013 | -0.3% | 2.4% |
| Population, 2010 | 38,335 | 6,346,105 |
| Persons under 5 years, percent, 2013 | 6.5% | 6.2% |
| Persons under 18 years, percent, 2013 | 24.3% | 23.0% |
| Persons 65 years and over, percent, 2013 | 16.0% | 14.7% |
| Female persons, percent, 2013 | 51.6% | 51.2% |
| White alone, percent, 2013 (a) | 82.8% | 79.1% |
| Black or African American alone, percent, 2013 (a) | 14.6% | 17.0% |
| American Indian and Alaska Native alone, percent, 2013 (a) | 0.4% | 0.4% |
| Asian alone, percent, 2013 (a) | 0.6% | 1.6% |
| Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a) | Z | 0.1% |
| Two or More Races, percent, 2013 | 1.6% | 1.7% |
| Hispanic or Latino, percent, 2013 (b) | 3.0% | 4.9% |
| White alone, not Hispanic or Latino, percent, 2013 | 80.4% | 74.9% |
| Living in same house 1 year & over, percent, 2008-2012 | 82.1% | 84.4% |
| Foreign born persons, percent, 2008-2012 | 1.4% | 4.5% |
| Language other than English spoken at home, pct age 5+, 2008-2012 | 2.7% | 6.6% |
| High school graduate or higher, percent of persons age 25+, 2008-2012 | 81.9% | 83.9% |
| Bachelor's degree or higher, percent of persons age 25+, 2008-2012 | 17.7% | 23.5% |
| Veterans, 2008-2012 | 3,119 | 493,980 |
| Mean travel time to work (minutes), workers age 16+, 2008-2012 | 18.1 | 24.1 |
| Housing units, 2013 | 16,711 | 2,840,914 |
| Homeownership rate, 2008-2012 | 64.1% | 68.4% |
| Housing units in multi-unit structures, percent, 2008-2012 | 14.7% | 18.2% |
| Median value of owner-occupied housing units, 2008-2012 | $96,500 | $138,700 |
| Households, 2008-2012 | 14,953 | 2,468,841 |
| Persons per household, 2008-2012 | 2.52 | 2.51 |
| Per capita money income in past 12 months (2012 dollars), 2008-2012 | $20,444 | $24,294 |
| Median household income, 2008-2012 | $38,167 | $44,140 |
| Persons below poverty level, percent, 2008-2012 | 19.2% | 17.3% |

| Business QuickFacts | Dyer County | Tennessee |
|---|---|---|
| Private nonfarm establishments, 2012 | 798 | 130,592[1] |
| Private nonfarm employment, 2012 | 12,915 | 2,344,047[1] |
| Private nonfarm employment, percent change, 2011-2012 | 0.6% | 1.9%[1] |
| Nonemployer establishments, 2012 | 2,497 | 471,026 |
| Total number of firms, 2007 | 3,139 | 545,348 |
| Black-owned firms, percent, 2007 | S | 8.4% |

# Fayette County, Tennessee

| People QuickFacts | Fayette County | Tennessee |
|---|---|---|
| Population, 2013 estimate | 38,690 | 6,495,978 |
| Population, 2010 (April 1) estimates base | 38,413 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2013 | 0.7% | 2.4% |
| Population, 2010 | 38,413 | 6,346,105 |
| Persons under 5 years, percent, 2013 | 5.5% | 6.2% |
| Persons under 18 years, percent, 2013 | 21.4% | 23.0% |
| Persons 65 years and over, percent, 2013 | 17.8% | 14.7% |
| Female persons, percent, 2013 | 50.3% | 51.2% |
| White alone, percent, 2013 (a) | 70.3% | 79.1% |
| Black or African American alone, percent, 2013 (a) | 27.8% | 17.0% |
| American Indian and Alaska Native alone, percent, 2013 (a) | 0.3% | 0.4% |
| Asian alone, percent, 2013 (a) | 0.6% | 1.6% |
| Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a) | Z | 0.1% |
| Two or More Races, percent, 2013 | 0.9% | 1.7% |
| Hispanic or Latino, percent, 2013 (b) | 2.5% | 4.9% |
| White alone, not Hispanic or Latino, percent, 2013 | 68.1% | 74.9% |
| Living in same house 1 year & over, percent, 2008-2012 | 92.3% | 84.4% |
| Foreign born persons, percent, 2008-2012 | 2.0% | 4.5% |
| Language other than English spoken at home, pct age 5+, 2008-2012 | 3.5% | 6.6% |
| High school graduate or higher, percent of persons age 25+, 2008-2012 | 84.5% | 83.9% |
| Bachelor's degree or higher, percent of persons age 25+, 2008-2012 | 20.2% | 23.5% |
| Veterans, 2008-2012 | 2,786 | 493,980 |
| Mean travel time to work (minutes), workers age 16+, 2008-2012 | 32.0 | 24.1 |
| Housing units, 2013 | 15,994 | 2,840,914 |
| Homeownership rate, 2008-2012 | 81.9% | 68.4% |
| Housing units in multi-unit structures, percent, 2008-2012 | 5.5% | 18.2% |
| Median value of owner-occupied housing units, 2008-2012 | $173,700 | $138,700 |
| Households, 2008-2012 | 14,412 | 2,468,841 |
| Persons per household, 2008-2012 | 2.63 | 2.51 |
| Per capita money income in past 12 months (2012 dollars), 2008-2012 | $28,541 | $24,294 |
| Median household income, 2008-2012 | $56,297 | $44,140 |
| Persons below poverty level, percent, 2008-2012 | 13.2% | 17.3% |

| Business QuickFacts | Fayette County | Tennessee |
|---|---|---|
| Private nonfarm establishments, 2012 | 581 | 130,592[1] |
| Private nonfarm employment, 2012 | 6,507 | 2,344,047[1] |
| Private nonfarm employment, percent change, 2011-2012 | 3.1% | 1.9%[1] |
| Nonemployer establishments, 2012 | 3,166 | 471,026 |
| Total number of firms, 2007 | 3,779 | 545,348 |
| Black-owned firms, percent, 2007 | 15.3% | 8.4% |

State & County QuickFacts

# Lauderdale County, Tennessee

| People QuickFacts | Lauderdale County | Tennessee |
|---|---|---|
| Population, 2013 estimate | 27,795 | 6,495,978 |
| Population, 2010 (April 1) estimates base | 27,815 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2013 | -0.1% | 2.4% |
| Population, 2010 | 27,815 | 6,346,105 |
| Persons under 5 years, percent, 2013 | 5.8% | 6.2% |
| Persons under 18 years, percent, 2013 | 23.3% | 23.0% |
| Persons 65 years and over, percent, 2013 | 13.3% | 14.7% |
| Female persons, percent, 2013 | 47.6% | 51.2% |
| White alone, percent, 2013 (a) | 62.2% | 79.1% |
| Black or African American alone, percent, 2013 (a) | 35.1% | 17.0% |
| American Indian and Alaska Native alone, percent, 2013 (a) | 0.7% | 0.4% |
| Asian alone, percent, 2013 (a) | 0.8% | 1.6% |
| Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a) | Z | 0.1% |
| Two or More Races, percent, 2013 | 1.3% | 1.7% |
| Hispanic or Latino, percent, 2013 (b) | 2.3% | 4.9% |
| White alone, not Hispanic or Latino, percent, 2013 | 60.5% | 74.9% |
| Living in same house 1 year & over, percent, 2008-2012 | 79.9% | 84.4% |
| Foreign born persons, percent, 2008-2012 | 1.0% | 4.5% |
| Language other than English spoken at home, pct age 5+, 2008-2012 | 2.1% | 6.6% |
| High school graduate or higher, percent of persons age 25+, 2008-2012 | 74.4% | 83.9% |
| Bachelor's degree or higher, percent of persons age 25+, 2008-2012 | 10.8% | 23.5% |
| Veterans, 2008-2012 | 1,896 | 493,980 |
| Mean travel time to work (minutes), workers age 16+, 2008-2012 | 23.5 | 24.1 |
| Housing units, 2013 | 11,230 | 2,840,914 |
| Homeownership rate, 2008-2012 | 65.3% | 68.4% |
| Housing units in multi-unit structures, percent, 2008-2012 | 12.9% | 18.2% |
| Median value of owner-occupied housing units, 2008-2012 | $80,300 | $138,700 |
| Households, 2008-2012 | 9,826 | 2,468,841 |
| Persons per household, 2008-2012 | 2.54 | 2.51 |
| Per capita money income in past 12 months (2012 dollars), 2008-2012 | $16,328 | $24,294 |
| Median household income, 2008-2012 | $32,987 | $44,140 |
| Persons below poverty level, percent, 2008-2012 | 26.1% | 17.3% |

| Business QuickFacts | Lauderdale County | Tennessee |
|---|---|---|
| Private nonfarm establishments, 2012 | 309 | 130,592[1] |
| Private nonfarm employment, 2012 | 4,534 | 2,344,047[1] |
| Private nonfarm employment, percent change, 2011-2012 | -6.0% | 1.9%[1] |
| Nonemployer establishments, 2012 | 1,335 | 471,026 |
| Total number of firms, 2007 | 1,446 | 545,348 |
| Black-owned firms, percent, 2007 | 6.2% | 8.4% |

# Madison County, Tennessee

| People QuickFacts | Madison County | Tennessee |
|---|---|---|
| Population, 2013 estimate | 98,733 | 6,495,978 |
| Population, 2010 (April 1) estimates base | 98,294 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2013 | 0.4% | 2.4% |
| Population, 2010 | 98,294 | 6,346,105 |
| Persons under 5 years, percent, 2013 | 6.6% | 6.2% |
| Persons under 18 years, percent, 2013 | 23.2% | 23.0% |
| Persons 65 years and over, percent, 2013 | 14.4% | 14.7% |
| Female persons, percent, 2013 | 52.6% | 51.2% |
| White alone, percent, 2013 (a) | 59.9% | 79.1% |
| Black or African American alone, percent, 2013 (a) | 37.3% | 17.0% |
| American Indian and Alaska Native alone, percent, 2013 (a) | 0.3% | 0.4% |
| Asian alone, percent, 2013 (a) | 1.0% | 1.6% |
| Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a) | Z | 0.1% |
| Two or More Races, percent, 2013 | 1.4% | 1.7% |
| Hispanic or Latino, percent, 2013 (b) | 3.5% | 4.9% |
| White alone, not Hispanic or Latino, percent, 2013 | 57.0% | 74.9% |
| Living in same house 1 year & over, percent, 2008-2012 | 85.9% | 84.4% |
| Foreign born persons, percent, 2008-2012 | 3.3% | 4.5% |
| Language other than English spoken at home, pct age 5+, 2008-2012 | 5.1% | 6.6% |
| High school graduate or higher, percent of persons age 25+, 2008-2012 | 85.6% | 83.9% |
| Bachelor's degree or higher, percent of persons age 25+, 2008-2012 | 23.8% | 23.5% |
| Veterans, 2008-2012 | 7,127 | 493,980 |
| Mean travel time to work (minutes), workers age 16+, 2008-2012 | 19.1 | 24.1 |
| Housing units, 2013 | 42,450 | 2,840,914 |
| Homeownership rate, 2008-2012 | 66.8% | 68.4% |
| Housing units in multi-unit structures, percent, 2008-2012 | 19.3% | 18.2% |
| Median value of owner-occupied housing units, 2008-2012 | $112,200 | $138,700 |
| Households, 2008-2012 | 36,060 | 2,468,841 |
| Persons per household, 2008-2012 | 2.61 | 2.51 |
| Per capita money income in past 12 months (2012 dollars), 2008-2012 | $22,809 | $24,294 |
| Median household income, 2008-2012 | $42,348 | $44,140 |
| Persons below poverty level, percent, 2008-2012 | 18.3% | 17.3% |

| Business QuickFacts | Madison County | Tennessee |
|---|---|---|
| Private nonfarm establishments, 2012 | 2,498 | 130,592[1] |
| Private nonfarm employment, 2012 | 50,364 | 2,344,047[1] |
| Private nonfarm employment, percent change, 2011-2012 | 1.4% | 1.9%[1] |
| Nonemployer establishments, 2012 | 6,469 | 471,026 |
| Total number of firms, 2007 | 8,412 | 545,348 |
| Black-owned firms, percent, 2007 | 14.1% | 8.4% |

# Shelby County, Tennessee

| People QuickFacts | Shelby County | Tennessee |
|---|---|---|
| Population, 2013 estimate | 939,465 | 6,495,978 |
| Population, 2010 (April 1) estimates base | 927,640 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2013 | 1.3% | 2.4% |
| Population, 2010 | 927,644 | 6,346,105 |
| Persons under 5 years, percent, 2013 | 7.2% | 6.2% |
| Persons under 18 years, percent, 2013 | 25.7% | 23.0% |
| Persons 65 years and over, percent, 2013 | 11.2% | 14.7% |
| Female persons, percent, 2013 | 52.3% | 51.2% |
| White alone, percent, 2013 (a) | 42.6% | 79.1% |
| Black or African American alone, percent, 2013 (a) | 53.1% | 17.0% |
| American Indian and Alaska Native alone, percent, 2013 (a) | 0.3% | 0.4% |
| Asian alone, percent, 2013 (a) | 2.5% | 1.6% |
| Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a) | 0.1% | 0.1% |
| Two or More Races, percent, 2013 | 1.4% | 1.7% |
| Hispanic or Latino, percent, 2013 (b) | 5.9% | 4.9% |
| White alone, not Hispanic or Latino, percent, 2013 | 37.6% | 74.9% |
| Living in same house 1 year & over, percent, 2008-2012 | 82.3% | 84.4% |
| Foreign born persons, percent, 2008-2012 | 6.1% | 4.5% |
| Language other than English spoken at home, pct age 5+, 2008-2012 | 8.9% | 6.6% |
| High school graduate or higher, percent of persons age 25+, 2008-2012 | 85.9% | 83.9% |
| Bachelor's degree or higher, percent of persons age 25+, 2008-2012 | 28.7% | 23.5% |
| Veterans, 2008-2012 | 59,746 | 493,980 |
| Mean travel time to work (minutes), workers age 16+, 2008-2012 | 22.4 | 24.1 |
| Housing units, 2013 | 401,149 | 2,840,914 |
| Homeownership rate, 2008-2012 | 60.2% | 68.4% |
| Housing units in multi-unit structures, percent, 2008-2012 | 27.5% | 18.2% |
| Median value of owner-occupied housing units, 2008-2012 | $135,500 | $138,700 |
| Households, 2008-2012 | 341,948 | 2,468,841 |
| Persons per household, 2008-2012 | 2.66 | 2.51 |
| Per capita money income in past 12 months (2012 dollars), 2008-2012 | $25,465 | $24,294 |
| Median household income, 2008-2012 | $46,251 | $44,140 |
| Persons below poverty level, percent, 2008-2012 | 20.2% | 17.3% |

| Business QuickFacts | Shelby County | Tennessee |
|---|---|---|
| Private nonfarm establishments, 2012 | 19,446 | 130,592[1] |
| Private nonfarm employment, 2012 | 421,814 | 2,344,047[1] |
| Private nonfarm employment, percent change, 2011-2012 | 0.7% | 1.9%[1] |
| Nonemployer establishments, 2012 | 79,261 | 471,026 |
| Total number of firms, 2007 | 76,350 | 545,348 |
| Black-owned firms, percent, 2007 | 30.9% | 8.4% |

# Tipton County, Tennessee

| People QuickFacts | Tipton County | Tennessee |
|---|---|---|
| Population, 2013 estimate | 61,586 | 6,495,978 |
| Population, 2010 (April 1) estimates base | 61,081 | 6,346,113 |
| Population, percent change, April 1, 2010 to July 1, 2013 | 0.8% | 2.4% |
| Population, 2010 | 61,081 | 6,346,105 |
| Persons under 5 years, percent, 2013 | 6.2% | 6.2% |
| Persons under 18 years, percent, 2013 | 26.0% | 23.0% |
| Persons 65 years and over, percent, 2013 | 12.5% | 14.7% |
| Female persons, percent, 2013 | 50.6% | 51.2% |
| White alone, percent, 2013 (a) | 78.2% | 79.1% |
| Black or African American alone, percent, 2013 (a) | 18.7% | 17.0% |
| American Indian and Alaska Native alone, percent, 2013 (a) | 0.5% | 0.4% |
| Asian alone, percent, 2013 (a) | 0.6% | 1.6% |
| Native Hawaiian and Other Pacific Islander alone, percent, 2013 (a) | 0.2% | 0.1% |
| Two or More Races, percent, 2013 | 1.8% | 1.7% |
| Hispanic or Latino, percent, 2013 (b) | 2.4% | 4.9% |
| White alone, not Hispanic or Latino, percent, 2013 | 76.3% | 74.9% |
| Living in same house 1 year & over, percent, 2008-2012 | 85.6% | 84.4% |
| Foreign born persons, percent, 2008-2012 | 1.6% | 4.5% |
| Language other than English spoken at home, pct age 5+, 2008-2012 | 2.8% | 6.6% |
| High school graduate or higher, percent of persons age 25+, 2008-2012 | 84.4% | 83.9% |
| Bachelor's degree or higher, percent of persons age 25+, 2008-2012 | 14.5% | 23.5% |
| Veterans, 2008-2012 | 5,308 | 493,980 |
| Mean travel time to work (minutes), workers age 16+, 2008-2012 | 31.7 | 24.1 |
| Housing units, 2013 | 23,281 | 2,840,914 |
| Homeownership rate, 2008-2012 | 74.0% | 68.4% |
| Housing units in multi-unit structures, percent, 2008-2012 | 7.9% | 18.2% |
| Median value of owner-occupied housing units, 2008-2012 | $139,900 | $138,700 |
| Households, 2008-2012 | 21,383 | 2,468,841 |
| Persons per household, 2008-2012 | 2.81 | 2.51 |
| Per capita money income in past 12 months (2012 dollars), 2008-2012 | $22,410 | $24,294 |
| Median household income, 2008-2012 | $51,847 | $44,140 |
| Persons below poverty level, percent, 2008-2012 | 14.0% | 17.3% |

| Business QuickFacts | Tipton County | Tennessee |
|---|---|---|
| Private nonfarm establishments, 2012 | 702 | 130,592[1] |
| Private nonfarm employment, 2012 | 8,258 | 2,344,047[1] |
| Private nonfarm employment, percent change, 2011-2012 | 0.2% | 1.9%[1] |
| Nonemployer establishments, 2012 | 3,813 | 471,026 |
| Total number of firms, 2007 | 3,817 | 545,348 |
| Black-owned firms, percent, 2007 | 9.4% | 8.4% |

## Midmonth Report for April 2014

* This report is a count of people taken in the middle of the month for which the report was run.
* This report is run three months after the month of the report in an effort to reduce fluctuations in the results.

| MCO | REGION | Total |
|---|---|---|
| Awaiting MCO assignment | | 284 |
| AMERIGROUP COMMUNITY CARE | Middle Tennessee | 205,653 |
| BLUECARE | East Tennessee | 217,403 |
| BLUECARE | West Tennessee | 180,607 |
| TENNCARE SELECT | All | 46,415 |
| UnitedHealthcare Community Plan | East Tennessee | 204,800 |
| | Middle Tennessee | 206,228 |
| | West Tennessee | 179,638 |
| Grand Total | | 1,241,028 |

| | Female | | | | Female | Male | | | | Male | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| COUNTY | 0 - 18 | 19 - 20 | 21 - 64 | 65 --> | Total | 0 - 18 | 19 - 20 | 21 - 64 | 65 --> | Total | Grand Total |
| ANDERSON | 3,860 | 275 | 3,425 | 592 | 8,152 | 3,983 | 206 | 1,690 | 258 | 6,137 | 14,289 |
| BEDFORD | 3,355 | 218 | 2,410 | 241 | 6,224 | 3,559 | 123 | 1,012 | 107 | 4,801 | 11,025 |
| BENTON | 888 | 74 | 873 | 134 | 1,969 | 967 | 63 | 459 | 70 | 1,559 | 3,528 |
| BLEDSOE | 732 | 56 | 662 | 116 | 1,566 | 841 | 42 | 390 | 51 | 1,324 | 2,890 |
| BLOUNT | 5,385 | 409 | 4,735 | 651 | 11,181 | 5,480 | 275 | 2,155 | 290 | 8,199 | 19,380 |
| BRADLEY | 5,141 | 400 | 4,629 | 635 | 10,804 | 5,493 | 230 | 2,053 | 270 | 8,046 | 18,850 |
| CAMPBELL | 2,692 | 233 | 3,131 | 646 | 6,702 | 2,813 | 178 | 1,749 | 363 | 5,103 | 11,805 |
| CANNON | 669 | 46 | 655 | 121 | 1,492 | 753 | 52 | 297 | 50 | 1,152 | 2,643 |
| CARROLL | 1,667 | 181 | 1,730 | 336 | 3,913 | 1,852 | 121 | 868 | 141 | 2,982 | 6,895 |
| CARTER | 2,921 | 234 | 2,761 | 702 | 6,618 | 3,087 | 166 | 1,432 | 260 | 4,946 | 11,564 |
| CHEATHAM | 1,812 | 148 | 1,528 | 172 | 3,660 | 1,921 | 97 | 701 | 73 | 2,793 | 6,453 |
| CHESTER | 935 | 75 | 860 | 149 | 2,019 | 963 | 64 | 355 | 62 | 1,444 | 3,463 |
| CLAIBORNE | 1,859 | 170 | 1,987 | 545 | 4,561 | 1,979 | 123 | 1,213 | 245 | 3,560 | 8,121 |
| CLAY | 491 | 34 | 437 | 107 | 1,069 | 508 | 23 | 283 | 82 | 896 | 1,965 |
| COCKE | 2,574 | 193 | 2,538 | 440 | 5,745 | 2,645 | 143 | 1,427 | 224 | 4,439 | 10,184 |
| COFFEE | 3,193 | 220 | 2,795 | 377 | 6,586 | 3,236 | 124 | 1,232 | 165 | 4,757 | 11,343 |
| CROCKETT | 1,016 | 80 | 791 | 206 | 2,093 | 982 | 53 | 375 | 76 | 1,486 | 3,578 |
| CUMBERLAND | 2,883 | 208 | 2,479 | 495 | 6,065 | 3,016 | 172 | 1,271 | 211 | 4,670 | 10,735 |
| DAVIDSON | 37,068 | 2,304 | 28,982 | 3,191 | 71,546 | 38,115 | 1,710 | 11,234 | 1,499 | 52,557 | 124,103 |
| DECATUR | 602 | 62 | 580 | 199 | 1,442 | 676 | 29 | 351 | 66 | 1,122 | 2,564 |
| DEKALB | 1,242 | 66 | 1,095 | 187 | 2,591 | 1,317 | 54 | 566 | 101 | 2,039 | 4,629 |
| DICKSON | 2,555 | 210 | 2,332 | 287 | 5,383 | 2,757 | 155 | 964 | 110 | 3,985 | 9,368 |
| DYER | 2,461 | 235 | 2,359 | 427 | 5,482 | 2,611 | 162 | 990 | 148 | 3,911 | 9,393 |
| FAYETTE | 1,681 | 122 | 1,381 | 288 | 3,472 | 1,767 | 88 | 622 | 140 | 2,618 | 6,089 |
| FENTRESS | 1,239 | 120 | 1,252 | 359 | 2,971 | 1,362 | 91 | 832 | 171 | 2,455 | 5,426 |
| FRANKLIN | 1,792 | 146 | 1,635 | 255 | 3,827 | 1,884 | 109 | 755 | 101 | 2,848 | 6,675 |
| GIBSON | 2,959 | 257 | 2,891 | 613 | 6,719 | 3,208 | 186 | 1,288 | 260 | 4,943 | 11,662 |
| GILES | 1,431 | 112 | 1,283 | 236 | 3,061 | 1,424 | 86 | 643 | 97 | 2,250 | 5,312 |
| GRAINGER | 1,314 | 106 | 1,151 | 285 | 2,855 | 1,318 | 84 | 713 | 148 | 2,263 | 5,118 |
| GREENE | 3,204 | 265 | 3,327 | 724 | 7,519 | 3,467 | 149 | 1,709 | 369 | 5,694 | 13,214 |

| | Female | | | | Female | Male | | | | Male | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| COUNTY | 0 - 18 | 19 - 20 | 21 - 64 | 65 --> | Total | 0 - 18 | 19 - 20 | 21 - 64 | 65 --> | Total | Grand Total |
| GRUNDY | 1,065 | 89 | 1,091 | 221 | 2,467 | 1,160 | 77 | 611 | 128 | 1,977 | 4,443 |
| HAMBLEN | 4,022 | 237 | 2,937 | 511 | 7,707 | 4,090 | 172 | 1,330 | 219 | 5,812 | 13,519 |
| HAMILTON | 15,667 | 1,197 | 14,258 | 2,214 | 33,336 | 16,452 | 824 | 5,814 | 871 | 23,961 | 57,298 |
| HANCOCK | 492 | 53 | 534 | 148 | 1,228 | 553 | 49 | 309 | 71 | 981 | 2,209 |
| HARDEMAN | 1,604 | 131 | 1,590 | 328 | 3,654 | 1,610 | 91 | 793 | 162 | 2,655 | 6,309 |
| HARDIN | 1,589 | 127 | 1,545 | 377 | 3,639 | 1,664 | 96 | 809 | 202 | 2,771 | 6,410 |
| HAWKINS | 3,069 | 250 | 2,992 | 572 | 6,883 | 3,183 | 167 | 1,523 | 260 | 5,132 | 12,015 |
| HAYWOOD | 1,396 | 103 | 1,400 | 277 | 3,176 | 1,521 | 88 | 461 | 109 | 2,179 | 5,355 |
| HENDERSON | 1,642 | 136 | 1,564 | 271 | 3,613 | 1,719 | 97 | 668 | 103 | 2,587 | 6,199 |
| HENRY | 1,886 | 171 | 1,741 | 279 | 4,078 | 2,019 | 111 | 849 | 101 | 3,079 | 7,157 |
| HICKMAN | 1,378 | 124 | 1,309 | 186 | 2,996 | 1,564 | 111 | 712 | 80 | 2,466 | 5,462 |
| HOUSTON | 388 | 26 | 408 | 120 | 942 | 454 | 22 | 208 | 65 | 750 | 1,692 |
| HUMPHREYS | 959 | 79 | 884 | 149 | 2,072 | 988 | 43 | 440 | 62 | 1,533 | 3,605 |
| JACKSON | 613 | 55 | 618 | 143 | 1,428 | 667 | 38 | 357 | 91 | 1,153 | 2,581 |
| JEFFERSON | 2,882 | 197 | 2,444 | 490 | 6,013 | 3,021 | 129 | 1,206 | 199 | 4,555 | 10,568 |
| JOHNSON | 929 | 75 | 925 | 286 | 2,215 | 984 | 55 | 606 | 150 | 1,794 | 4,009 |
| KNOX | 17,681 | 1,200 | 16,384 | 2,359 | 37,623 | 18,462 | 839 | 7,075 | 1,008 | 27,383 | 65,007 |
| LAKE | 427 | 45 | 527 | 146 | 1,145 | 523 | 30 | 245 | 68 | 867 | 2,012 |
| LAUDERDALE | 1,895 | 168 | 1,794 | 303 | 4,159 | 1,961 | 123 | 740 | 126 | 2,949 | 7,108 |
| LAWRENCE | 2,330 | 199 | 2,079 | 395 | 5,003 | 2,576 | 136 | 1,032 | 157 | 3,901 | 8,905 |
| LEWIS | 687 | 61 | 598 | 118 | 1,464 | 729 | 49 | 275 | 50 | 1,104 | 2,567 |
| LINCOLN | 1,746 | 130 | 1,470 | 288 | 3,634 | 1,821 | 110 | 726 | 114 | 2,771 | 6,405 |
| LOUDON | 2,153 | 141 | 1,638 | 269 | 4,201 | 2,182 | 87 | 786 | 110 | 3,165 | 7,366 |
| MACON | 1,691 | 120 | 1,400 | 239 | 3,450 | 1,729 | 87 | 685 | 111 | 2,612 | 6,061 |
| MADISON | 6,033 | 473 | 5,650 | 824 | 12,980 | 5,992 | 307 | 2,008 | 322 | 8,629 | 21,610 |
| MARION | 1,628 | 136 | 1,614 | 238 | 3,616 | 1,660 | 93 | 704 | 125 | 2,581 | 6,198 |
| MARSHALL | 1,576 | 107 | 1,362 | 157 | 3,201 | 1,668 | 77 | 563 | 67 | 2,374 | 5,575 |
| MAURY | 4,324 | 299 | 3,650 | 526 | 8,798 | 4,561 | 220 | 1,470 | 187 | 6,438 | 15,237 |
| MCMINN | 2,844 | 223 | 2,572 | 498 | 6,138 | 2,983 | 142 | 1,194 | 204 | 4,522 | 10,660 |
| MCNAIRY | 1,656 | 155 | 1,712 | 393 | 3,916 | 1,769 | 121 | 938 | 192 | 3,020 | 6,935 |
| MEIGS | 711 | 72 | 649 | 84 | 1,516 | 743 | 48 | 346 | 47 | 1,184 | 2,700 |
| MONROE | 2,619 | 217 | 2,406 | 497 | 5,738 | 2,852 | 137 | 1,250 | 245 | 4,483 | 10,221 |
| MONTGOMERY | 7,469 | 535 | 6,527 | 644 | 15,175 | 7,799 | 327 | 2,215 | 225 | 10,566 | 25,741 |
| MOORE | 203 | 19 | 152 | 47 | 420 | 254 | 17 | 75 | 15 | 361 | 781 |
| MORGAN | 1,166 | 89 | 969 | 185 | 2,410 | 1,217 | 66 | 524 | 104 | 1,911 | 4,321 |
| OBION | 1,834 | 132 | 1,731 | 296 | 3,993 | 1,941 | 77 | 694 | 103 | 2,815 | 6,808 |
| OVERTON | 1,151 | 106 | 999 | 257 | 2,513 | 1,258 | 80 | 570 | 140 | 2,048 | 4,561 |
| PERRY | 518 | 40 | 408 | 82 | 1,048 | 524 | 33 | 241 | 41 | 839 | 1,887 |
| PICKETT | 233 | 16 | 223 | 92 | 564 | 291 | 8 | 136 | 35 | 470 | 1,034 |
| POLK | 895 | 76 | 873 | 148 | 1,993 | 946 | 64 | 450 | 76 | 1,536 | 3,529 |
| PUTNAM | 3,830 | 350 | 3,414 | 722 | 8,317 | 3,948 | 219 | 1,799 | 308 | 6,275 | 14,591 |
| RHEA | 2,274 | 152 | 1,880 | 331 | 4,637 | 2,284 | 130 | 916 | 124 | 3,454 | 8,090 |
| ROANE | 2,396 | 188 | 2,513 | 516 | 5,613 | 2,690 | 121 | 1,372 | 218 | 4,400 | 10,013 |
| ROBERTSON | 3,453 | 218 | 2,477 | 359 | 6,507 | 3,639 | 136 | 988 | 157 | 4,920 | 11,427 |
| RUTHERFORD | 11,787 | 890 | 8,836 | 967 | 22,480 | 12,294 | 549 | 3,139 | 407 | 16,389 | 38,869 |
| SCOTT | 1,769 | 145 | 1,750 | 381 | 4,045 | 1,848 | 111 | 979 | 194 | 3,132 | 7,177 |
| SEQUATCHIE | 959 | 73 | 852 | 145 | 2,029 | 972 | 60 | 462 | 52 | 1,546 | 3,574 |
| SEVIER | 4,786 | 333 | 3,560 | 456 | 9,134 | 5,166 | 191 | 1,494 | 155 | 7,005 | 16,139 |
| SHELBY | 69,261 | 5,401 | 57,868 | 6,517 | 139,048 | 71,019 | 4,006 | 17,936 | 2,520 | 95,480 | 234,528 |

| | Female | | | | Female | Male | | | | Male | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| COUNTY | 0 - 18 | 19 - 20 | 21 - 64 | 65 --> | Total | 0 - 18 | 19 - 20 | 21 - 64 | 65 --> | Total | Grand Total |
| SMITH | 1,027 | 91 | 908 | 163 | 2,190 | 1,039 | 43 | 428 | 62 | 1,572 | 3,762 |
| STEWART | 646 | 58 | 664 | 111 | 1,479 | 704 | 35 | 326 | 51 | 1,117 | 2,596 |
| SULLIVAN | 7,208 | 545 | 7,345 | 1,280 | 16,379 | 7,660 | 401 | 3,708 | 568 | 12,337 | 28,715 |
| SUMNER | 6,919 | 487 | 5,804 | 757 | 13,966 | 7,242 | 347 | 2,270 | 310 | 10,169 | 24,135 |
| TIPTON | 3,442 | 305 | 2,844 | 353 | 6,944 | 3,588 | 224 | 1,047 | 139 | 4,997 | 11,941 |
| TROUSDALE | 487 | 40 | 414 | 80 | 1,021 | 467 | 41 | 193 | 40 | 741 | 1,761 |
| UNICOI | 876 | 62 | 877 | 264 | 2,078 | 996 | 49 | 407 | 113 | 1,565 | 3,644 |
| UNION | 1,306 | 100 | 1,000 | 160 | 2,565 | 1,260 | 72 | 571 | 84 | 1,988 | 4,553 |
| VAN BUREN | 289 | 20 | 261 | 61 | 630 | 326 | 16 | 166 | 46 | 555 | 1,185 |
| WARREN | 2,623 | 207 | 2,238 | 426 | 5,493 | 2,712 | 127 | 1,088 | 180 | 4,107 | 9,600 |
| WASHINGTON | 5,136 | 388 | 5,242 | 951 | 11,717 | 5,285 | 296 | 2,515 | 400 | 8,496 | 20,213 |
| WAYNE | 745 | 62 | 714 | 174 | 1,695 | 795 | 49 | 362 | 71 | 1,277 | 2,972 |
| WEAKLEY | 1,695 | 190 | 1,668 | 320 | 3,873 | 1,770 | 118 | 794 | 109 | 2,791 | 6,664 |
| WHITE | 1,604 | 128 | 1,432 | 305 | 3,469 | 1,684 | 94 | 811 | 118 | 2,707 | 6,176 |
| WILLIAMSON | 2,759 | 165 | 1,994 | 328 | 5,245 | 2,930 | 119 | 784 | 137 | 3,970 | 9,214 |
| WILSON | 4,341 | 309 | 3,699 | 469 | 8,817 | 4,463 | 208 | 1,495 | 179 | 6,345 | 15,162 |
| Grand Total | 344,285 | 25,967 | 300,574 | 45,974 | 716,799 | 358,850 | 18,366 | 127,314 | 19,698 | 524,228 | 1,241,028 |

SEP 15 '14 AM11:38

**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

October 1, 2014

John L. Wellborn, Consultant
Development Support Group
4219 Hillsboro Road, Suite 210
Nashville, TN 37215

RE: Certificate of Need Application -- St. Jude Children's Research Hospital - CN1409-040

Dear Mr. Wellborn:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need for the Construction of fifty-four (54) inpatient acute care beds on three shelled floors (floors 3-5) of its Kay Research and Care Center located at 315 Danny Thomas Place, Memphis (Shelby County), Tennessee 38105. Fifty-two (52) will be replacement beds and two (2) will be new licensed beds. Project cost is $62,500,516.00.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on October 1, 2014. The first sixty (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 sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on December 17, 2014.

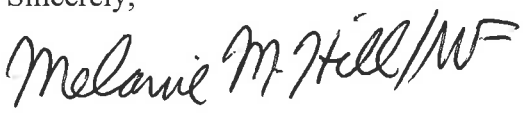
Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

(1) 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.

(2) 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

MMH:mab

cc: Trent Sansing, CON Director, Division of Health Statistics
W. Brantley Phillips, Esq.

**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 MMH/MP
Executive Director

DATE: October 1, 2014

RE: Certificate of Need Application
St. Jude Children's Research Hospital - CN1409-040

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 October 1, 2014 and end on December 1, 2014.

Should there be any questions regarding this application or the review cycle, please contact this office.

MMH:mab

Enclosure

cc: John L. Wellborn, Consultant
W. Brantley Phillips, Esq.

**LETTER OF INTENT -- HEALTH SERVICES & DEVELOPMENT AGENCY**

The Publication of Intent is to be published in the Commercial Appeal, which is a newspaper of general circulation in Shelby County, Tennessee, on or before Wednesday, September 10, for one day.

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This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that St. Jude Children's Research Hospital (a hospital), which is owned and managed by St. Jude Children's Research Hospital, Inc. (a corporation), intends to file an application for a Certificate of Need (CON) to construct fifty-four (54) inpatient acute care beds on three shelled floors (floors 3-5) of its Kay Research and Care Center, located at 315 Danny Thomas Place, Memphis, TN 38105, on the St. Jude campus. Fifty-two (52) of those beds will be replacement beds; two (2) will be new licensed beds. The project will also finish out two shelled-in connectors to an adjoining building and will relocate Respiratory Therapy from the Patient Care Center to the Kay Center. The estimated project cost is $62,500,000 under CON rules (of which $39,000,000 is the actual cost, the balance being the market value of existing shell space being used in the project).

St. Jude is currently licensed by the Board for Licensing Health Care Facilities as a seventy-eight (78) bed acute care hospital. The project will increase the hospital's bed complement to eighty (80) acute care beds. The project will not initiate or discontinue any hospital service, or include any major medical equipment.

The anticipated date of filing the application is on or before September 15, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215, (615) 665-2022.

John L. Wellborn 9-4-14 jwdsg@comcast.net

(Signature) (Date) (E-mail Address)

# ORIGINAL-SUPPLEMENTAL-2

St. Jude Children's Research Hospital
CN1409-040

DSG Development Support Group

SUPPLEMENTAL

September 29, 2014

Phillip M. Earhart, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1409-040
St. Jude Children's Research Hospital

Dear Mr. Earhart:

This letter provides final revisions of the Projected Data Charts and Notes as requested in your September 26 email. This response is provided in triplicate, with affidavit.

1. **Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)**
**The designation of ALSAC funds in the Historical and Projected Data Charts are noted. However, please designate ALSAC funds as "other revenue" in Section B.E. of the Historical and Projected Data Charts and resubmit.**

Attached after this letter are revised pages 50R through 56R, which are to replace revisions of the corresponding Charts, Notes, and Table Nine that were submitted September 26.

Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn

John Wellborn
Consultant

4219 Hillsboro Road, Suite 203
Nashville, TN 37215
jwdsg@comcast.net
Tel 615.665.2022
Fax 615.665.2042

SUPPLEMENTAL

# HISTORICAL DATA CHART -- ST. JUDE CHILDREN'S RESEARCH HOSPITAL

Give information for the last three (3) years for which complete data are available for the facility or agency.
The fiscal year begins July 1.

| | | FYE 2012 | FYE 2013 | FYE 2014 |
|---|---|---|---|---|
| | Admissions | 2,988 | 3,015 | 2,944 |
| A. Utilization Data | Discharge Days | 15,667 | 16,499 | 14,931 |
| B. Revenue from Services to Patients | | | | |
| 1. Inpatient Services | | $ 158,576,220 | 162,918,716 | 149,973,290 |
| 2. Outpatient Services | | 246,297,608 | 251,126,212 | 267,778,242 |
| 3. Emergency Services | | | | |
| 4. Other Operating Revenue | | 605,032,661 | 647,020,818 | 716,770,121 |
| (Specify) See notes page | | | | |
| | **Gross Operating Revenue** | $ 1,009,906,489 | $ 1,061,065,746 | $ 1,134,521,653 |
| C. Deductions for Operating Revenue | | | | |
| 1. Contractual Adjustments | | $ 265,679,152 | 260,238,786 | 263,496,102 |
| 2. Provision for Charity Care | | 43,100,000 | 49,300,000 | 56,153,000 |
| 3. Provisions for Bad Debt | | 558,000 | 492,000 | 681,000 |
| | **Total Deductions** | $ 309,337,152 | $ 310,030,786 | $ 320,330,102 |
| **NET OPERATING REVENUE** | | $ 700,569,337 | $ 751,034,960 | $ 814,191,551 |
| D. Operating Expenses | | | | |
| 1. Salaries and Wages | | $ 274,293,362 | 286,819,653 | 303,045,662 |
| 2. Physicians Salaries and Wages | | 64,340,418 | 67,278,684 | 71,084,785 |
| 3. Supplies | | 87,127,270 | 94,463,734 | 101,762,224 |
| 4. Taxes | | | | |
| 5. Depreciation | | 62,566,580 | 61,563,562 | 61,003,690 |
| 6. Rent | | | | |
| 7. Interest, other than Capital | | 10,034,890 | 7,418,215 | 3,082,928 |
| 8. Management Fees | | | | |
| a. Fees to Affiliates | | 0 | 0 | |
| b. Fees to Non-Affiliates | | 0 | 0 | |
| 9. Other Expenses (Specify) | See notes page | 136,658,581 | 136,690,203 | 143,296,740 |
| | **Total Operating Expenses** | $ 635,021,101 | 654,234,051 | 683,276,029 |
| E. Other Revenue (Expenses) -- Net (Specify) | | $ (65,548,236) | $ (96,800,909) | $ (130,915,522) |
| **NET OPERATING INCOME (LOSS)** | | $ 0 | $ 0 | $ 0 |
| F. Capital Expenditures | | | | |
| 1. Retirement of Principal | | $ 0 | $ 0 | $ 0 |
| 2. Interest | | 0 | 0 | 0 |
| | **Total Capital Expenditures** | $ 0 | $ 0 | $ 0 |
| **NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES** | | $ 0 | $ 0 | $ 0 |

SUPPLEMENTAL

**NOTES TO THE HISTORICAL DATA CHART - ST JUDE CHILDREN'S RESEARCH HOSPITAL**

| | FYE 2012 | FYE 2013 | FYE 2014 |
|---|---|---|---|
| **NOTE 1: Components of Other Operating Revenue:** | | | |
| ALSAC contributions | $502,355,499 | $542,823,781 | $603,365,782 |
| Research grants | 95,189,714 | 93,786,270 | 80,937,617 |
| Net investment gain (loss) | (16,570) | 133,162 | 220,580 |
| Other | 7,504,018 | 10,277,605 | 32,246,142 |
| **Total other operating revenue** | **$605,032,661** | **$647,020,818** | **$716,770,121** |
| **NOTE 2: Components of Other Operating Expenses:** | | | |
| Professional fee & contract services | $90,993,413 | $95,572,037 | $98,663,304 |
| Telephone | 1,261,843 | 1,166,737 | 1,274,219 |
| Occupancy | 20,966,949 | 20,672,588 | 22,298,783 |
| Travel and meetings | 10,414,587 | 10,096,211 | 9,936,401 |
| Miscellaneous | 13,021,789 | 9,182,630 | 11,124,033 |
| **Total other operating expense** | **$136,658,581** | **$136,690,203** | **$143,296,740** |

**NOTE 3: Line B4, Other Revenue: This is the total of continuous cash contributrions by ALSAC to offset deficits.**

**NOTE 4: Line E, Other Expenses: This is the payment for capitalized expenses of projects as they come due.**

## PROJECTED DATA CHART-- ST JUDE CHILDREN'S RESEARCH HOSPITAL SUPPLEMENTAL

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins July 1.

| | | | FYE 2017 | FYE 2018 |
|---|---|---|---|---|
| | | Admissions | 3,527 | 3,637 |
| A. | Utilization Data | Discharge Days | 19,762 | 21,779 |
| B. | Revenue from Services to Patients | | | |
| | 1. Inpatient Services | | $ 224,146,808 | $ 277,368,614 |
| | 2. Outpatient Services | | 293,782,149 | 305,533,435 |
| | 3. Emergency Services | | | |
| | 4. Other Operating Revenue (Specify) | See notes page | 838,733,205 | 871,829,818 |
| | | **Gross Operating Revenue** | $ 1,356,662,162 | $ 1,454,731,867 |
| C. | Deductions for Operating Revenue | | | |
| | 1. Contractual Adjustments | | $ 345,118,048 | $ 391,114,578 |
| | 2. Provision for Charity Care | | 55,000,000 | 57,200,000 |
| | 3. Provisions for Bad Debt | | 500,000 | 520,000 |
| | | **Total Deductions** | $ 400,618,048 | $ 448,834,578 |
| **NET OPERATING REVENUE** | | | $ 956,044,114 | $ 1,005,897,289 |
| D. | Operating Expenses | | | |
| | 1. Salaries and Wages | | $ 373,916,908 | $ 408,786,649 |
| | 2. Physicians Salaries and Wages | | 87,708,904 | 95,888,226 |
| | 3. Supplies | | 123,149,118 | 134,633,429 |
| | 4. Taxes | | | |
| | 5. Depreciation | | 68,600,000 | 72,800,000 |
| | 6. Rent | | | |
| | 7. Interest, other than Capital | | 9,670,872 | 10,572,732 |
| | 8. Management Fees | | | |
| | a. Fees to Affiliates | | 0 | 0 |
| | b. Fees to Non-Affiliates | | 0 | 0 |
| | 9. Other Expenses (Specify) | See notes page | 178,198,312 | 194,816,253 |
| | Dues, Utilities, Insurance, and Prop Taxes. | | | |
| | | **Total Operating Expenses** | $ 841,244,114 | $ 917,497,289 |
| E. | Other Revenue (Expenses) -- Net (Specify) | | $ (114,800,000) | $ (88,400,000) |
| **NET OPERATING INCOME (LOSS)** | | | $ 0 | $ 0 |
| F. | Capital Expenditures | | | |
| | 1. Retirement of Principal | | $ | $ |
| | 2. Interest | | | |
| | | **Total Capital Expenditures** | $ 0 | $ 0 |
| **NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES** | | | $ 0 | $ 0 |

SUPPLEMENTAL

## NOTES TO THE PROJECTED DATA CHART - ST. JUDE CHILDREN'S RESEARCH HOSPITAL

| | FYE 2017 | FYE 2018 |
|---|---|---|
| **NOTE 1: Components of Other Operating Revenue:** | | |
| ALSAC Contributions | $752,533,205 | $782,829,818 |
| Research grants | $75,000,000 | $77,300,000 |
| Net investment gain (loss) | - | - |
| Other | 11,200,000 | 11,700,000 |
| **Total other operating revenue** | **$838,733,205** | **$871,829,818** |
| **NOTE 2: Components of Other Operating Expenses:** | | |
| Professional fee & contract services | $124,593,975 | $136,213,026 |
| Telephone | 1,521,035 | 1,662,879 |
| Occupancy | 26,950,141 | 29,463,386 |
| Travel and meetings | 13,162,083 | 14,389,517 |
| Miscellaneous | 11,971,079 | 13,087,445 |
| **Total other operating expense** | **$178,198,313** | **$194,816,253** |

**NOTE 3: Line B4, Other Revenue: This is the total of continuous cash contributrions by ALSAC to offset deficits.**

**NOTE 4: Line E, Other Expenses: This is the payment for capitalized expenses of projects as they come due.**

SUPPLEMENTAL

| | FYE 2017 | FYE 2018 |
|---|---|---|
| **NOTE 1: Components of Other Operating Revenue:** | | |
| ALSAC Contributions | $752,533,205 | $782,829,818 |
| Research grants | $75,000,000 | $77,300,000 |
| Net investment gain (loss) | - | - |
| Other | 11,200,000 | 11,700,000 |
| **Total other operating revenue** | **$838,733,205** | **$871,829,818** |
| | | |
| **NOTE 2: Components of Other Operating Expenses:** | | |
| Professional fee & contract services | $124,593,975 | $136,213,026 |
| Telephone | 1,521,035 | 1,662,879 |
| Occupancy | 26,950,141 | 29,463,386 |
| Travel and meetings | 13,162,083 | 14,389,517 |
| Miscellaneous | 11,971,079 | 13,087,445 |
| **Total other operating expense** | **$178,198,313** | **$194,816,253** |

**NOTE 3: Line B4, Other Revenue: This is the total of continuous cash contributrions by ALSAC to offset deficits.**

**NOTE 4: Line E, Other Expenses: This is the payment for capitalized expenses of projects as they come due.**

## PROJECTED DATA CHART--SJCRH-- 54 INPATIENT BEDS

SUPPLEMENTAL

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins July 1.

| | | | FYE 2017 | FYE 2018 |
|---|---|---|---|---|
| | | Admissions | 3,231 | 4,011 |
| A. | Utilization Data | Discharge Days | 13,302 | 16,514 |
| B. | Revenue from Services to Patients | | | |
| | 1. Inpatient Services | | $ 178,451,345 | $ 222,707,278 |
| | 2. Outpatient Services | | | |
| | 3. Emergency Services | | | |
| | 4. Other Operating Revenue (Specify) | See notes page | $128,992,210 | $114,472,017 |
| | | **Gross Operating Revenue** | $ 307,443,555 | $ 337,179,295 |
| C. | Deductions for Operating Revenue | | | |
| | 1. Contractual Adjustments | | $ 115,339,417 | $ 143,943,593 |
| | 2. Provision for Charity Care | | 21,850,061 | 27,268,876 |
| | 3. Provisions for Bad Debt | | 218,058 | 272,135 |
| | | **Total Deductions** | $ 137,407,536 | $ 171,484,604 |
| **NET OPERATING REVENUE** | | | $ 170,036,019 | $ 165,694,691 |
| D. | Operating Expenses | | | |
| | 1. Salaries and Wages | | $ 60,289,197 | $ 75,964,388 |
| | 2. Physicians Salaries and Wages | | 14,141,910 | 17,818,807 |
| | 3. Supplies | | 30,378,012 | 38,276,295 |
| | 4. Taxes | | | |
| | 5. Depreciation | | | |
| | 6. Rent | | | |
| | 7. Interest, other than Capital | | | |
| | 8. Management Fees | | | |
| | a. Fees to Affiliates | | | |
| | b. Fees to Non-Affiliates | | | |
| | 9. Other Expenses (Specify) | See notes page | 26,694,604 | 33,635,201 |
| | Dues, Utilities, Insurance, and Prop Taxes. | | | |
| | | **Total Operating Expenses** | $ 131,503,723 | $ 165,694,691 |
| E. | Other Revenue (Expenses) -- Net (Specify) | | $ (38,532,296) | $ 0 |
| **NET OPERATING INCOME (LOSS)** | | | $ 0 | $ 0 |
| F. | Capital Expenditures | | | |
| | 1. Retirement of Principal | | $ 0 | $ |
| | 2. Interest | | 0 | |
| | | **Total Capital Expenditures** | $ 0 | $ 0 |
| **NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES** | | | $ 0 | $ 0 |

SUPPLEMENTAL

## NOTES TO THE PROJECTED DATA CHART - ST. JUDE CHILDREN'S RESEARCH HOSPITAL--54 BEDS

| | FYE 2017 | FYE 2018 |
|---|---|---|
| **NOTE 1: Components of Other Operating Revenue:** | | |
| ALSAC contributions | $128,992,210 | $114,472,017 |
| Research grants | 0 | 0 |
| Net investment gain (loss) | 0 | 0 |
| Other | 0 | 0 |
| **Total other operating revenue** | **$128,992,210** | **$114,472,017** |
| **NOTE 2: Components of Other Operating Expenses:** | | |
| Professional fee & contract services | $20,297,429 | $25,574,761 |
| Telephone | 366,811 | 462,182 |
| Occupancy | 944,132 | 1,189,607 |
| Travel and meetings | 3,834,789 | 4,831,834 |
| Miscellaneous | 1,251,443 | 1,576,817 |
| **Total other operating expense** | **$26,694,604** | **$33,635,201** |

**NOTE 3: Line B.4, Other Revenues: This is the total of continuous cash contributrions by ALSAC to offset deficits.**

**NOTE 4: Line E, Other Expenses: This is the payment for capitalized expenses of projects as they come due.**

**C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.**

| Table Nine: Average Charges, Deductions, Net Charges, Net Operating Income | | |
|---|---|---|
| | **FYE 2017** | **FYE 2018** |
| Patient Days | 13,302 | 16,514 |
| Admissions or Discharges | 3,231 | 4,011 |
| Average Gross Charge Per Day | $13,415 | $13,486 |
| Average Gross Charge Per Admission | $55,231 | $55,524 |
| Average Deduction from Operating Revenue per Day | $10,330 | $10,384 |
| Average Deduction from Operating Revenue per Admission | $42,528 | $42,754 |
| Average Net Charge (Net Operating Revenue) Per Day | $12,783 | $10,034 |
| Average Net Charge (Net Operating Revenue) Per Admission | $52,626 | $41,310 |
| Average Net Operating Income after Expenses, Per Day | 0 | 0 |
| Average Net Operating Income after Expenses, Per Admission | 0 | 0 |

SUPPLEMENTAL

SEP 29 2014

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

St. Jude Children's Research Hospital

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of 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 to the best of my knowledge.

John K Wellborn

Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 29th day of SEPTEMBER, 2014, witness my hand at office in the County of DAVIDSON, State of Tennessee.

NOTARY PUBLIC

My commission expires 1-11, 17.

TIFFANY B. POULOSE
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
MY COMMISSION EXPIRES 1-11-2017

HF-0043

Revised 7/02

# SUPPLEMENTAL-#1
# -Original-

St Jude Children's Hospital

CN1409-040

SUPPLEMENTAL #1
September26, 2014
08:20 am

DSG Development Support Group

September 25, 2014

Phillip M. Earhart, HSD Examiner
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

RE: CON Application #1409-040
St. Jude Children's Research Hospital

Dear Mr. Earhart:

This letter responds to your recent request for additional information on this application. The items below are numbered to correspond to your questions. They are provided in triplicate, with affidavit.

1. **Applicant Profile, Item 6**
   **The applicant lists the address of the site as 315 Danny Thomas Place. This address is not listed in the lease agreement. Please clarify.**

   Attached at the end of this letter is a warranty deed dated 11-30-97, in which ALSAC acquired from The Sisters of St. Francis Health Services, Inc. all of the latter's campus for development into SJCRH. These tracts included the land on which this project's building was later constructed. North Parkway went through the tracts. Now the part of North Parkway within the campus, and fronting this project, is a private street. It has been renamed Danny Thomas Place. The number "315" is not a postal address; mail coming to St. Jude arrives at a central mailroom and is internally distributed. The Shelby County utilities authority assigned the "315" on its maps of utility grids and St. Jude uses it for convenience.

   Attached with the 1997 document is a campus plan filed with the Shelby County Register of Deeds showing that the project site is within the land controlled by St. Jude.

4219 Hillsboro Road, Suite 203
Nashville, TN 37215
jwdsg@comcast.net
Tel 615.665.2022
Fax 615.665.2042

**2. Section B, Item I (Executive Summary)**

**a. On pages 8 and 13 the applicant lists $38,532,236 as the capital expenditure for the project and $38,532,296 in the Project Costs Chart. Please clarify.**

The Project Cost Chart is correct. Attached following this page are revised pages 8R and 13R with the discrepancy corrected.

**b. How will space in the vacated patient care center be used?**

The project will remove licensed beds from one of the four floors at the Patient Care Center. That building's first floor is currently used for outpatient clinics. It is St. Jude's long-range plan to convert the other three floors to the same use. A consulting firm has been engaged for the past five months in conceptual planning for such a conversion. However, there is not yet a schedule for that conversion.

**3. Section B, Item II. A Square Footage and Cost per Square Footage**

**a. There appears to be calculation errors in the New and Total Columns in the Proposed Final Square Footage Section of the Square Footage and Cost per Square Footage Chart. If necessary, please revise the chart and where these figures are referenced in other parts of the application.**

Attached after this page is a revised Chart with the errors corrected.

to use efficiently and comfortably. They have less than optimal exterior light due to small windows. Their bathrooms have no space for showers. Outside the patient/parent rooms, support spaces for the patient, family, and staff are not sufficient in size or in number. The air exchange systems need to be more powerful for positive pressure levels in isolation rooms, and are generally at the stage where they should be modernized or replaced, which would involve construction within the pediatric care areas.

• Consistent with its internal long-range plans, St. Jude is proposing to relocate these inpatient rooms to larger space in its newest Tower, the Kay Research and Care Center. The capacity of the new patient/parent rooms will be increased by 62% and all current limitations and issues of these units will be addressed. It is essential to the bed relocation to also finish out all connectors between the new bed floors and the adjoining Chili's Care Center, and to relocate Respiratory Therapy.

Existing Resources

• There is no other facility in the State that can meet the needs of the patients served by St. Jude. This is a unique institution whose cutting-edge research in pediatric care requires bed capacity for seriously ill children enrolled in treatment protocols and trials, and special accommodations for their families within the patient care floors.

Project Cost, Funding, and Financial Feasibility

• The project cost is estimated at $62,500,516 for CON purposes--of which $38,532,296 is the actual capital expenditure required to implement the project. The balance of the CON cost is the market value of the already constructed shelled-in space that the project will occupy. All of the required funding will be provided to the applicant by ALSAC, a unique charity established to underwrite all aspects of St. Jude's programs. ALSAC's financial statements and the Chief Financial Officer's funding commitment letter document the availability of project funding.

• St. Jude has the unique advantage of having no issues of financial feasibility for any service or project it undertakes, because generous donations and ALSAC's substantial cash reserves are made available continuously, to cover all of St. Jude's financial needs that are not covered by other sources of revenue. ALSAC is obligated by its bylaws to support St. Jude, and only St. Jude. St. Jude runs a very large deficit every year in all of its patient care activities; and all of those deficits are covered by contributions from ALSAC. This is how St. Jude's research and patient care programs have been financially feasible for more than fifty years.

Staffing

• Fifty-two of the fifty-four beds to be constructed (96%) are replacements for those already in existence at another location on campus. The project will be developed in parallel with an overall expansion of St. Jude's patient care programs; and St. Jude projects that for these inpatient floors, its clinical staff will increase by 48 FTE's by FYE 2018 (July 2017-June 2018).

B. Costs and Funding

The total project cost for CON purposes is $62,500,516. It consists of two components. The first component is the cost already incurred to construct the three existing shelled floors and connectors--$23,968,220. That cost was not part of CN1105-017 because at the time, it was not known that the floors would contain reviewable acute care services. But now that the floors have been assigned to acute care use, it is appropriate to include their original costs in this current CON application.

The second component of project cost is the cost to complete the build-outs described in this application--$38,532,296 including all types of capital expenditures.

As in the prior application, this project will be entirely funded by a cash contribution from ALSAC (American Lebanese Syrian Associated Charities, Inc.), the charitable organization established at the time St. Jude was originally built. ALSAC's only mission and authorized role is to provide funding for the needs of St. Jude Children's Research Hospital.

C. Phased Implementation Schedule

If the application receives final CON approval in CY2014, St. Jude intends to start construction in March 2015 and to complete all renovations and license all fifty-four patient beds in the Kay Center before the start of FYE 2017. However, during FYE 2017, Year One of the project, St. Jude plans to staff forty-five of the fifty-four general medical-surgical beds. It will take until FYE 2018 before new treatment protocols will add sufficient patients and trained staff to open the remaining nine beds for patient care.

D. The Applicant--Ownership

The applicant, St. Jude Children's Research Hospital Inc., is a not-for-profit corporation organized in Tennessee. It owns no licensed health care facilities other than St. Jude Children's Research Hospital in Memphis.

**b. How will space in the vacated patient care center be used?**

The project will remove licensed beds from three of the four floors at the Patient Care Center. That building's first floor is currently used for outpatient clinics. It is St. Jude's long-range plan to convert the other three floors to the same use. A consulting firm has been engaged for the past five months in conceptual planning for such a conversion. However, there is not yet a schedule for that conversion.

**3. Section B, Item II. A Square Footage and Cost per Square Footage**

**a. There appears to be calculation errors in the New and Total Columns in the Proposed Final Square Footage Section of the Square Footage and Cost per Square Footage Chart. If necessary, please revise the chart and where these figures are referenced in other parts of the application.**

Attached after this page is a revised Chart with the errors corrected.

SQUARE FOOTAGE AND COST PER SQUARE FOOTAGE CHART

| A. Unit / Department | Existing Location | Existing SF | Temporary Location | Proposed Final Location | Proposed Final Square Footage | | | Proposed Final Cost / SF | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | Renovated | New | Total | Renovated | New | Total |
| Respiratory Therapy | Pat. Care Cntr | 1,560 | NA | Kay Center | 1,700 | | 1,700 | $140.00 | | $238,000.00 |
| Medical Surgical Units | Pat. Care Cntr | 60,094 | NA | Kay Center | 81,726 | | 81,726 | $319.11 | | $26,079,776.00 |
| 4th-5th Floor Connectors | Kay Center | 9,686 | NA | Kay Center | 9,328 | | 9,328 | $140.00 | | $1,305,920.00 |
| Subtotal This Project | | | | | 92,754 | | 92,754 | $297.82 | | $27,623,696.00 |
| Bldg & Connector Shells* | Kay Center | 102,104 | NA | Kay Center | | 102,104 | 102,104 | | $234.74 | $23,968,220.00 |
| *(constructed in CY2014) | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| B. Unit/Dept. GSF Sub-Total | | | | | 92,754 | 102,104 | 194,858 | $297.82 | $234.74 | $51,591,916.00 |
| C. Mechanical / Electrical GSF | | | | | | | | | | |
| D. Circulation / Structure GSF | | | | | | | | | | |
| E. Total GSF | | | | | 92,754 | 102,104 | 194,858 | $297.82 | $234.74 | $51,591,916.00 |
| | | | | | | | | | | |
| | | | | | | | | | | |
| | | | | | | | | | | |
| GRAND TOTAL | | | | | 92,754 | 102,104 | 194,858 | $297.82 | $234.74 | $51,591,916.00 |

SUPPLEMENTAL #1

September26, 2014
08:20 am

SEP 26 '14 PM 12:21

**b. The total construction cost of $505.29 PSF is noted. However, please explain why this cost is above the 3rd quartile total construction cost of $274.63/sq.ft. that also includes shelled in space and build out costs.**

There are two major reasons for the high construction cost of the project.

First, the Kay Center Tower has been constructed with "*interstitial*" levels. Those are eight-foot-tall maintenance "floors" above each patient care floor, so that periodic maintenance and repairs of HVAC, wiring, and plumbing can be done without entering patient care floors below. This protects the children from risks of infection and from noise and traffic. It also ensures that the children need not be displaced from their rooms during repairs and maintenance, which would interfere with some aspects of carefully controlled research projects. But having an interstitial level attached to each patient care floor significantly increases the cost PSF of each patient care floor.

Second, St. Jude's construction contracts include the cost of special *contractor-installed and contractor-tested and certified technology* that is required for high acuity patients and for research documentation. Examples include the following. These significantly increase the costs of construction.

- HVAC control systems for temperature, humidity, and pressurization of all rooms.
- Advanced data and communication cabling installations to support all the Ethernet systems for medical records and staff and patient communications.
- Nurse call systems supporting patient and nurse communications, code blue, nurse, and equipment tracking and Vocera communications among staff.
- Specialized radio and public announcement systems that allow communications for maintenance radios on the interstitial floors and PA overhead announcements.
- Security systems to monitor and lock down all floors.
- A wireless network covering every space in the structure.
- A distributed antennae system to allow cell phone coverage in all spaces, due to both the concrete structure of the building, and to increasing use of cell phone for caregiver applications.
- Physiological monitoring telemetry systems on each patient care floor.
- A programmable dimmable lighting system that allows individual room control of lighting levels and saves energy.
- The inclusion of dedicated parent bathrooms with showers in every child's room.

**4. Section C. (Need) Item 6**

**a. Please discuss the reason the average length of stay is expected to increase from 5.3 days in 2012 to 6.6 days in 2017, then decrease to 6.0 days in 2018.**

The 5.6 day average length of stay (ALOS) for FYE 2017 in Table Eight-D on page 40 is correct. Tables Eight-B and -C on page 39 should have reflected the same 5.6 number, but were mistyped as "6.6". Attached after this page is a revised page 39R correcting the FYE 2017 ALOS in both tables from 6.6 to 5.6 days.

The correct projection is for ALOS to slowly increase each year from CY2014 through FYE 2018.

The decline in ALOS from FYE 2012 through FYE 2013 was caused by a decline in the admissions mix of new bone marrow transplant and solid tumor patients, who have a longer length of stay than children in other treatment protocols. The projected increase in ALOS through CYE 2018 reflects a planned case mix change that has already begun in the current year. The change is explained below in response to question 4b.

**b. Please discuss how the 10% annual increase was determined while the applicant experienced a decline in occupancy from 2012 to 2014.**

While there are a number of factors impacting the temporary decrease in 2014, a dip in new bone marrow transplant (BMT) patient admissions was paramount among them. With the scheduled introduction of new treatment protocols in 2014 and future years, St. Jude anticipates that new inpatient accruals for both Solid Tumor and BMT patients will increase steadily. The enrollment of these new longer-stay patients in new treatment protocols, coupled with innovative new chemotherapy protocols soon to be released, will generate the referrals and the utilization that St. Jude has projected. Please also note the detailed description on pages 42-43 of the application, which explains that St. Jude's utilization is driven only by St. Jude's development of new protocols that result in referrals from throughout the State and nation. As new protocols are developed and announced, new referrals come to St. Jude for enrollment and admission. So the science at this hospital, rather than "primary service area market demand", determines future utilization.

| Table Eight-A: Licensed and Staffed Beds<br>St. Jude Children's Research Hospital<br>CYE 2015 and Project Years One and Two | | | | | | |
|---|---|---|---|---|---|---|
| | Currently (FYE 2015) | | Proposed Year One (FYE 2017) | | Proposed Year Two (FYE 2018) | |
| **Bed Type** | **Licensed** | **Staffed** | **Licensed** | **Staffed** | **Licensed** | **Staffed** |
| | | | | | | |
| 1. ICU | 8 | 8 | 8 | 8 | 8 | 8 |
| | | | | | | |
| 2. Med/Surg | 70 | 56 | 72 | 63 | 72 | 72 |
| *Transplant* | *18* | *18* | *18* | *18* | *18* | *18* |
| *General* | *52* | *38* | *54* | *45* | *54* | *54* |
| | | | | | | |
| Total Beds | 78 | 64 | 80 | 71 | 80 | 80 |

| Table Eight-B: Historical and Projected Utilization on Licensed Beds<br>St. Jude Children's Research Hospital<br>FYE 2014-FYE 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Lic'd Beds | Admissions | Discharge Days | Average Length of Stay | Average Daily Census | Patient Days of Capacity | Average Annual Occupancy |
| *Actual* | | | | | | | |
| FYE 2012 | 78 | 3,040 | 16,090 | 5.3 | 44.1 | 28,470 | 56.5% |
| FYE 2013 | 78 | 3,009 | 16,387 | 5.4 | 44.9 | 28,470 | 57.6% |
| FYE 2014 | 78 | 2,944 | 14,767 | 5.0 | 40.5 | 28,470 | 51.9% |
| *Projected* | | | | | | | |
| FYE 2015 | 78 | 3,220 | 16,273 | 5.1 | 44.6 | 28,470 | 57.2% |
| FYE 2016 | 78 | 3,393 | 17,933 | 5.3 | 49.1 | 28,470 | 63.0% |
| FYE 2017 | 80 | 3,527 | 19,762 | 5.6 | 54.1 | 29,200 | 67.7% |
| FYE 2018 | 80 | 3,637 | 21,779 | 6.0 | 59.7 | 29,200 | 74.6% |

*Source: Hospital management.*

| Table Eight-C: Historical and Projected Utilization on Staffed Beds<br>St. Jude Children's Research Hospital<br>FYE 2014-FYE 2018 | | | | | | | |
|---|---|---|---|---|---|---|---|
| Fiscal Year | Staffed Beds | Admissions | Discharge Days | Average Length of Stay | Average Daily Census | Patient Days of Capacity | Average Annual Occupancy |
| *Actual* | | | | | | | |
| FYE 2012 | 64 | 3,040 | 16,090 | 5.3 | 44.1 | 23,360 | 68.9% |
| FYE 2013 | 64 | 3,009 | 16,387 | 5.4 | 44.9 | 23,360 | 70.1% |
| FYE 2014 | 64 | 2,944 | 14,767 | 5.0 | 40.5 | 23,360 | 63.2% |
| *Projected* | | | | | | | |
| FYE 2015 | 64 | 3,220 | 16,273 | 5.1 | 44.6 | 23,360 | 69.7% |
| FYE 2016 | 64 | 3,393 | 17,933 | 5.3 | 49.1 | 23,360 | 76.8% |
| FYE 2017 | 71 | 3,527 | 19,762 | 5.6 | 54.1 | 25,915 | 76.3% |
| FYE 2018 | 80 | 3,637 | 21,779 | 6.0 | 59.7 | 29,200 | 74.6% |

*Source: Hospital management.*

5. **Section C, Economic Feasibility. Item 1 (Project Cost Chart)**
   **Please clarify the reason the fair market cost of $23,968,220 of the proposed project (shelled floors 3-5 + RT area) is less than the construction cost of $27,623,696.**

   In the Project Cost Chart, the FMV entry in line B2 ($23,968,220) is the allocated actual cost of the prior construction of three shelled floors and their interstitial levels and connectors. Because those costs have already been incurred, the application treats them differently from the proposed construction costs in line A.5.

   There are two reasons why the finishing of these areas exceeds their shell-in costs. First, because most of the high acuity patient technology costs listed in response to question 3b above will be incurred in the build-out phase. Second, Memphis area healthcare construction costs have increased since the Kay Tower construction contract was signed several years ago.

6. **Section C, Economic Feasibility, Item 2**
   **The funding of the proposed project by the American Lebanese Syrian Associated Charities, Inc. (ALSAC) is noted. However, the combined financial statements of St. Jude' Children's Hospital, Inc. and American Lebanese Syrian Associated Charities, Inc. were $84,035,939 in 2012 declining to $42,378,176 in 2013. Please provide documentation of the current amount of cash and cash equivalents that are available to fund the proposed project.**

   It is not prudent for ALSAC to keep more cash and cash equivalents on hand for building projects. As more cash is needed to fund St. Jude building projects, ALSAC will generate it by sales of assets in its unrestricted investments accounts, which in 2013 totaled more than $1.7 billion dollars.

   St. Jude is not prepared to release preliminary unaudited 2014 financial statements because that fiscal year ended less than 90 days ago; but St. Jude states that FYE 2014 current cash and cash equivalents are expected to exceed $129 million.

**7. Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)**

**a. The losses in the Historical Data Chart of ($502,355,499) in 2012, ($542,823,781) in 2013, and ($603,365,782) in 2014; and ($167,949,914) and ($174,142,017) in the Projected Data Chart is noted. However, if ALSAC funds the deficits of St. Jude's Children's Research Hospital, please clarify why these funds are not reflected in the Historical and Projected Data Charts.**

Broadly speaking, what actually occurs at St. Jude is a nightly sweep between St. Jude's accounts and ALSAC's accounts, in which funds are transferred between the entities to ensure that St. Jude's accounts show neither a positive nor a or negative margin at the end of every day.

Attached at the end of this letter are revised pages 50R-56R. These include revised Historic and Projected Data Charts, with entries in line E for "Other Revenue" that zero out the "bottom line" of the originally submitted charts. They also include revised notes for the Charts, explaining that entry, and a revised page 56R with entries corrected to reflect the change.

**b. If the fiscal year begins July 1, please clarify how the applicant was able to report for 2014 in the Historical Data Chart.**

FYE 2014 at the top of that column means fiscal year ending June 30, 2014. So the column presents an entire year of data.

**8. Section C. Economic Feasibility Item 9.**
**There appears to be calculation errors in Table Twelve-A on page 61. Please revise and resubmit.**

The table appears to be correct. Please note that in the SJCRH Projected Data Chart, only lines B1 and B2 constitute patient care revenues. Their total is $517,928,957 in Year One. The percentages were applied to those totals, excluding line B4, which consists of research grants and investment income.

**9. Section C (Contribution to Orderly Development) Item 7b. and 7d.**

**a. The accreditation by the Joint Commission is noted. Please provide the latest survey.**

The survey is attached at the end of this letter.

**b. The licensure inspection dated March 2005 is noted. However, please clarify if there has been a licensure survey since 2005. If so, please provide a copy of the survey.**

St. Jude has identified documentation of 2007 TDH inspections; they are attached at the end of this letter along with the Joint Commission survey.

**10. Proof of Publication**
**Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent that covers the 25 county proposed service area. Please insure the correct complete copy is paired with each appropriate affidavit.**

Proof of publication is attached at the end of this response letter.

**11. Affidavit**
**A signed and notarized affidavit must be submitted with each filing of an application and supplemental information. An affidavit was not included with this application. Please submit a completed affidavit for the original application and one for the supplemental information. Please note there is an affidavit form for the original filing and a separate form for supplemental responses.**

Our copies of the filing show that the original application affidavit was submitted September 15, immediately after the transmittal cover letter. Please advise me if your copies do not have it at that location.

**SUPPLEMENTAL #1**
**September26, 2014**
**08:20 am**



Thank you for your assistance. We hope this provides the information needed to accept the application into the next review cycle. If more is needed please FAX or telephone me so that we can respond in time to be deemed complete.

Respectfully,

John Wellborn

John Wellborn
Consultant

**SUPPLEMENTAL #1**

**September26, 2014**
**08:20 am**

Tom Leatherwood, Shelby County Register of Deeds: Instr # HA2094

SUPPLEMENTAL #1
September26, 20
08:20 am
HA 2094
8

**THIS INSTRUMENT PREPARED BY AND RETURN TO:**
ROBERT S. KIRK, JR.
WARING COX, PLC
Morgan Keegan Tower
50 N. Front Street, Suite 1300
Memphis, Tennessee 38103

# SPECIAL WARRANTY DEED

**THIS INDENTURE**, made and entered as of the 30th day of November, 1997, by and between **SISTERS OF ST. FRANCIS HEALTH SERVICES, INC, an Indiana nonprofit corporation** ("Grantor") and **AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC., an Illinois nonprofit corporation**, ("Grantee").

**W I T N E S S E T H:**

For and in consideration of Ten Dollars ($10.00) cash in hand paid and other good and valuable considerations, the receipt and sufficiency of all of which is hereby acknowledged, Grantor has bargained and sold and does hereby bargain, sell, convey and confirm unto Grantee the following described real estate, situated and being in the County of Shelby, State of Tennessee to-wit:

See Exhibit "A" attached hereto and
incorporated herein by reference

**TO HAVE AND TO HOLD** the aforedescribed real estate together with all the appurtenances and hereditaments thereunto belonging or in any wise appertaining unto the Grantee, its/his successors and assigns in fee simple forever.

This is a Special Warranty Deed and Grantor hereby warrants that Grantor will forever defend the title conveyed herein against the lawful claims of all persons claiming by, through or under Grantor, but not further or otherwise. Grantor further covenants and warrants that the title to the real estate is unencumbered, except for: EXCEPT: as set forth in Exhibit B attached hereto and incorporated herein by reference.

The words Grantor and Grantee as used herein shall mean "Grantors" and "Grantees" if more than one person or entity is referred to, and pronouns shall be construed according to their proper gender and number according to the context hereof.

Tom Leatherwood, Shelby County Register of Deeds: Instr # HA2094

SUPPLEMENTAL #1
September26, 20
08:20 am
HA 2094

**WITNESS** the signatures of the Grantor the day and year first above written.

**SISTERS OF ST. FRANCIS HEALTH SERVICES, INC, an Indiana nonprofit corporation**

By: Kevin Leahy
**Kevin Leahy, President**

**STATE OF TENNESSEE**
**COUNTY OF SHELBY**

Before me, a Notary Public in the aforesaid State and County, duly commissioned and qualified, personally appeared Kevin Leahy, with whom I am personally acquainted (or proved to me on the basis of satisfactory evidence), and who, upon oath, acknowledged himself to be the President of the Sisters of St. Francis Health Services, Inc., the within named bargainor, a corporation, and that he as such President executed the foregoing instrument for the purpose therein contained, by signing the name of the corporation by himself as such President.

**WITNESS** my hand and seal, at office this 30th day of November, 1997.

NOTARY PUBLIC

My Commission Expires:
3-1-99

**********

I, or we, hereby swear or affirm that to the best of affiant's knowledge, information, and belief, the actual consideration for this transfer or value of the property transferred whichever is greater is $1,654,660.00 which amount is equal to or greater than the amount which the property transferred would command at a fair and voluntary sale.

Affiant

Subscribed and sworn to before me this 30th day of November, 1997.

Notary Public

My Commission Expires:
3-1-99

Tom Leatherwood, Shelby County Register of Deeds: Instr # HA2094

SUPPLEMENTAL #1
September26, 2004
08:20 am

HA 2094

**Property address:**

220 Overton Avenue, Memphis, TN
Auction Avenue, Memphis, TN

**Tax Parcel Nos.:**
1-41-1, 1-41-2, 1-41-3C, 1-116-1C, 1-40-3, and 1-93-2

**Person or Entity Responsible for Payment of Property Taxes:**

American Lebanese Syrian
Associated Charities, Inc.
501 St. Jude Place
Memphis, Tennessee 38105

**Property Owner and Address:**

American Lebanese Syrian
Associated Charities, Inc.
501 St. Jude Place
Memphis, Tennessee 38105

State Tax . . . . . $_____
Register's Fee. . . .$_____
Recording Fee. . . $_____
Total. . . . . .$_____
E:\USERS\DRP\WORKFILES\TJOSEPH\ALSAC\SISTERS.SWD

Tom Leatherwood, Shelby County Register of Deeds: Instr # HA2094

SUPPLEMENTAL #1
September26, 2014
08:20 am
HA 2094

# EXHIBIT "A"

**PARCEL I**

BEING A LEGAL DESCRIPTION OF PART OF THE PROPERTY SHOWN ON SHEET 2 OF 2 OF THE SUBDIVISION OF THE JACKSON AVENUE AREA, PROJECT NO. TENN R-3, AN URBAN RENEWAL PROJECT, RECORDED IN PLAT BOOK 26 - PAGE 32 AT THE SHELBY COUNTY REGISTER'S OFFICE (SCRO), PARCELS 6, 8, 9 AND 13 OF THE ABOVE SAID JACKSON AVENUE AREA, PROJECT NO. R-3 AND LOTS 394, 395, 396, 397, 466 AND 467 PART OF COUNTRY LOT 529 AND PART OF OLD JACKSON AVENUE AS SHOWN ON THE PLAN OF MEMPHIS, BEING THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC. PROPERTY (INSTRUMENT NUMBER K9-0390, SCRO) THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC. PROPERTY ( FORMERLY OVERTON AVENUE) (INSTRUMENT NUMBER GB-8373, SCRO), LESS AND EXCEPT ANY RIGHT OF WAY IN NORTH THIRD STREET, AND THE ST. JOSEPH HOSPITAL PROPERTY (BOOK 4411- PAGE 431, SCRO) ALL SITUATED IN MEMPHIS, SHELBY COUNTY, TENNESSEE AND TO BE KNOWN FOR THE PURPOSES OF THIS DESCRIPTION AS "TRACT ONE", SAID TRACT ONE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A SET CHISEL MARK AT THE INTERSECTION OF THE NORTHERLY RIGHT OF WAY LINE OF JACKSON AVENUE (A PUBLIC PAVED ROAD - 80 FOOT R.O.W.) AND THE EASTERLY RIGHT OF WAY LINE OF NORTH THIRD STREET (A PUBLIC PAVED ROAD - 66 FOOT R.O.W.); THENCE NORTH 20 DEGREES 35 MINUTES 52 SECONDS EAST ALONG THE SAID EASTERLY LINE OF NORTH THIRD STREET - 666.18 FEET TO A SET IRON PIN AT A POINT OF CURVE TO THE RIGHT HAVING A RADIUS OF 30.00 FEET; THENCE CLOCKWISE WITH SAID CURVE AN ARC DISTANCE OF 47.15 FEET (CENTRAL ANGLE = 90 DEGREES 02 MINUTES 27 SECONDS - CHORD = NORTH 65 DEGREES 37 MINUTES 05 SECONDS EAST - 42.44 FEET) TO A SET CHISEL MARK IN THE SOUTHERLY RIGHT OF WAY LINE OF NORTH PARKWAY (A PUBLIC PAVED ROAD - 80 FOOT R.O.W.); THENCE SOUTH 69 DEGREES 21 MINUTES 41 SECONDS EAST ALONG THE SAID SOUTHERLY LINE OF NORTH PARKWAY - 1159.60 FEET TO A SET CHISEL MARK LYING ON A CURVE TO THE LEFT HAVING A RADIUS OF 409.05 FEET; THENCE COUNTERCLOCKWISE WITH SAID CURVE AND CONTINUING ALONG SAID SOUTHERLY LINE AN ARC DISTANCE OF 71.40 FEET (CENTRAL ANGLE = 10 DEGREES 00 MINUTES 03 SECONDS - CHORD = SOUTH 74 DEGREES 18 MINUTES 50 SECONDS EAST - 71.31 FEET) TO A SET CHISEL MARK AT THE NORTHERNMOST NORTHWEST CORNER OF THE ST. JUDE HOSPITAL, MEMPHIS, TENNESSEE, INC. PROPERTY (BOOK 4995 - PAGE 333, SCRO); THENCE SOUTH 12 DEGREES 06 MINUTES 34 SECONDS WEST ALONG THE WESTERLY LINE OF THE SAID ST. JUDE PROPERTY - 67.58 FEET TO A SET IRON PIN; THENCE SOUTH 59 DEGREES 31 MINUTES 12 SECONDS WEST (CONTINUING ALONG SAID WESTERLY LINE) 175.54 FEET TO A SET IRON PIN AT AN ANGLE POINT; THENCE SOUTH 72 DEGREES 48 MINUTES 08 SECONDS WEST (CONTINUING ALONG SAID WESTERLY LINE) - 836.92 FEET TO A SET CHISEL MARK IN THE ABOVE SAID NORTHERLY LINE OF JACKSON AVENUE, SAID POINT LYING ON A CURVE TO THE LEFT HAVING A RADIUS OF 235.00 FEET; THENCE COUNTERCLOCKWISE WITH SAID CURVE AND ALONG SAID NORTHERLY LINE AN ARC DISTANCE OF 84.87 FEET (CENTRAL ANGEL = 20 DEGREES 41 MINUTES 30 SECONDS - CHORD = NORTH 59 DEGREES 05 MINUTES 28 SECONDS WEST - 84.41 FEET) TO A SET CHISEL MARK; THENCE NORTH 69 DEGREES 26 MINUTES 13 SECONDS WEST (CONTINUING ALONG SAID NORTHERLY LINE) - 415.98 FEET TO THE POINT OF BEGINNING

BEING THE SAME PROPERTY AS SHOWN ON SURVEY DATED NOVEMBER 24, 1997, BY WILLIAM H. WOODS (TN RLS NO. 974) OF PICKERING FIRM INCORPORATED

CONTAINING 661,830 SQUARE FEET OR 15.193 ACRES, MORE OR LESS.

BEARINGS ARE RELATIVE TO THE ABOVE SAID WESTERLY LINE IF ST. JUDE HOSPITAL, INC. PROPERTY AS SHOWN ON THE SURVEY PREPARED BY THE PICKERING FIRM, INC. AND DATED AUGUST 12, 1986.

THERE ARE FIVE FOOT WIDE UTILITY EASEMENTS AND A TWO FOOT WIDE SANITARY SEWER EASEMENT ALONG THE ABOVE EASTERLY LINE OF NORTH THIRD STREET, TOGETHER WITH A 28 FOOT WIDE UTILITY EASEMENT ALONG THE EASTERLY LINE OF THE ABOVE DESCRIBED TRACT ONE AS SHOWN ON THE ABOVE SAID PLAT OF RECORD IN PLAT BOOK 25 - PAGE 32. THERE IS A UTILITY EASEMENT ON THE ABOVE SAID NORTH LINE OF JACKSON AVENUE RECORDED IN BOOK 4019 - PAGE 355. THERE ARE TWO ANCHOR GUYS RECORDED IN BOOK 1564 - PAGES 244 AND 245 AFFECTING THE NORTHWEST CORNER OF THE ABOVE DESCRIBED TRACT. THE CITY OF MEMPHIS RETAINS EASEMENTS FOR PUBLIC UTILITIES IN THE CLOSED PORTION OF OVERTON AVENUE AS DESCRIBED IN ABOVE SAID INSTRUMENT NUMBER GB-8373.

BEING THE SAME PROPERTY CONVEYED TO THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC., BY QUITCLAIM DEEDS OF RECORD AS INSTRUMENT NOS. K9 0390, AND GB 8373, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE; AND THE SAME PROPERTY CONVEYED TO ST. JOSEPH HOSPITAL BY QUITCLAIM DEED OF RECORD AS BOOK 4411, PAGE 431, IN SAID REGISTER'S OFFICE.

Tom Leatherwood, Shelby County Register of Deeds: Instr # HA2094

SUPPLEMENTAL #1
September26, 2014
08:20 am

# EXHIBIT "A" (CONTINUED)

HA 2094

**PARCEL II**

BEING A LEGAL DESCRIPTION OF THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC. PROPERTY RECORDED IN INSTRUMENT NUMBER BN-7135 AT THE SHELBY COUNTY REGISTER'S OFFICE (SCRO), BEING SITUATED IN MEMPHIS, SHELBY COUNTY, TENNESSEE AND TO BE KNOWN FOR THE PURPOSES OF THIS DESCRIPTION AS "TRACT TWO ", SAID TRACT TWO BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS:

BEGINNING AT A SET CHISEL MARK IN THE NORTHERLY LINE OF NORTH PARKWAY ( A PUBLIC PAVED ROAD - 80 FOOT RIGHT OF WAY, AS WIDENED), 22.98 FEET EASTWARDLY FROM THE TANGENT INTERSECTION OF SAID NORTHERLY LINE AND THE EASTERLY LINE OF NORTH THIRD STREET (A PUBLIC PAVED ROAD - 66 FOOT RIGHT OF WAY), SAID POINT OF BEGINNING LYING ON A CURVE TO THE RIGHT HAVING A RADIUS OF 23.00 FEET, THENCE CLOCKWISE ALONG SAID CURVE TO THE RIGHT AN ARC DISTANCE OF 36.11 FEET (CENTRAL ANGLE - 89 DEGREES 56 MINUTES 42 SECONDS - CHORD = NORTH 24 DEGREES 23 MINUTES 20 SECONDS WEST - 32.51 FEET) TO THE SAID EASTERLY LINE OF NORTH THIRD STREET; THENCE NORTH 20 DEGREES 35 MINUTES 01 SECONDS EAST ALONG SAID EASTERLY LINE - 111.03 FEET TO A SET CHISEL MARK IN THE SOUTH LINE OF A PUBLIC ALLEY ( 16.5 FEET WIDE); THENCE SOUTH 69 DEGREES 20 MINUTES 17 SECONDS EAST ALONG SAID SOUTH LINE OF ALLEY - 148.50 FEET TO A SET IRON PIN IN THE WEST LINE OF A PUBLIC ALLEY (24.75 FEET WIDE). THENCE SOUTH 20 DEGREES 34 MINUTES 13 SECONDS WEST ALONG SAID WEST LINE OF ALLEY - 133.94 FEET TO A SET CHISEL MARK IN THE ABOVE SAID NORTHERLY LINE OF NORTH PARKWAY; THENCE NORTH 69 DEGREES 21 MINUTES 41 SECONDS WEST ALONG SAID NORTHERLY LINE - 125.55 FEET TO THE POINT OF BEGINNING.

BEING THE SAME PROPERTY AS SHOWN ON SURVEY DATED NOVEMBER 25, 1997, BY WILLIAM H. WOODS (TN RLS NO. 974) OF PICKERING FIRM INCORPORATED.

CONTAINING 19,783 SQUARE FEET, OR 0.454 ACRES, MORE OR LESS.

THIS PROPERTY IS SUBJECT TO EASEMENTS OF RECORD IN BOOK 1364 - PAGE 552, SCRO, SAID EASEMENTS BEING BLANKET EASEMENTS REGARDING THE GAYOSO BAYOU AND SANITARY SEWER EASEMENTS. THE ENTIRE TRACT IS AFFECTED BY THESE EASEMENTS.

BEING THE SAME PROPERTY CONVEYED TO SISTERS OF ST. FRANCIS HEALTH SERVICES, INC., BY WARRANTY DEED OF RECORD AS INSTRUMENT NO. BN 7135, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE.

**PARCEL III**

BEING A LEGAL DESCRIPTION OF PART OF THE PROPERTY SHOWN ON SHEET 2 OF 2 OF THE SUBDIVISION OF THE JACKSON AVENUE AREA, PROJECT NO. TENN R-3, AN URBAN RENEWAL PROJECT RECORDED IN PLAT BOOK 26-PAGE 32 AT THE SHELBY COUNTY REGISTER'S OFFICE (SCRO), BEING PARCELS 14 AND 15 OF THE ABOVE SAID JACKSON AVENUE AREA PROJECT AND DESCRIBED IN THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC. PROPERTY RECORDED IN INSTRUMENT NO K9-0390 (SCRO), SITUATED IN MEMPHIS, SHELBY COUNTY, TENNESSEE, ALL TO BE KNOWN FOR PURPOSES OF THIS DESCRIPTION AS "TRACT THREE", AND SAID TRACT THREE BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS.

BEGINNING AT A SET CHISEL MARK IN THE NORTHERLY LINE OF NORTH PARKWAY ( A PUBLIC PAVED ROAD - 80 FOOT RIGHT OF WAY, AS WIDENED), 151.92 FEET WESTWARDLY FROM THE TANGENT INTERSECTION OF SAID NORTHERLY LINE AND THE WESTERLY LINE OF ST. JUDE PLACE (A PUBLIC PAVED ROAD - 63 FOOT RIGHT OF WAY) (STREET CLOSURE IN PROGRESS). THENCE NORTH 69 DEGREES 21 MINUTES 41 SECONDS WEST ALONG SAID NORTHERLY LINE 1013.91 FEET TO A SET CHISEL MARK IN THE EASTERLY LINE OF A PUBLIC ALLEY ( 24.75 FEET WIDE); THENCE NORTH 20 DEGREES 34 MINUTES 13 SECONDS EAST ALONG SAID EASTERLY LINE - 132.26 FEET TO A SET IRON PIN IN THE SOUTHERLY LINE OF THE ST. JUDE CHILDREN'S RESEARCH HOSPITAL, INC. PROPERTY ( INSTRUMENT NUMBER AW-0297); THENCE SOUTH 70 DEGREES 23 MINUTES 44 SECONDS EAST ALONG SAID SOUTHERLY LINE AND ALONG THE COMMON SOUTHERLY LINES OF THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC. PROPERTY (INSTRUMENT NUMBER BR-6431, SCRO) AND THE AMERICAN LEBANESE SYRIAN ASSOCIATED CHARITIES, INC. PROPERTY ( INSTRUMENT NUMBER AV-8124, SCRO) - 1185.37 FEET TO A SET CHISEL MARK IN THE ABOVE SAID WESTERLY LINE OF ST. JUDE PLACE; THENCE SOUTH 27 DEGREES 45 MINUTES 45 SECONDS WEST ALONG SAID WESTERLY LINE - 1.96 FEET TO A SET CHISEL MARK LYING ON A CURVE TO THE RIGHT HAVING A RADIUS OF 173.19 FEET. THENCE CLOCKWISE ALONG SAID CURVE TO THE RIGHT AN ARC DISTANCE OF 249.53 FEET (CENTRAL ANGLE - 82 DEGREES 33 MINUTES 04 SECONDS - CHORD = SOUTH 69 DEGREES 02 MINUTES 17 SECONDS WEST - 228.50 FEET) TO THE POINT OF BEGINNING.

BEING THE SAME PROPERTY AS SHOWN ON SURVEY DATED NOVEMBER 25, 1997, BY WILLIAM H. WOODS (TN RLS NO. 974) OF PICKERING FIRM INCORPORATED.

CONTAINING 163,158 SQUARE FEET, OR 3.745 ACRES, MORE OR LESS.

THERE IS A FIVE FOOT PUBLIC UTILITY EASEMENT ALONG THE NORTH LINE OF THIS TRACT AND AN EIGHT FOOT WIDE PUBLIC UTILITY EASEMENT SERVING AN EXISTING BUILDING, BOTH EASEMENTS BEING RECORDED IN BOOK 5802 - PAGE 111, SCRO.

Tom Leatherwood, Shelby County Register of Deeds: Instr # HA2094

SUPPLEMENTAL #1

September26, 2014
08:20 am

## EXHIBIT "A" (CONTINUED)

HA 2094

**PARCEL III (CONTINUED)**

THERE IS A FOURTEEN FOOT WIDE PUBLIC UTILITY EASEMENT AND A FIVE FOOT WIDE UTILITY EASEMENT AFFECTING THE WESTERLY PORTION OF THIS TRACT, TOGETHER WITH A FIFTY FOOT WIDE DRAINAGE EASEMENT AND A TEN FOOT WIDE DRAINAGE EASEMENT, ALL RECORDED IN ABOVE SAID PLAT BOOK 26 - PAGE 32

BEING THE SAME PROPERTY CONVEYED TO SISTERS OF ST. FRANCIS HEALTH SERVICES, INC., BY QUITCLAIM DEED OF RECORD AS INSTRUMENT NO. K9 0390, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE.

**PARCEL IV**

BEING A LEGAL DESCRIPTION OF THE SISTERS OF ST. FRANCIS HEALTH SERVICES, INC. PROPERTY RECORDED IN INSTRUMENT NUMBER BR 6431 AT THE SHELBY COUNTY REGISTER'S OFFICE (SCRO), SAID PROPERTY TO BE KNOWN FOR PURPOSES OF THIS DESCRIPTION AS "TRACT FOUR", SAID TRACT FOUR BEING SITUATED IN MEMPHIS, SHELBY COUNTY, TENNESSEE, AND BEING MORE PARTICULARLY DESCRIBED AS FOLLOWS.

COMMENCING AT A POINT IN THE PRESENT WESTERLY LINE OF NORTH SEVENTH STREET (63 FEET WIDE, 26 FEET FROM THE CENTERLINE AS MEASURED AT RIGHT ANGELS THERETO) 345.83 FEET SOUTHWESTWARDLY FROM THE TANGENT INTERSECTION OF SAID WESTERLY LINE WITH THE PRESENT SOUTH LINE OF AUCTION AVENUE (72 FEET WIDE); THENCE SOUTHWESTWARDLY ALONG THE WEST LINE OF NORTH SEVENTH STREET ON A RELATIVE BEARING OF SOUTH 27 DEGREES 45 MINUTES 45 SECONDS WEST - 50.51 FEET TO THE INTERSECTION OF SAID WEST LINE WITH THE FORMER SOUTH LINE OF THE LOUISVILLE AND NASHVILLE RAILROAD (PRESENTLY CSX TRANSPORTATION , INC.) (50 FEET WIDE AT THIS POINT); THENCE NORTH 70 DEGREES 23 MINUTES 44 SECONDS WEST ALONG THE SOUTH LINE 836.30 FEET TO THE TRUE POINT OF BEGINNING OF ABOVE SAID TRACT FOUR; THENCE CONTINUING ALONG SAID SOUTH LINE NORTH 70 DEGREES 23 MINUTES 44 SECONDS WEST - 207.95 FEET; THENCE NORTH 20 DEGREES 38 MINUTES 53 SECONDS EAST - 165.36 FEET TO A POINT IN THE PRESENT SOUTH LINE OF AUCTION AVENUE, THENCE SOUTH 69 DEGREES 21 MINUTES 07 SECONDS EAST ALONG SAID SOUTH LINE - 207.91 FEET; THENCE SOUTH 20 DEGREES 38 MINUTES 53 SECONDS WEST - 161.57 FEET TO THE POINT OF BEGINNING.

BEING THE SAME PROPERTY AS SHOWN ON SURVEY DATED NOVEMBER 26, 1997, BY WILLIAM H. WOODS (TN RLS NO. 974) OF PICKERING FIRM INCORPORATED.

CONTAINING 33,987 SQUARE FEET, OR 0.780 ACRES, MORE OR LESS.

THERE IS A PUBLIC DRAINAGE EASEMENT (WIDTH VARIES) RECORDED IN INSTRUMENT NUMBER BU-9537, SCRO ALONG THE WEST LINE OF THE ABOVE DESCRIBED TRACT FOUR.

BEING THE SAME PROPERTY CONVEYED TO SISTERS OF ST. FRANCIS HEALTH SERVICES, INC., BY QUITCLAIM DEED OF RECORD AS INSTRUMENT NO. BR 6431, IN THE REGISTER'S OFFICE OF SHELBY COUNTY, TENNESSEE.

Tom Leatherwood, Shelby County Register of Deeds: Instr # HA2094

SUPPLEMENTAL #1
September26, 20
08:20 am

**EXHIBIT "B"**

Parcel I

HA 2094

1. 1998 City of Memphis and Shelby County taxes.
2. 1998 CBID assessments.
3. Easement for anchor guys and electric transmission or distribution lines recorded in Book 1564, Page 244, in the Register's Office of Shelby County, Tennessee.
4. Easement to the City of Memphis in Book 4019, Page 355 in said Register's Office.
5. Subdivision restrictions, building lines and easements in Plat Book 25, Pages 35-36, and in Plat Book 26, Pages 31-32, in said Register's Office.
6. Restrictive covenants in Warranty Deed recorded in Book 4784, Page 355, in said Register's Office.
7. Easements of record in Book 4406, Page 103, Book 4528, Page 128, and as mentioned in Warranty Deed of record in Book 4784, Page 355, in said Register's Office.
8. Easement of record in Book 5802, Page 111, in said Register's Office.
9. Sanitary Sewer Easement to the City of Memphis recorded under Instrument No. U8 2309, in said Register's Office.
10. Easements retained by the City of Memphis in Quitclaim Deed recorded as Instrument No. GB 8373, in said Register's Office.
11. Five foot (5') sanitary sewer easements recorded in Book 4528, Page 130 and in Book 4528, Page 132, in said Register's Office.
12. Rights of Tenants in possession under unrecorded leases, if any.
13. All matters shown on survey dated November 24, 1997, by William H. Woods (TN RLS# 974) of Pickering Firm Inc.

Parcel II

1. 1998 City of Memphis and Shelby County taxes.
2. 1998 CBID assessments.
3. Easement of record in Book 1364, Page 552, in the Register's Office of Shelby County, Tennessee.
4. Rights of Tenants in possession under unrecorded leases, if any.
5. Easements and restrictions contained in Warranty Deed of record at Instrument No. BN 7135, in said Register's Office.
6. All matters shown on survey dated November 25, 1997, by William H. Woods (TN RLS# 974) of Pickering Firm Inc.

Tom Leatherwood, Shelby County Register of Deeds: Instr # HA2094

SUPPLEMENTAL #1
September26, 2014
08:20 am
HA 2094

**EXHIBIT "B" ( CONTINUED)**

Parcel III

1. 1998 City of Memphis and Shelby County taxes.
2. 1998 CBID assessments.
3. Easement for anchor guys and electric transmission or distribution lines recorded in Book 1564, Page 244, in the Register's Office of Shelby County, Tennessee.
4. Easement to the City of Memphis in Book 4019, Page 355 in said Register's Office.
5. Subdivision restrictions, building lines and easements in Plat Book 25, Pages 35-36, and in Plat Book 26, Pages 31-32, in said Register's Office.
6. Restrictive covenants in Warranty Deed recorded in Book 4784, Page 355, in said Register's Office.
7. Easements of record in Book 4406, Page 103, Book 4528, Page 128, and as mentioned in Warranty Deed of record in Book 4784, Page 355, in said Register's Office.
8. Easement of record in Book 5802, Page 111, in said Register's Office.
9. Sanitary Sewer Easement to the City of Memphis recorded under Instrument No. U8 2309, in said Register's Office.
10. Easements retained by the City of Memphis in Quitclaim Deed recorded as Instrument No. GB 8373, in said Register's Office.
11. Five foot (5') sanitary sewer easements recorded in Book 4528, Page 130 and in Book 4528, Page 132, in said Register's Office.
12. All matters shown on survey dated November 25, 1997, by William H. Woods (TN RLS# 974) of Pickering Firm Inc.

Parcel IV

1. 1998 City of Memphis and Shelby County taxes.
2. 1998 CBID assessments.
3. Easements of record at Instrument Nos. BU 6171 and BU 9537, both of record in the Register's Office of Shelby County, Tennessee.
4. Railroad right of way.
5. All matters shown on survey dated November 24, 1997, by William H. Woods (TN RLS# 974) of Pickering Firm Inc.

HA 2094
No.
D/C DR 2
Pgs. 8 Itm.
Val. 19,654,660
STATE 72,722.24
REGISTER'S FEE
MISC FEE
WT ☒ MISC FEE
TOTAL 72,787.24
G. J. BOWLES
REGISTER

HA2094

SHELBY COUNTY
REGISTER OF DEEDS
97 DEC -2 PM 4:22

**SUPPLEMENTAL #1**

**September26, 2014**
**08:20 am**

# *Tom Leatherwood*

Shelby County Register

As evidenced by the instrument number shown below, this document has been recorded as a permanent record in the archives of the Office of the Shelby County Register.

07185872
12/13/2007 - 03:52 PM
2 PGS : R - PLAT
VIRGINIA 539759-7185872

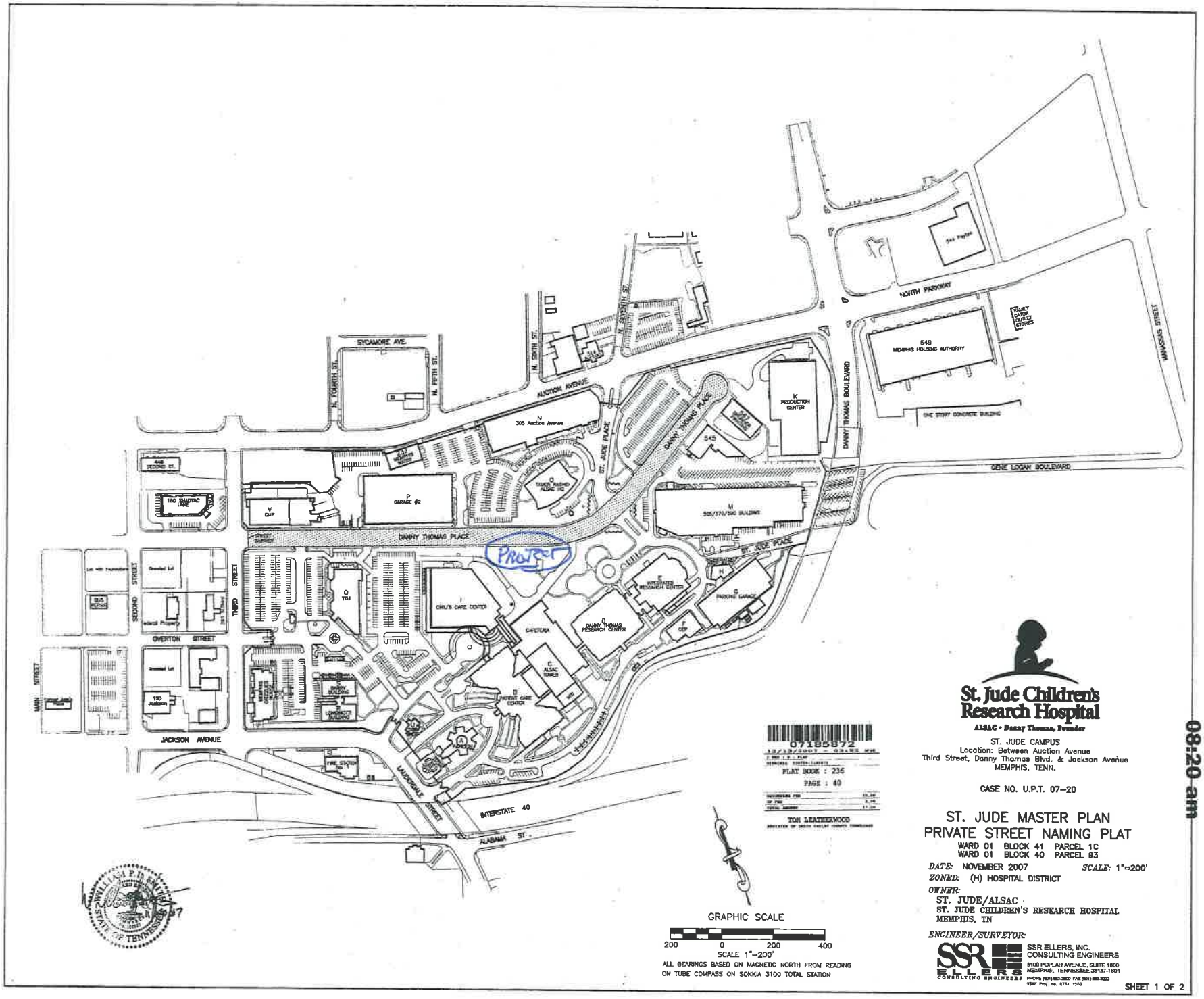
PLAT BOOK : 236

PAGE : 40

| | |
|---|---|
| RECORDING FEE | 15.00 |
| DP FEE | 2.00 |
| TOTAL AMOUNT | 17.00 |

TOM LEATHERWOOD
REGISTER OF DEEDS SHELBY COUNTY TENNESSEE

160 N. Main St., Suite 519 ~ Memphis, Tennessee 38103 ~ (901) 545-4366
http://register.shelby.tn.us




07185872
12/13/2007 - 03:55 PM
PLAT BOOK : 236
PAGE : 40
TOM LEATHERWOOD
REGISTER OF SHELBY COUNTY, TENNESSEE

GRAPHIC SCALE

200 0 200 400

SCALE 1"=200'

ALL BEARINGS BASED ON MAGNETIC NORTH FROM READING ON TUBE COMPASS ON SOKKIA 3100 TOTAL STATION

**St. Jude Children's Research Hospital**

ALSAC • Danny Thomas, Founder

ST. JUDE CAMPUS
Location: Between Auction Avenue
Third Street, Danny Thomas Blvd. & Jackson Avenue
MEMPHIS, TENN.

CASE NO. U.P.T. 07–20

# ST. JUDE MASTER PLAN
# PRIVATE STREET NAMING PLAT

WARD 01 BLOCK 41 PARCEL 1C
WARD 01 BLOCK 40 PARCEL 93

*DATE:* NOVEMBER 2007 *SCALE:* 1"=200'

*ZONED:* (H) HOSPITAL DISTRICT

*OWNER:*
ST. JUDE/ALSAC
ST. JUDE CHILDREN'S RESEARCH HOSPITAL
MEMPHIS, TN

*ENGINEER/SURVEYOR:*

SSR ELLERS, INC.
CONSULTING ENGINEERS
5100 POPLAR AVENUE, SUITE 1800
MEMPHIS, TENNESSEE 38137-1901
PHONE (901) 683-3800 FAX (901) 683-3803
SSRE Proj. No. 0781 1540

SHEET 1 OF 2

SUPPLEMENTAL #1
September26, 2014
08:20 am

SUPPLEMENTAL #1
September26, 2014
08:20 am

## OWNER'S CERTIFICATE

I/WE, THE UNDERSIGNED OWNER OF THE PROPERTY SHOWN, HEREBY ADOPT THIS PLAT AS OUR PLAN OF DEVELOPMENT. WE CERTIFY THAT WE ARE THE OWNER OF SAID PROPERTY IN FEE SIMPLE, DULY AUTHORIZED TO ACT, AND THAT SAID PROPERTY IS NOT ENCUMBERED BY ANY TAXES OR MORTGAGES WHICH HAVE BECOME DUE AND PAYABLE.

BY: _____ DATE: 11/27/07

## NOTARY'S CERTIFICATE

STATE OF TENNESSEE
COUNTY OF SHELBY

BEFORE ME, THE UNDERSIGNED, A NOTARY PUBLIC IN AND FOR THE STATE OF TENNESSEE AND SHELBY COUNTY AT MEMPHIS, DULY COMMISSIONED AND QUALIFIED, PERSONALLY, WITH WHOM I AM PERSONALLY ACQUAINTED AND WHO, UPON OATH, ACKNOWLEDGE HIMSELF/HERSELF TO BE , THE WITHIN NAMED BARGAINER, AND THAT HE/SHE EXECUTED THE FORGOING INSTRUMENT FOR THE PURPOSE THEREIN CONTAINED. IN WITNESS WHEREOF, I HAVE HEREUNTO SET MY HAND AND AFFIXED MY NOTARIAL SEAL AT MY OFFICE IN MEMPHIS, THIS 27 DAY OF November 20 07

NOTARY PUBLIC _____

MY COMMISSION EXPIRES _____

STATE OF TENNESSEE NOTARY PUBLIC

## ENGINEER'S CERTIFICATE

IT IS HEREBY CERTIFIED THAT THIS PLAT IS TRUE AND CORRECT, IS IN CONFORMANCE WITH THE DESIGN REQUIREMENTS OF THE ZONING ORDINANCE, THE SUBDIVISION REGULATIONS AND THE SPECIFIC CONDITIONS IMPOSED ON THIS DEVELOPMENT, AND TAKES INTO ACCOUNT ALL APPLICABLE FEDERAL, STATE AND LOCAL BUILDING LAWS AND REGULATIONS.

BY _____

TENNESSEE CERTIFICATE NO. 108387

WILLIAM D. I. SMITH
STATE OF TENNESSEE

## OFFICE OF PLANNING AND DEVELOPMENT CERTIFICATE

THIS FINAL PLAT IS BEING RECORDED TO ESTABLISH THE PRIVATE STREET NAME OF DANNY THOMAS PLACE AS ILLUSTRATED ON SHEET 1.

BY: Mary L. Baker DATE: 12/13/07
DIRECTOR
OFFICE OF PLANNING AND DEVELOPMENT NMS

_____ DATE: 12/17/07
CITY ENGINEER
NT

07185872
12/13/2007 - 03:52 PM
2 PGS : 2 - PLAT
VIRGINIA 530758-7185872
PLAT BOOK : 236
PAGE : 40

| | |
|---|---|
| RECORDING FEE | 10.00 |
| DP FEE | 2.00 |
| TOTAL AMOUNT | 17.00 |

TOM LEATHERWOOD
REGISTER OF DEEDS SHELBY COUNTY TENNESSEE

St. Jude Children's Research Hospital
ALSAC • Danny Thomas, Founder

ST. JUDE CAMPUS
Location: Between Auction Avenue
Third Street, Danny Thomas Blvd. & Jackson Avenue
MEMPHIS, TENN.

CASE NO. U.P.T. 07-20

# ST. JUDE MASTER PLAN
# PRIVATE STREET NAMING PLAT

WARD 01 BLOCK 41 PARCEL 1C
WARD 01 BLOCK 40 PARCEL 93

*DATE:* NOVEMBER 2007 *SCALE:* 1"=200'
*ZONED:* (H) HOSPITAL DISTRICT
*OWNER:*
ST. JUDE/ALSAC
ST. JUDE CHILDREN'S RESEARCH HOSPITAL
MEMPHIS, TN

*ENGINEER/SURVEYOR:*
SSR ELLERS, INC.
CONSULTING ENGINEERS
5100 POPLAR AVENUE, SUITE 1600
MEMPHIS, TENNESSEE 38137-1601
PHONE (901) 683-3900 FAX (901) 683-3930
SSRE Proj. No. 0761 1580

SHEET 2 OF 2

**SUPPLEMENTAL #1**

**September26, 2014**
**08:20 am**

**SUPPLEMENTAL #1**
**September26, 2014**
**08:20 am**

## HISTORICAL DATA CHART -- ST. JUDE CHILDREN'S RESEARCH HOSPITAL

Give information for the last three (3) years for which complete data are available for the facility or agency.
The fiscal year begins July 1.

| | | FYE 2012 | FYE 2013 | FYE 2014 |
|---|---|---|---|---|
| | Admissions | 2,988 | 3,015 | 2,944 |
| A. Utilization Data | Discharge Days | 15,667 | 16,499 | 14,931 |
| B. Revenue from Services to Patients | | | | |
| 1. Inpatient Services | | $ 158,576,220 | 162,918,716 | 149,973,290 |
| 2. Outpatient Services | | 246,297,608 | 251,126,212 | 267,778,242 |
| 3. Emergency Services | | | | |
| 4. Other Operating Revenue | | 102,677,162 | 104,197,037 | 113,404,339 |
| (Specify) See notes page | | | | |
| | **Gross Operating Revenue** | $ 507,550,990 | $ 518,241,965 | $ 531,155,871 |
| C. Deductions for Operating Revenue | | | | |
| 1. Contractual Adjustments | | $ 265,679,152 | 260,238,786 | 263,496,102 |
| 2. Provision for Charity Care | | 43,100,000 | 49,300,000 | 56,153,000 |
| 3. Provisions for Bad Debt | | 558,000 | 492,000 | 681,000 |
| | **Total Deductions** | $ 309,337,152 | $ 310,030,786 | $ 320,330,102 |
| **NET OPERATING REVENUE** | | $ 198,213,838 | $ 208,211,179 | $ 210,825,769 |
| D. Operating Expenses | | | | |
| 1. Salaries and Wages | | $ 274,293,362 | 286,819,653 | 303,045,662 |
| 2. Physicians Salaries and Wages | | 64,340,418 | 67,278,684 | 71,084,785 |
| 3. Supplies | | 87,127,270 | 94,463,734 | 101,762,224 |
| 4. Taxes | | | | |
| 5. Depreciation | | 62,566,580 | 61,563,562 | 61,003,690 |
| 6. Rent | | | | |
| 7. Interest, other than Capital | | 10,034,890 | 7,418,215 | 3,082,928 |
| 8. Management Fees | | | | |
| a. Fees to Affiliates | | 0 | 0 | |
| b. Fees to Non-Affiliates | | 0 | 0 | |
| 9. Other Expenses (Specify) | See notes page | 136,658,581 | 136,690,203 | 143,296,740 |
| | **Total Operating Expenses** | $ 635,021,101 | 654,234,051 | 683,276,029 |
| E. Other Revenue (Expenses) -- Net (Specify) | | $ 502,355,499 | $ 542,823,781 | $ 603,365,782 |
| **NET OPERATING INCOME (LOSS)** | | $ 65,548,236 | $ 96,800,909 | $ 130,915,522 |
| F. Capital Expenditures | | | | |
| 1. Retirement of Principal | | $ 0 | $ 0 | $ 0 |
| 2. Interest | | 0 | 0 | 0 |
| | **Total Capital Expenditures** | $ 65,548,236 | $ 96,800,909 | $ 130,915,522 |
| **NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES** | | $ 0 | $ 0 | $ 0 |

**SUPPLEMENTAL #1**

**September26, 2014**
**08:20 am**

**NOTES TO THE HISTORICAL DATA CHART - ST JUDE CHILDREN'S RESEARCH HOSPITAL**

| | FYE 2012 | FYE 2013 | FYE 2014 |
|---|---|---|---|
| **NOTE 1: Components of Other Operating Revenue:** | | | |
| Research grants | $95,189,714 | $93,786,270 | $80,937,617 |
| Net investment gain (loss) | (16,570) | 133,162 | 220,580 |
| Other | 7,504,018 | 10,277,605 | 32,246,142 |
| **Total other operating revenue** | **$102,677,162** | **$104,197,037** | **$113,404,339** |
| **NOTE 2: Components of Other Operating Expenses:** | | | |
| Professional fee & contract services | $90,993,413 | $95,572,037 | $98,663,304 |
| Telephone | 1,261,843 | 1,166,737 | 1,274,219 |
| Occupancy | 20,966,949 | 20,672,588 | 22,298,783 |
| Travel and meetings | 10,414,587 | 10,096,211 | 9,936,401 |
| Miscellaneous | 13,021,789 | 9,182,630 | 11,124,033 |
| **Total other operating expense** | **$136,658,581** | **$136,690,203** | **$143,296,740** |

**NOTE 3: Other Revenue, Line E** This is the total of continuous cash contributrions by ALSAC to offset deficits.

SUPPLEMENTAL #1

September 26, 2014
08:20 am

# PROJECTED DATA CHART-- ST JUDE CHILDREN'S RESEARCH HOSPITAL

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins July 1.

| | | | FYE 2017 | FYE 2018 |
|---|---|---|---|---|
| | | Admissions | 3,527 | 3,637 |
| A. | Utilization Data | Discharge Days | 19,762 | 21,779 |
| B. | Revenue from Services to Patients | | | |
| | 1. Inpatient Services | | $ 224,146,808 | $ 277,368,614 |
| | 2. Outpatient Services | | 293,782,149 | 305,533,435 |
| | 3. Emergency Services | | | |
| | 4. Other Operating Revenue (Specify) | See notes page | 86,200,000 | 89,000,000 |
| | | **Gross Operating Revenue** | $ 604,128,957 | $ 671,902,049 |
| C. | Deductions for Operating Revenue | | | |
| | 1. Contractual Adjustments | | $ 345,118,048 | $ 391,114,578 |
| | 2. Provision for Charity Care | | 55,000,000 | 57,200,000 |
| | 3. Provisions for Bad Debt | | 500,000 | 520,000 |
| | | **Total Deductions** | $ 400,618,048 | $ 448,834,578 |
| **NET OPERATING REVENUE** | | | $ 203,510,909 | $ 223,067,471 |
| D. | Operating Expenses | | | |
| | 1. Salaries and Wages | | $ 373,916,908 | $ 408,786,649 |
| | 2. Physicians Salaries and Wages | | 87,708,904 | 95,888,226 |
| | 3. Supplies | | 123,149,118 | 134,633,429 |
| | 4. Taxes | | | |
| | 5. Depreciation | | 68,600,000 | 72,800,000 |
| | 6. Rent | | | |
| | 7. Interest, other than Capital | | 9,670,872 | 10,572,732 |
| | 8. Management Fees | | | |
| | a. Fees to Affiliates | | 0 | 0 |
| | b. Fees to Non-Affiliates | | 0 | 0 |
| | 9. Other Expenses (Specify) | See notes page | 178,198,312 | 194,816,253 |
| | Dues, Utilities, Insurance, and Prop Taxes. | | | |
| | | **Total Operating Expenses** | $ 841,244,114 | $ 917,497,289 |
| E. | Other Revenue (Expenses) -- Net (Specify) | | $ 752,533,205 | $ 782,829,818 |
| **NET OPERATING INCOME (LOSS)** | | | $ 114,800,000 | $ 88,400,000 |
| F. | Capital Expenditures | | | |
| | 1. Retirement of Principal | | $ | $ |
| | 2. Interest | | | |
| | | **Total Capital Expenditures** | $ 114,800,000 | $ 88,400,000 |
| **NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES** | | | $ 0 | $ 0 |

**SUPPLEMENTAL #1**

**September26, 2014**
**08:20 am**

**NOTES TO THE PROJECTED DATA CHART - ST. JUDE CHILDREN'S RESEARCH HOSPITAL**

| | FYE 2017 | FYE 2018 |
|---|---|---|
| **NOTE 1: Components of Other Operating Revenue:** | | |
| Research grants | $75,000,000 | $77,300,000 |
| Net investment gain (loss) | - | - |
| Other | 11,200,000 | 11,700,000 |
| **Total other operating revenue** | **$86,200,000** | **$89,000,000** |

| | | |
|---|---|---|
| **NOTE 2: Components of Other Operating Expenses:** | | |
| Professional fee & contract s | $124,593,975 | $136,213,026 |
| Telephone | 1,521,035 | 1,662,879 |
| Occupancy | 26,950,141 | 29,463,386 |
| Travel and meetings | 13,162,083 | 14,389,517 |
| Miscellaneous | 11,971,079 | 13,087,445 |
| **Total other operating expense** | **$178,198,313** | **$194,816,253** |

**NOTE 3: Other Revenue, Line E** This is the total of continuous cash contributrions by ALSAC to offset deficits.

SUPPLEMENTAL #1
September26, 2014
08:20 am

## PROJECTED DATA CHART--SJCRH-- 54 INPATIENT BEDS

Give information for the two (2) years following the completion of this proposal.
The fiscal year begins July 1.

| | | | FYE 2017 | FYE 2018 |
|---|---|---|---|---|
| | | Admissions | 3,231 | 4,011 |
| A. | Utilization Data | Discharge Days | 13,302 | 16,514 |
| B. | Revenue from Services to Patients | | | |
| | 1. Inpatient Services | | $ 178,451,345 | $ 222,707,278 |
| | 2. Outpatient Services | | | |
| | 3. Emergency Services | | | |
| | 4. Other Operating Revenue (Specify) | See notes page | | |
| | | **Gross Operating Revenue** | $ 178,451,345 | $ 222,707,278 |
| C. | Deductions for Operating Revenue | | | |
| | 1. Contractual Adjustments | | $ 115,339,417 | $ 143,943,593 |
| | 2. Provision for Charity Care | | 21,850,061 | 27,268,876 |
| | 3. Provisions for Bad Debt | | 218,058 | 272,135 |
| | | **Total Deductions** | $ 137,407,536 | $ 171,484,604 |
| **NET OPERATING REVENUE** | | | $ 41,043,809 | $ 51,222,674 |
| D. | Operating Expenses | | | |
| | 1. Salaries and Wages | | $ 60,289,197 | $ 75,964,388 |
| | 2. Physicians Salaries and Wages | | 14,141,910 | 17,818,807 |
| | 3. Supplies | | 30,378,012 | 38,276,295 |
| | 4. Taxes | | | |
| | 5. Depreciation | | | |
| | 6. Rent | | | |
| | 7. Interest, other than Capital | | | |
| | 8. Management Fees | | | |
| | a. Fees to Affiliates | | | |
| | b. Fees to Non-Affiliates | | | |
| | 9. Other Expenses (Specify) | See notes page | 26,694,604 | 33,635,201 |
| | Dues, Utilities, Insurance, and Prop Taxes. | | | |
| | | **Total Operating Expenses** | $ 131,503,723 | $ 165,694,691 |
| E. | Other Revenue (Expenses) -- Net (Specify) | | $ 167,949,914 | $ 174,142,017 |
| **NET OPERATING INCOME (LOSS)** | | | $ 77,490,000 | $ 59,670,000 |
| F. | Capital Expenditures | | | |
| | 1. Retirement of Principal | | $ | $ |
| | 2. Interest | | | |
| | | **Total Capital Expenditures** | $ 77,490,000 | $ 59,670,000 |
| **NET OPERATING INCOME (LOSS) LESS CAPITAL EXPENDITURES** | | | $ 0 | $ 0 |

SUPPLEMENTAL #1
September26, 2014
08:20 am

**NOTES TO THE PROJECTED DATA CHART - ST. JUDE CHILDREN'S RESEARCH HOSPITAL--54 BEDS**

| | FYE 2017 | FYE 2018 |
|---|---|---|
| **NOTE 1: Components of Other Operating Revenue:** | | |
| Research grants | | |
| Net investment gain (loss) | | |
| Other | | |
| **Total other operating revenue** | | |
| **NOTE 2: Components of Other Operating Expenses:** | | |
| Professional fee & contract services | $20,297,429 | $25,574,761 |
| Telephone | 366,811 | 462,182 |
| Occupancy | 944,132 | 1,189,607 |
| Travel and meetings | 3,834,789 | 4,831,834 |
| Miscellaneous | 1,251,443 | 1,576,817 |
| **Total other operating expense** | **$26,694,604** | **$33,635,201** |

**NOTE 3: Other Revenue, Line E** This is the total of continuous cash contributrions by ALSAC to offset deficits.

SUPPLEMENTAL #1
September26, 2014
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**C(II).5. PLEASE IDENTIFY THE PROJECT'S AVERAGE GROSS CHARGE, AVERAGE DEDUCTION FROM OPERATING REVENUE, AND AVERAGE NET CHARGE.**

| Table Nine: Average Charges, Deductions, Net Charges, Net Operating Income | | |
|---|---|---|
| | **FYE 2017** | **FYE 2018** |
| Patient Days | 13,302 | 16,514 |
| Admissions or Discharges | 3,231 | 4,011 |
| Average Gross Charge Per Day | $13,415 | $13,486 |
| Average Gross Charge Per Admission | $55,231 | $55,524 |
| Average Deduction from Operating Revenue per Day | $10,330 | $10,384 |
| Average Deduction from Operating Revenue per Admission | $42,528 | $42,754 |
| Average Net Charge (Net Operating Revenue) Per Day | $3,086 | $3,102 |
| Average Net Charge (Net Operating Revenue) Per Admission | $12,703 | $12,771 |
| Average Net Operating Income after Expenses, Per Day | $5,825 | $3,613 |
| Average Net Operating Income after Expenses, Per Admission | $23,983 | $14,877 |

**SUPPLEMENTAL #1**

**September26, 2014**
**08:20 am**

SUPPLEMENTAL #1
September26, 2014
08:20 am

The Joint Commission

St. Jude Children's Research Hospital
262 Danny Thomas Place
Memphis, TN 38105

**Organization Identification Number: 7877**

| **Program(s)** | **Survey Date(s)** |
|---|---|
| Hospital Accreditation | 11/06/2012-11/08/2012 |
| Home Care Accreditation | |

**Executive Summary**

**Hospital Accreditation :** As a result of the accreditation activity conducted on the above date(s), Requirements for Improvement have been identified in your report.

You will have follow-up in the area(s) indicated below:

- Evidence of Standards Compliance (ESC)

**Home Care Accreditation :** As a result of the accreditation activity conducted on the above date(s), there were no Requirements for Improvement identified.

If you have any questions, please do not hesitate to contact your Account Executive.

Thank you for collaborating with The Joint Commission to improve the safety and quality of care provided to patients.

**Evidence of DIRECT Impact Standards Compliance is due within 45 days from the day this report is posted to your organization's extranet site:**

| | | |
|---|---|---|
| **Program:** | Hospital Accreditation Program | |
| **Standards:** | EC.02.02.01 | EP7 |
| | LS.02.01.10 | EP1 |

**Evidence of INDIRECT Impact Standards Compliance is due within 60 days from the day this report is posted to your organization's extranet site:**

| | | |
|---|---|---|
| **Program:** | Hospital Accreditation Program | |
| **Standards:** | EC.02.03.05 | EP2,EP15 |
| | EC.02.06.01 | EP1 |
| | IC.01.03.01 | EP5 |
| | IC.01.04.01 | EP1,EP2,EP3,EP4,EP5 |
| | IC.03.01.01 | EP1,EP2,EP3,EP4,EP6,EP7 |
| | LD.04.04.05 | EP12 |

## The Joint Commission
## Summary of CMS Findings

**CoP:** §482.26 **Tag:** A-0528 **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.26 Condition of Participation: Radiologic Services

The hospital must maintain, or have available, diagnostic radiologic services. If therapeutic services are also provided, they, as well as the diagnostic services, must meet professionally approved standards for safety and personnel qualifications.

| CoP Standard | Tag | Corresponds to | Deficiency |
|---|---|---|---|
| §482.26(b) | A-0535 | HAP - EC.02.02.01/EP7 | Standard |

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**CoP:** §482.41 **Tag:** A-0700 **Deficiency:** Standard

**Corresponds to:** HAP

**Text:** §482.41 Condition of Participation: Physical Environment

The hospital must be constructed, arranged, and maintained to ensure the safety of the patient, and to provide facilities for diagnosis and treatment and for special hospital services appropriate to the needs of the community.

| CoP Standard | Tag | Corresponds to | Deficiency |
|---|---|---|---|
| §482.41(b)(1)(i) | A-0710 | HAP - EC.02.03.05/EP2, EP15, LS.02.01.10/EP1 | Standard |

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**Chapter:** Environment of Care

**Program:** Hospital Accreditation

**Standard:** EC.02.02.01

**Standard Text:** The hospital manages risks related to hazardous materials and waste.

**Primary Priority Focus Area:** Physical Environment

**Element(s) of Performance:**

7. The hospital minimizes risks associated with selecting and using hazardous energy sources.
Note: Hazardous energy is produced by both ionizing equipment (for example, radiation and x-ray equipment) and nonionizing equipment (for example, lasers and MRIs).

**Scoring Category :** A
**Score :** Insufficient Compliance

**Observation(s):**

EP 7
§482.26(b) - (A-0535) - §482.26(b) Standard: Safety for Patients and Personnel

The radiologic services, particularly ionizing radiology procedures, must be free from hazards for patients and personnel.
This Standard is NOT MET as evidenced by:
Observed in Individual Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.
During an individual patient tracer on a patient having an MRI, it was observed staff had a non MRI safe cart in MRI zone III which was immediately outside the magnet(zone IV). The placement of the cart immediately outside the magnet created an opportunity and an increased risk for a ferrous object to be sucked into the magnet which could harm patients and or staff. The cart was moved away from the magnet before the survey ended.

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**Chapter:** Environment of Care

**Program:** Hospital Accreditation

**Standard:** EC.02.03.05

**Standard Text:** The hospital maintains fire safety equipment and fire safety building features.
Note: This standard does not require hospitals to have the types of fire safety equipment and building features described below. However, if these types of equipment or features exist within the building, then the following maintenance, testing, and inspection requirements apply.

**Primary Priority Focus Area:** Physical Environment

## Element(s) of Performance:

2. For hospitals that use Joint Commission accreditation for deemed status purposes: At least quarterly, the hospital tests water-flow devices. Every 6 months, the hospital tests valve tamper switches. The completion date of the tests is documented.
Note: For additional guidance on performing tests, see NFPA 25, 1998 edition (Sections 2-3.3 and 3-3.3) and NFPA 72, 1999 edition (Table 7-3.2).
For hospitals that do not use Joint Commission accreditation for deemed status purposes: Every 6 months, the hospital tests valve tamper switches and water-flow devices. The completion date of the tests is documented.
Note: For additional guidance on performing tests, see NFPA 72, 1999 edition (Table 7 -3.2).

**Scoring Category :** A
**Score :** Insufficient Compliance

15. At least monthly, the hospital inspects portable fire extinguishers. The completion dates of the inspections are documented.
Note 1: There are many ways to document the inspections, such as using bar-coding equipment, using check marks on a tag, or using an inventory.
Note 2: Inspections involve a visual check for the presence and correct type of extinguisher, broken parts, full charge, and ease of access.
Note 3: For additional guidance on inspection of fire extinguishers, see NFPA 10, Standard for Portable Fire Extinguishers, 1998 edition (Sections 1-6, 4-3, and 4-4).

**Scoring Category :** C
**Score :** Insufficient Compliance

## Observation(s):

EP 2
§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.
This Standard is NOT MET as evidenced by:
Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.
There was no documentation of testing of the water flow devices for the second quarter of 2011.

EP 15
§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.
This Standard is NOT MET as evidenced by:
Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.
There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher #37685 in the clyclotron area.

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.
There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher #36299 in the clyclotron area.

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.
There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher #37856 in the clyclotron area.

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.
There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher #37857 in the clyclotron area.

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.
There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher #38963 in the clyclotron area.

Observed in Document Review at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.
There was no documentation of the completion dates of the December 2011 inspection of portable fire extinguisher

EP 2

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**Chapter:** Environment of Care

**Program:** Hospital Accreditation

**Standard:** EC.02.06.01

ESC 60 days

**Standard Text:** The hospital establishes and maintains a safe, functional environment.
Note: The environment is constructed, arranged, and maintained to foster patient safety, provide facilities for diagnosis and treatment, and provide for special services appropriate to the needs of the community.

**Primary Priority Focus Area:** Physical Environment

**Element(s) of Performance:**

1. Interior spaces meet the needs of the patient population and are safe and suitable to the care, treatment, and services provided. 4

**Scoring Category :** C
**Score :** Insufficient Compliance

**Observation(s):**

EP 1
Observed in Building Tour at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site. There were two oxygen "E" cylinders stored in a 2 northwest supply room without the required "Full" or "Empty" signage.

Observed in Building Tour at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site. There were two oxygen "E" cylinders stored in a 2 southeast supply room without the required "Full" or "Empty" signage.

Observed in Building Tour at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site. There was an uncovered electrical junction box above the corridor outside room B1076F.

---

**Chapter:** Infection Prevention and Control

**Program:** Hospital Accreditation

**Standard:** IC.01.03.01

ESC 60 days

**Standard Text:** The hospital identifies risks for acquiring and transmitting infections.

**Primary Priority Focus Area:** Information Management

**Element(s) of Performance:**

5. The hospital prioritizes the identified risks for acquiring and transmitting infections. These prioritized risks are documented. (See also NPSG.07.03.01, EP 1) 4

**Scoring Category :** A
**Score :** Insufficient Compliance

**Observation(s):**

EP 5
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
During the infection control tracer, there were no documented risks identified or prioritized for acquiring and transmitting infections. Staff spoke to surveillance strategies and types of data reviewed but there was no documentation of risks identified in the plan or any other document presented at the time of survey.

---

**Chapter:** Infection Prevention and Control

**Program:** Hospital Accreditation

**Standard:** IC.01.04.01

ESC 60 days

**Standard Text:** Based on the identified risks, the hospital sets goals to minimize the possibility of transmitting infections.
Note: See NPSG.07.01.01 for hand hygiene guidelines.

**Primary Priority Focus Area:** Information Management

**Element(s) of Performance:**

1. The hospital's written infection prevention and control goals include the following: Addressing its prioritized risks.

**Scoring Category :** A
**Score :** Insufficient Compliance

2. The hospital's written infection prevention and control goals include the following: Limiting unprotected exposure to pathogens.

**Scoring Category :** A
**Score :** Insufficient Compliance

3. The hospital's written infection prevention and control goals include the following: Limiting the transmission of infections associated with procedures.

**Scoring Category :** A
**Score :** Insufficient Compliance

4. The hospital's written infection prevention and control goals include the following: Limiting the transmission of infections associated with the use of medical equipment, devices, and supplies.

**Scoring Category :** A
**Score :** Insufficient Compliance

5. The hospital's written infection prevention and control goals include the following: Improving compliance with hand hygiene guidelines. (See also NPSG.07.01.01, EP 1)

**Scoring Category :** A
**Score :** Insufficient Compliance

**Observation(s):**

EP 1
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
There were no documented infection control goals that documented the prioritized risks. There were no prioritized risks documented at the time of survey.

EP 2
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
There were no documented infection control goals related to limiting unprotected exposures to pathogens.

EP 3
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
There were no documented infection control goals that addresses limiting the transmission of infections associated with procedures.

EP 4
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
There were no documented infection control goals addressing limiting the transmission of infections associated with the use of medical equipment, devices and supplies.

EP 5
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
There were no documented infection control goals addressing expectations for compliance with hand hygiene guidelines. While the organization measures hand hygiene compliance, there were no stated goals or thresholds documented to ascertain expected compliance levels.

---

**Chapter:** Infection Prevention and Control

**Program:** Hospital Accreditation

**Standard:** IC.03.01.01 ESC 60 days

**Standard Text:** The hospital evaluates the effectiveness of its infection prevention and control plan.

**Primary Priority Focus Area:** Infection Control

**Element(s) of Performance:**

1. The hospital evaluates the effectiveness of its infection prevention and control plan annually and whenever risks significantly change.

**Scoring Category :** A
**Score :** Insufficient Compliance

2. The evaluation includes a review of the following: The infection prevention and control plan's prioritized risks.

**Scoring Category :** A
**Score :** Insufficient Compliance

3. The evaluation includes a review of the following: The infection prevention and control plan's goals. (See also NPSG.07.01.01, EP 2)

**Scoring Category :** A
**Score :** Insufficient Compliance

4. The evaluation includes a review of the following: Implementation of the infection prevention and control plan's activities.

**Scoring Category :** A
**Score :** Insufficient Compliance

6. Findings from the evaluation are communicated at least annually to the individuals or interdisciplinary group that manages the patient safety program.

**Scoring Category :** A
**Score :** Insufficient Compliance

7. The hospital uses the findings of its evaluation of the infection prevention and control plan when revising the plan. (See also LD.01.02.01, EP 4)

**Scoring Category :** A
**Score :** Insufficient Compliance

**Observation(s):**

EP 1
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
The report presented entitled the "2011 Annual report of health Care associated infections" but the document did not evaluated the effectiveness of the IC plan or determine whether the interventions taken were effective.

EP 2
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
While the hospital presented an annual report of health care associated infections, there was no evaluation presented of the IC plans risks. There were no prioritized risks to evaluate.

EP 3
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
There were no documented goals to evaluate to determine the effectiveness of the IC program and plan.

EP 4
Observed in Infection Control System Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
While the organization presented a document talking about trends in infections, there was no documented review of the specific implementation of the IC program and plans activities or an evaluation of the activities effectiveness.

EP 6
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
There was no evidence presented that an evaluation of the effectiveness of the IC program was completed so there was no evidence that any information was presented to the patient safety program.

EP 7
Observed in Infection Control Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site.
There was no evidence presented at the time of survey to indicate the organization evaluated the effectiveness of their IC program, strategies, implementation of activities or surveillance so it was not possible to determine what was utilized to develop their plan. The plan did not contain prioritized risks, no measurable goals, no specific strategies or methodologies to reduce the transmission of infections. Staff could verbalize the framework of the program, data collected and some of their goals but the documentation was lacking.

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**Chapter:** Leadership

**Program:** Hospital Accreditation

**Standard:** LD.04.04.05

ESC 60 days

**Standard Text:** The hospital has an organization-wide, integrated patient safety program within its performance improvement activities.

**Primary Priority Focus Area:** Communication

**Element(s) of Performance:**

12. The leaders disseminate lessons learned from root cause analyses, system or process failures, and the results of proactive risk assessments to all staff who provide services for the specific situation. (See also LD.03.04.01, EP 5)

**Scoring Category :** A
**Score :** Insufficient Compliance

**Observation(s):**

EP 12
Observed in Individual Tracer at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site. During tracer activity on the leukemia inpatient unit, nursing staff were questioned regarding measures in place to prevent infant and child abduction. Three separate staff members that work with children on this unit could not identify or verbalize methods in place to prevent abductions. Security staff indicated they had performed a risk assessment and had identified infant and child abduction as a risk. Nursing staff could not verbalize mechanisms in place to prevent abductions. Nursing staff were not included in the risk assessment and had no knowledge of the risk assessment or measures being considered to prevent abduction of a child or an infant. The organization includes education to the parents regarding "safety and security" but staff could not speak to specific measures taken to prevent abductions.

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**Chapter:** Life Safety

**Program:** Hospital Accreditation

**Standard:** LS.02.01.10 ESC 45 days

**Standard Text:** Building and fire protection features are designed and maintained to minimize the effects of fire, smoke, and heat.

**Primary Priority Focus Area:** Physical Environment

**Element(s) of Performance:**

1. Buildings meet requirements for height and construction type in accordance with NFPA 101-2000: 18/19.1.6.2.

**Scoring Category :** A
**Score :** Insufficient Compliance

**Observation(s):**

EP 1
§482.41(b)(1)(i) - (A-0710) - (i) The hospital must meet the applicable provisions of the 2000 edition of the Life Safety Code of the National Fire Protection Association. The Director of the Office of the Federal Register has approved the NFPA 101®2000 edition of the Life Safety Code, issued January 14, 2000, for incorporation by reference in accordance with 5 U.S.C. 552(a) and 1 CFR part 51. A copy of the Code is available for inspection at the CMS Information Resource Center, 7500 Security Boulevard, Baltimore, MD or at the National Archives and Records Administration (NARA). For information on the availability of this material at NARA, call 202-741-6030, or go to: http://www.archives.gov/federal_register/code_of_federal_regulations/ibr_locations.html.

Copies may be obtained from the National Fire Protection Association, 1 Batterymarch Park, Quincy, MA 02269. If any changes in this edition of the Code are incorporated by reference, CMS will publish notice in the Federal Register to announce the changes.
This Standard is NOT MET as evidenced by:
Observed in Building Tour at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.
A gap in the fireproofing of the structural steel in room B2038 was covered with fire caulk rather than fireproofing material.

Observed in Building Tour at St. Jude Children's Research Hospital (262 Danny Thomas Place, Memphis, TN) site for the Hospital deemed service.
A gap in the fireproofing of the structural steel in room B2090 was covered with fire caulk rather than fireproofing material.

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**SUPPLEMENTAL #1**

**September26, 2014**
**08:20 am**

STATE OF TENNESSEE
**DEPARTMENT OF HEALTH**
WEST TENNESSEE HEALTH CARE FACILITIES
781-B AIRWAYS BOULDEVARD
JACKSON, TENNESSEE 38301-3203

February 20, 2007

Dr. William Evans, Administrator
St. Jude Children's Hospital
332 N Lauderdale Street
Memphis, TN 38105

**RE: Validation Survey**

Dear Dr. Evans:

We are pleased to advise you that no deficiencies were cited as a result of the certification survey conducted at your facility on **February 13, 2007**. The attached form is for your files.

If this office may be of any assistance to you, please do not hesitate to call (731) 421-5113.

Sincerely,

Celia Skelley

Celia Skelley, MSN, RN
Public Health Nurse Consultant 2

CES/TJW

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

SUPPLEMENTAL #1
September 26, 2014

PRINTED: 02/26/2007
FORM APPROVED
OMB NO. 0938-0391

| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: | (X2) MULTIPLE CONSTRUCTION | (X3) DATE SURVEY COMPLETED |
|---|---|---|---|
| | 443302 | 08:20 am<br>A. BUILDING _____<br>B. WING _____ | 02/13/2007 |

| NAME OF PROVIDER OR SUPPLIER | STREET ADDRESS, CITY, STATE, ZIP CODE |
|---|---|
| ST JUDE CHILDRENS RESEARCH HOSPITAL | 332 NORTH LAUDERDALE ST<br>MEMPHIS, TN 38105 |

| (X4) ID PREFIX TAG | SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) | ID PREFIX TAG | PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY) | (X5) COMPLETION DATE |
|---|---|---|---|---|
| A9999 | CLOSING COMMENTS<br><br>This facility complies with all conditions of participation requirements during the validation survey<br><br>Copy of 2567 for your records that was left out of your previous letter.<br><br>Thanks,<br>Tara Wilson | A9999 | | |

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE TITLE (X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

**SUPPLEMENTAL #1**

**September26, 2014**
**08:20 am**

STATE OF TENNESSEE
**DEPARTMENT OF HEALTH**
WEST TENNESSEE HEALTH CARE FACILITIES
781-B AIRWAYS BOULDEVARD
JACKSON, TENNESSEE 38301-3203

February 26, 2007

Dr. William Evans, Administrator
St. Jude Children's Hospital
332 N Lauderdale Street
Memphis, TN 38105

**RE: Fire Safety Validation Survey**

Dear Mr. Evans:

We are pleased to advise you that no deficiencies were cited as a result of the certification survey conducted at your facility on **February 12, 2007**. The attached form is for your files.

If this office may be of any assistance to you, please do not hesitate to call (731) 421-5113.

Sincerely,

Celia Skelley

Celia Skelley, MSN, RN
Public Health Nurse Consultant 2

CES/TJW

Enclosure

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

SUPPLEMENTAL
September 26, 2014

PRINTED: 02/26/2007
FORM APPROVED
OMB NO. 0938-0391

| STATEMENT OF DEFICIENCIES AND PLAN OF CORRECTION | (X1) PROVIDER/SUPPLIER/CLIA IDENTIFICATION NUMBER: | (X2) MULTIPLE CONSTRUCTION | (X3) DATE SURVEY COMPLETED |
|---|---|---|---|
| | 443302 | A. BUILDING 77 - BUILDING<br>B. WING _____ 08:20 am | 02/12/2007 |

| NAME OF PROVIDER OR SUPPLIER | STREET ADDRESS, CITY, STATE, ZIP CODE |
|---|---|
| ST JUDE CHILDRENS RESEARCH HOSPITAL | 332 NORTH LAUDERDALE ST<br>MEMPHIS, TN 38105 |

| (X4) ID PREFIX TAG | SUMMARY STATEMENT OF DEFICIENCIES (EACH DEFICIENCY MUST BE PRECEDED BY FULL REGULATORY OR LSC IDENTIFYING INFORMATION) | ID PREFIX TAG | PROVIDER'S PLAN OF CORRECTION (EACH CORRECTIVE ACTION SHOULD BE CROSS-REFERENCED TO THE APPROPRIATE DEFICIENCY) | (X5) COMPLETION DATE |
|---|---|---|---|---|
| K9999 | FINAL OBSERVATIONS<br><br>During the annual survey completed on 2-12-07, this facility was found to be in compliance with the requirements of the National Fire Protection Association (NFPA) 101 Life Safety Code, 2000 edition, Chapter 19, Existing Health Care Occupancies. | K9999 | | |

LABORATORY DIRECTOR'S OR PROVIDER/SUPPLIER REPRESENTATIVE'S SIGNATURE TITLE (X6) DATE

Any deficiency statement ending with an asterisk (*) denotes a deficiency which the institution may be excused from correcting providing it is determined that other safeguards provide sufficient protection to the patients. (See instructions.) Except for nursing homes, the findings stated above are disclosable 90 days following the date of survey whether or not a plan of correction is provided. For nursing homes, the above findings and plans of correction are disclosable 14 days following the date these documents are made available to the facility. If deficiencies are cited, an approved plan of correction is requisite to continued program participation.

**SUPPLEMENTAL #1**

**September26, 2014**
**08:20 am**

# The Commercial Appeal
# Affidavit of Publication

**STATE OF TENNESSEE**
**COUNTY OF SHELBY**

Personally appeared before me, Patricia C. Powell, a Notary Public, Helen Curl, of MEMPHIS PUBLISHING COMPANY, a corporation, publishers of The Commercial Appeal, morning and Sunday paper, published in Memphis, Tennessee, who makes oath in due form of law, that she is Legal Clerk of the said Memphis Publishing Company, and that the accompanying and hereto attached notice was published in the following editions of The Commercial Appeal to-wit:

**September 10, 2014**

Helen Curl

Subscribed and sworn to before me this 24th day of September, 2014.

Patricia C. Powell Notary Public

My commission expires January 22, 2018.

PATRICIA C. POWELL
STATE OF TENNESSEE NOTARY PUBLIC
SHELBY COUNTY

**NOTIFICATION OF INTENT**
**TO APPLY FOR A CERTIFICATE OF NEED**

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. Sections 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that St. Jude Children's Research Hospital (a hospital), which is owned and managed by St. Jude Children's Research Hospital, Inc. (a corporation), intends to file an application for a Certificate of Need (CON) to construct fifty-four (54) inpatient acute care beds on three shelled floors (floors 3-5) of its Kay Research and Care Center, located at 315 Danny Thomas Place, Memphis, TN 38105, on the St. Jude campus. Fifty-two (52) of those beds will be replacement beds; two (2) will be new licensed beds. The project will also finish out two shelled-in connectors to an adjoining building and will relocate Respiratory Therapy from the Patient Care Center to the Kay Center. The estimated project cost is $62,500,000 under CON rules (of which $39,000,000 is the actual cost, the balance being the market value of existing shell space being used in the project).

St. Jude is currently licensed by the Board for Licensing Health Care Facilities as a seventy-eight (78) bed acute care hospital. The project will increase the hospital's bed complement to eighty (80) acute care beds. The project will not initiate or discontinue any hospital service, or include any major medical equipment.

The anticipated date of filing the application is on or before September 15, 2014. The contact person for the project is John Wellborn, who may be reached at Development Support Group, 4219 Hillsboro Road, Suite 210, Nashville, TN 37215, (615) 665-2022. Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, TN 37243

Pursuant to TCA Sec. 68-11-1607(c)(1): (A) any health care institution wishing to oppose a Certificate of Need application must file a written objection 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**
**September26, 2014**
**08:20 am**

# AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

JOHN WELLBORN, being first duly sworn, says that he is the lawful agent of the applicant named in this application, that this project will be completed in accordance with the application to the best of the agent's knowledge, that the agent 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 to the best of the agent's knowledge.

JAN M. NORTH
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires July 2, 2018

John F Wellborn
SIGNATURE/TITLE

Sworn to and subscribed before me this 15th day of September (Month), 2014 (Year) a Notary

Public in and for the County/State of DAVIDSON

Jan M. North
NOTARY PUBLIC

My commission expires July 2 (Month/Day), 2018 (Year).

SUPPLEMENTAL #1
September26, 2014
08:20 am

SEP 26 '14 AM 11:22

# AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF DAVIDSON

NAME OF FACILITY:

ST. JUDE CHILDRENS RESEARCH HOSPITAL

I, JOHN WELLBORN, after first being duly sworn, state under oath that I am the lawful agent of 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 to the best of my knowledge.

JAN M. DANFORTH
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires July 2, 2018

John L Wellborn
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25th day of Sept, 2014, witness my hand at office in the County of DAVIDSON, State of Tennessee.

Jan M. D
NOTARY PUBLIC

My commission expires July 2, 2018.

HF-0043

Revised 7/02

**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:615/532-9940

September 22, 2014

Mr. John Wellborn
Development Support Group
2000 Glen Echo Road, Suite 122
Nashville, TN 37205

RE: Certificate of Need Application CN1409-040
St. Jude Children's Research Hospital

Dear Mr. Wellborn:

This will acknowledge our September 15, 2014 receipt of St. Jude Children's Research Hospital's CON application (CN1409-040) for a Certificate of Need to construct 54 inpatient acute care beds on three shelled floors (floors 3-5) of its Kay Research and Care Center located at 315 Danny Thomas Place, Memphis (Shelby County), Tennessee 38105. Fifty-two will be replacement beds and 2 will be new licensed beds.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by 12:00 pm, Monday, September 29, 2014.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

1. **Applicant Profile, Item 6**

   The applicant lists the address of the site as 315 Danny Thomas Place. This address is not listed in the lease agreement. Please clarify.

2. **Section B, Item I (Executive Summary)**

   On pages 8 and 13 the applicant lists $38,532,236 as the capital expenditure for the project and $38,532,296 in the Project Costs Chart. Please clarify.

   How will space in the vacated patient care center be used?

3. **Section B, Item II. A Square Footage and Cost per Square Footage**

   There appears to be calculation errors in the New and Total Columns in the Proposed Final Square Footage Section of the Square Footage and Cost per Square Footage Chart. If necessary, please revise the chart and where these figures are referenced in other parts of the application.

The total construction cost of $505.29 PSF is noted. However, please explain why this cost is above the 3rd quartile total construction cost of $274.63/sq.ft. that also includes shelled in space and build out costs.

4. **Section C. (Need) Item 6**

Please discuss the reason the average length of stay is expected to increase from 5.3 days in 2012 to 6.6 days in 2017, then decrease to 6.0 days in 2018.

Please discuss how the 10% annual increase was determined while the applicant experienced a decline in occupancy from 2012 to 2014.

5. **Section C, Economic Feasibility. Item 1 (Project Cost Chart)**

Please clarify the reason the fair market cost of $23,968,220 of the proposed project (shelled floors 3-5 + RT area) is less than the construction cost of $27,623,696.

6. **Section C, Economic Feasibility, Item 2**

The funding of the proposed project by the American Lebanese Syrian Associated Charities, Inc. (ALSAC) is noted. However, the combined financial statements of St. Jude' Children's Hospital, Inc. and American Lebanese Syrian Associated Charities, Inc. were $84,035,939 in 2012 declining to $42,378,176 in 2013. Please provide documentation of the current amount of cash and cash equivalents that are available to fund the proposed project.

7. **Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)**

The losses in the Historical Data Chart of ($502,355,499) in 2012, ($542,823,781) in 2013, and ($603,365,782) in 2014; and ($167,949,914) and ($174,142,017) in the Projected Data Chart is noted. However, if ALSAC funds the deficits of St. Jude's Children's Research Hospital, please clarify why these funds are not reflected in the Historical and Projected Data Charts.

If the fiscal year begins July 1, please clarify how the applicant was able to report for 2014 in the Historical Data Chart.

8. **Section C. Economic Feasibility Item 9.**

There appears to be calculation errors in Table Twelve-A on page 61. Please revise and resubmit.

9. **Section C (Contribution to Orderly Development) Item 7b. and 7d.**

The accreditation by the Joint Commission is noted. Please provide the latest survey.

The licensure inspection dated March 2005 is noted. However, please clarify if there has been a licensure survey since 2005. If so, please provide a copy of the survey.

**10. Proof of Publication**

Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent that covers the 25 county proposed service area. Please insure the correct complete copy is paired with each appropriate affidavit.

**11. Affidavit**

A signed and notarized affidavit must be submitted with each filing of an application and supplemental information. An affidavit was not included with this application. Please submit a completed affidavit for the original application and one for the supplemental information. Please note there is an affidavit form for the original filing and a separate form for supplemental responses.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is November 21, 2014. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. э 68-11-1607(d):

(1) 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.

(2) 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 any questions or require additional information, please contact this office.

Sincerely,

Phillip M. Earhart
HSD Examiner
PME

**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:615/532-9940

September 26, 2014

Mr. John Wellborn
Development Support Group
2000 Glen Echo Road, Suite 122
Nashville, TN 37205

RE: Certificate of Need Application CN1409-040
St. Jude Children's Research Hospital

Dear Mr. Wellborn:

This will acknowledge our September 26, 2014 receipt of St. Jude Children's Research Hospital's supplemental response for a Certificate of Need to construct 54 inpatient acute care beds on three shelled floors (floors 3-5) of its Kay Research and Care Center located at 315 Danny Thomas Place, Memphis (Shelby County), Tennessee 38105. Fifty-two will be replacement beds and 2 will be new licensed beds.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

**Please submit responses in triplicate by 12:00 pm, Monday, September 29, 2014.** If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

1. **Section C. Economic Feasibility Item 4. (Historical Data Chart and Projected Data Chart)**

   The designation of ALSAC funds in the Historical and Projected Data Charts are noted. However, please designate ALSAC funds as "other revenue" in Section B.E. of the Historical and Projected Data Charts and resubmit.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60th) day after written notification is November 21, 2014. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle

which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted with the enclosed affidavit, which shall be executed and notarized; please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

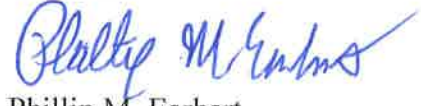
Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. э 68-11-1607(d):

(1) 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.

(2) 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 any questions or require additional information, please contact this office.

Sincerely,



Phillip M. Earhart
HSD Examiner
PME