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

August 1, 2020

Victoria Lake
West Tennessee Healthcare
620 Skyline Drive
Jackson TN 38301

RE: Certificate of Need Application – Jackson Madison Surgery Center - CN2007-020

For the establishment of a multi-specialty freestanding ambulatory surgical treatment center (ASTC) in the current location of West Tennessee Surgery Center located at 700 West Forest Avenue, Suite 100, Jackson (Madison County), TN 38301. If approved, the 31,453 SF facility consisting of 10 operating rooms will convert from a licensed hospital-based outpatient surgery center operated by Jackson-Madison County General Hospital to a licensed ASTC. The applicant is owned by Jackson Madison Surgery Center, LLC which is 100% owned by the Jackson-Madison County General Hospital District. The estimated project cost is $19,939,873.

Dear Ms. Lake:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need. Please be advised that your application is now considered to be complete by this office.

Your application is being forwarded to Trent Sansing at the Tennessee Department of Health, Division of Policy, Planning, and Assessment for Certificate of Need review. You may be contacted by Mr. Sansing or someone from his office for additional clarification while the application is under review by the Department. Mr. Sansing's contact information is Trent.Sansing@tn.gov or 615-253-4702.

In accordance with Tennessee Code Annotated, §68-11-1607, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project began on August 1, 2020. The first 60 days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the 60-day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review. You will receive a copy of their findings. The Health Services and Development Agency will review your application on October 28, 2020.

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,

Logan G. Grant
Executive Director

cc: Trent Sansing, TDH/Health Statistics, PPA

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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: Logan G. Grant
Executive Director

DATE: August 1, 2020

RE: Certificate of Need Application
Jackson Madison Surgery Center - CN2007-020

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on August 1, 2020 and end on October 1, 2020.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Vicki Lake

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502 Deaderick Street
Nashville, TN 37243
www.tn.gov/hsda Phone: 615-741-2364 Fax: 615-741-9884

LETTER OF INTENT

The Publication of Intent is to be published in the The Jackson Sun (Name of Newspaper) which is a newspaper of general circulation in Madison (County), on or before July 10 (Month / day), 2020 (Year), for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Jackson Madison Surgery Center (Name of Applicant) an ambulatory surgical treatment center (Facility Type-Existing)

Owned and managed by: Jackson Madison Surgery Center LLC intends to file an application for a Certificate of Need to establish a new multi specialty ambulatory surgical treatment center with surgical rooms (operating rooms) in the former location of the West Tennessee Surgery Center, a hospital based outpatient surgery center located at 700 West Forest Avenue, Jackson, Tennessee 38301. The new facility, which will occupy 31,543 square feet, will be licensed as an ambulatory surgical treatment center by the Tennessee Board for Licensing Health Care Facilities. The total project costs are $19,939,873. The project does not include any new major medical equipment or any additional health services.

The anticipated date of filing the application is: July 15, 20 20

The contact person for this project is Victoria S. Lake (Contact Name) Director Community Development (Title)

who may be reached at: West Tennessee Healthcare (Company Name) 620 Skyline Drive (Address)

Jackson (City) TN (State) 38301 (Zip Code) (731) 984-2160 (Area Code / Phone Number)

Vicki Lake (Signature) 07/08/2020 (Date) vicki.lake@wth.org (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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who may be reached at: West Tennessee Healthcare (Company Name) 620 Skyline Drive (Address)

Jackson (City) TN (State) 38301 (Zip Code) (731) 984-2160 (Area Code / Phone Number)

Vicki S Lee (Signature) 07/08/2020 (Date) vicki.lake@wth.org (E-mail Address)

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CERTIFICATE OF NEED APPLICATION

SECTION A: APPLICANT PROFILE

IDENTIFYING INFORMATION

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

Jackson Madison Surgery Center
Name

700 West Forest Avenue Suite 100 — Madison
Street or Route — County

Jackson — TN — 38301
City — State — Zip Code

Website address: www.wth.org

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

2. *Contact Person Available for Responses to Questions*

Victoria S. Lake — Director Community Development
Name — Title

West Tennessee Healthcare — vicki.lake@wth.org
Company Name — Email address

620 Skyline Drive — Jackson — TN — 38301
Street or Route — City — State — Zip Code

employee — (731) 984-2160
Association with Owner — Phone Number

Please answer all questions on ***8½" X 11" white paper, clearly typed and spaced, single sided, in order and sequentially numbered. In answering, please type the question and the response.*** All questions must be answered. If an item does not apply, please indicate *"N/A" (not applicable)*. ***Attach appropriate documentation as an Appendix at the end of the application and reference the applicable Item Number on the attachment, i.e., Attachment A.1, A.2, etc. The last page of the application should be a completed signed and notarized affidavit.***

3. EXECUTIVE SUMMARY

A. Overview

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

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

RESPONSE: This purpose of this certificate of need request is to convert the *hospital-based outpatient surgery center* located at 700 West Forest Avenue Suite 100 (CN0808-055), Jackson, Tennessee, to a *freestanding ambulatory surgical treatment center* that will continue to serve residents of rural West Tennessee at the same location. This CON initiates and establishes the Jackson Madison Surgery Center located at 700 West Forest Avenue, Suite 100, Jackson, Tennessee. The proposed conversion ot a freestanding facility will assist with cost savings and improvements to patient care. There are no beds associated with this certificate of need. The facility is located on the first floor of a Medical Office Building across the street from the Jackson-Madison County General Hospital in 31,543 square feet. There is no construction proposed with this project, nor would there be an increase in operating rooms or procedure rooms to the service area. If approved, Jackson Madison Surgery Center would convert the space currently operated as West Tennessee Surgery Center to a freestanding surgery center with 10 operating rooms, 30 bed pre-and post-anesthesia care unit (PACU), nurses station, staff offices, medical records, admitting area, lobby, and waiting area.

2) Ownership structure;

RESPONSE: The Jackson Madison Surgery Center is owned by the Jackson Madison Surgery Center LLC. The company will be manager-managed.

3) Service area;

RESPONSE: The primary service area of the Jackson Madison Surgery Center defined by Madison, Gibson, Carroll, Henderson, Hardeman, Haywood, Crockett, and Chester counties. The secondary service area is composed of McNairy, Hardin, Lake, Decatur, Henry, Weakley, Benton, Dyer, Obion, and Lauderdale counties. These counties will supply 96.8 percent of the projected cases.

4) Existing similar service providers;

RESPONSE: The 18-county service area has six ambulatory surgical treatment centers. As this project involves the conversion of an existing facility to freestanding only, this project will not result in any additional ambulatory surgical centers being added to the 18-county service area.

Cape Surgery Center, LLC 401 E Tickle Street, Dyersburg 38024

Van Dyck ASC, LLC 1024 Kelly Drive Paris 38242

DDC Surgery Center 9 Physicians Drive Jackson 38305

Physicians Surgery Center 207 Stonebridge Boulevard Jackson 38305

Summit Endoscopy Center 1109 East Reelfoot Avenue Union City 38261

Union City Surgery Center 1722 East Reelfoot Drive Union City 38261

Name`	2019	2018	2017
Cape Surgery Center (Dyer County)	3,261	2,931	2,649
Van Dyck ASC LLC (Henry County)	1,631	2,546	3
DDC Surgery Center (Madison County)	3,520	4,452	6,668
Physicians Surgery Center (Madison County)	4,354	5,210	5,286
Summit Endoscopy Center (Obion County)	3,159	3,710	3,097
Union City Surgery Center (Obion County)	442	301	19

Unduplicated cases

Project cost;

RESPONSE: The total project costs are:

Legal, Consulting, Administrative	$521,012
Moveable Equipment	$342,000
Insurance	$403,101
Lease	$18,578.760 ($154,823 per month; $1,857,876 per year; $18,578,760 for 10 year term)
CON Fee	$ 95,000
TOTAL	$19,939,873

Funding:

RESPONSE: Funding of this project is from cash reserves by West Tennessee Healthcare.

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

RESPONSE: The project will have a positive financial margin in year three.

6) Staffing.

RESPONSE: Staffing the first year will consist of 37.0 FTEs.

Registered Nurses	15.0
Surgical Technicians	4.5
Administrator	1.0
Business Office Manager	1.0
Clinical Manager	3.0
Billing	2.0
Schedulers	1.5

Receptionist	2.0
Financial Counselor	1.0
Sterile Processing	3.0
Other Support Staff	2.0
Material Manager	1.0
Total	37.0 FTEs

B. Rationale for Approval

A certificate of need can only be granted when a project is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of adequate and effective health care in the service area.

Provide a brief description of how the project meets the criteria necessary for granting a CON using the data and information points provided in Section B of the application.

1) Need;

RESPONSE: The 18 county service area has six (6) existing ambulatory surgical treatment centers. (Joint Annual Reports) Four of the six are single specialty (endoscopy and ophthalmology). Two are multi-specialty. In 2019, the only facility not utilizing operating rooms at 70 percent or above of the State Health Plan Standards for Ambulatory Surgical Treatment Centers is the Union City Surgery Center. Cape Surgery Center is utilizing its procedure room at 69 percent. Physician Surgery Center and Union City Surgery Center are below 70 percent [of the optimal utilization of the State Health Plan Standards] in their procedure rooms.

The purpose of this certificate of need is to establish an ambulatory surgical treatment center, multi-specialty at the location of the current hospital-based outpatient surgical center, West Tennessee Surgery Center (CN0808-055). This CON initiates and establishes the Jackson Madison Surgery Center located at 700 West Forest Avenue Suite 100, Jackson, Tennessee. There are no beds associated with this certificate of need. The facility is located on the first floor of a Medical Office Building across the street from the Jackson-Madison County General Hospital in 31,543 square feet. The Surgery Center has 10 operating rooms, 30 bed pre-and post-anesthesia care unit (PACU), nurses station, staff offices, medical records, admitting area, lobby, and waiting area.

2) Economic Feasibility;

RESPONSE: The Applicant conservatively estimate surgery cases during 2022 (3,685) as operations are transitioned from a hospital-based facility to a freestanding facility. The Jackson Madison Surgery Center will be a new business with new electronic medical record, new administration, new management company, new policies and procedures, and the like. The 2023 surgery cases (5,641) is anticipated to be 75 percent of Full Capacity. Near Full Capacity (7,670) will be reached by the third year of operation. The project will have a positive cash flow year two ($1,034,702) and will have a positive net income in year three ($1,161,797).

3) Quality Standards;

RESPONSE: The Jackson Madison Surgery Center will participate in self-assessment and external assessment against nationally available benchmark data to accurately measure its level of performance in relation to established standards in order to facilitate improvements in patient care. The Applicant will maintain licensing in good standing with the Tennessee Department of Health, and will seek accreditation with the American Association for Accreditation of Ambulatory Surgery Facilities (AAASF). Certifications with TennCare and Medicare will be obtained as well.

4) Orderly Development of adequate and effective health care.

RESPONSE: The Jackson Madison Surgery Center will be an easily accessible multi-specialty surgery center to provide care for residents throughout 18 counties in rural West Tennessee. The facility will have a transfer agreement with Jackson-Madison County General Hospital, which is located across the street from the surgery center. The proposed conversion ot a freestanding facility will assist with cost savings and improvements to patient care Accessible human resources will be available to meet licensure and certifications.

C. Consent Calendar Justification

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

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

RESPONSE: Request is attached as Attachment 3.B.C.Consent Calendar Justification

4. PROJECT DETAILS

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

Jackson-Madison Surgery Center LLC — Name
(731) 541-5000 — Phone Number
700 West Forest Avenue Suite 100 — Street or Route
Madison — County
Jackson — City
TN — State
38301 — Zip Code

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

1) Sole Proprietorship _____
2) Partnership _____
3) Limited Partnership _____
4) Corporation (For Profit) _____
5) Corporation (Not-for-Profit) _____
6) Government (State of TN or Political Subdivision) _____
7) Joint Venture _____
8) Limited Liability Company X
9) Other (Specify)_____ _____

Attach a copy of the partnership agreement, or corporate charter and certificate of corporate existence. Please provide documentation of the active status of the entity from the Tennessee Secretary of State's web-site at https://tnbear.tn.gov/ECommerce/FilingSearch.aspx. **Attachment Section A-4AB.**

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

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

Not applicable
Name
Street or Route
County
City
State
Zip Code
Website address: _____

For new facilities or existing facilities *without a current management agreement, attach a copy of a draft management agreement that at least includes the anticipated scope of management services to be provided, the anticipated term of the agreement, and the anticipated management fee payment methodology and schedule. For facilities with existing management agreements, attach a copy of the fully executed final contract.* **Attachment Section A-5**.

6A. ***Legal Interest in the Site***

(Check the appropriate line and submit the following documentation)

The legal interest described below must be valid on the date of the Agency consideration of the certificate of need application.

☐ **Ownership** (Applicant or applicant's parent company/owner)
Submit a copy of the title/deed.

☒ **Lease** (Applicant or applicant's parent company/owner)
Attach a fully executed lease that includes the terms of the lease and the actual lease expense.

☐ **Option to Purchase**
Attach a fully executed Option that includes the anticipated purchase price

☐ **Option to Lease**
Attach a fully executed Option that includes the anticipated terms of the Option and anticipated lease expense

☐ **Other** (Specify)

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

Attachment Section A-6A

6B. Briefly describe the following and attach the requested documentation on an 8 ½" x 11" sheet of white paper, legibly labeling all requested information.

RESPONSE: Plot Plan attached as Attachment A 6B-1a-d

1) Plot Plan **must include**:
   a) Size of site (***in acres***);
   b) Location of structure on the site;
   c) Location of the proposed construction/renovation; and
   d) Names of streets, roads or highway that cross or border the site.

2) Floor Plan – If the facility has multiple floors, submit one page per floor. If more than one page is needed, label each page. Attached as Attachment 6B-2

a) Patient care rooms (private or semi-private)
b) Ancillary areas
c) Equipment areas
d) Other (specify)

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

RESPONSE: The Jackson Madison Surgery Center is located across the street from the Jackson-Madison County General Hospital. The Jackson Transit Authority bus line has a bus stop on Forest Avenue across the street from the proposed facility location. The facility will be located approximately 2.5 miles from the Jackson downtown area; 4.0 miles from Interstate 40; and several blocks off Highways 45 and 412.

Attachment Section A-6B-1 a-d, 6B-2, 6B-3.

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

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

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

A.	Establish New Health Care Institution	X	G.	MRI Unit Increase	____
B.	Change in Bed Complement	____	H.	Satellite Emergency Department	____
C.	Initiation of Health Care Service as Defined in TCA 68-11-1607(4) (Specify)_____	____	I.	Addition of ASTC Specialty	____
D.	Relocation and/or Replacement	____	J.	Addition of Therapeutic Catheterization	____
E.	Initiation of MRI	____	K.	Other (Specify)_____ _____	____
F.	Initiation of Pediatric MRI	____			

9. Medicaid/TennCare, Medicare Participation

MCO Contracts [Check all that apply] **RESPONSE:** Upon approval will submit for all

___AmeriGroup____United Healthcare Community Plan____BlueCare ___TennCare Select

Medicare Provider Number will submit upon approval

Medicaid Provider Number will submit upon approval

Certification Type _____

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

Medicare _X_Yes __No __N/A Medicaid/TennCare _X_Yes __No __N/A

10. **Bed Complement Data** Not Applicable

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

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

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

B. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the applicant facility's existing services.

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

CON Number(s)	CON Expiration Date	Total Licensed Beds Approved
Not Applicable		

11. Home Care Organizations – Home Health Agency, Hospice Agency (excluding Residential Hospice), identify the following by checking all that apply: Not Applicable

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

12. Square Footage and Cost Per Square Footage Chart ☐ Not Applicable

Unit/Department	Existing Location	Existing SF	Temporary Location	Proposed Final Location	Proposed Final Square Footage		
					Renovated	New	Total
Unit/Department GSF Sub-Total							
Other GSF Total							
Total GSF							
*Total Cost							
**Cost Per Square Foot							
Cost per Square Foot Is Within Which Range *(For quartile ranges, please refer to the Applicant's Toolbox on www.tn.gov/hsda)*					☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile	☐ Below 1st Quartile ☐ Between 1st and 2nd Quartile ☐ Between 2nd and 3rd Quartile ☐ Above 3rd Quartile

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

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

A. Describe the construction and renovation associated with the proposed project. If applicable, provide a description of the existing building, including age of the building and the use of space vacated due to the proposed project. Not Applicable

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

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

A. Complete the chart below for acquired equipment. Not Applicable

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

* As defined by Agency Rule 0720-9-.01(4)(b)

B. In the case of equipment purchase, include a quote and/or proposal from an equipment vendor. In the case of equipment lease, provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments along with the fair market value of the equipment. Not Applicable

C. Compare lease cost of the equipment to its fair market value. Note: Per Agency Rule, the higher cost must be identified in the project cost chart. Not Applicable

D. Schedule of Operations: No Applicable

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

E. Identify the clinical applications to be provided that apply to the project. Not Applicable

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same. Not Applicable

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." In making determinations, the Agency uses as guidelines the goals, objectives, criteria, and standards provided in the State Health Plan.
Additional criteria for review are prescribed in Chapter 11 of the Agency's Rules, Tennessee Rules and Regulations 01730-11.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate.

QUESTIONS

NEED

The responses to this section of the application will help determine whether the project will provide needed health care facilities or services in the area to be served.

1. Provide a response to the applicable criteria and standards for the type of institution or service requested. https://www.tn.gov/hsda/hsda-criteria-and-standards.html

State Health Plan
Certificate of Need Standards and Criteria
Ambulatory Surgical Treatment Centers

Assumptions in Determination of Need

The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

1. Operating Rooms
   a. An operating room is available 250 days per year, 8 hours per day.

RESPONSE: Operating rooms are available 250 days per year, 8 hours per day.

   b. The estimated average time per Case in and Operating Room is 65 minutes.

RESPONSE: Based on historical data, the estimated time per case is:

General Surgery	63 minutes
Ophthalmology	43 minutes
Plastic Surgery	112 minutes
Gynecology	53 minutes
ENT	45 minutes
Urology	40 minutes

Average for All	59 minutes

c. The average time for clean-up and preparation between Operating Room Cases is 30 minutes.

2.

RESPONSE: Based on historical data, the average turnaround time is:

General Surgery	14 minutes
Ophthalmology	12 minutes
Plastic Surgery	13 minutes
ENT	6 minutes
Gynecology	12 minutes
Urology	13 minutes
Average for All	12 minutes

a. The optimum utilization of a dedicated, outpatient, general-purpose Operating Room is 70% of full capacity. 70% x 250 days/year x 8 hours/day divided by 95 minutes = 884 Cases per year.

3. Procedure Rooms

RESPONSE: These questions are not applicable as the facility does not have any procedure rooms.

a. A procedure room is available 250 days per year, 8 hours per day.
b. The estimated average time per outpatient Case in a procedure room is 30 minutes.
c. The average time for clean up and preparation between Procedure Room Cases is 15 minutes.
d. The optimum utilization of a dedicated, outpatient, general-purpose outpatient Procedure Room is 70% of full capacity. 70% x 250 days/year x 8 hours/day divided by 45 minutes = 1867 Cases per year.

Determination of Need

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.[2] An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

RESPONSE: This project will convert an existing hospital-based ambulatory surgical center to a

freestanding ambulatory surgical center. The number of OR's in the proposed service area will remain the same. Thus, the Jackson Madison Surgery Center will have 10 operating rooms.

	Year One	Year Two
Ophthalmology	865	1,322
General Surgery	972	1,488
Urology	692	1,061
Gynecology	686	1,051
Otolaryngology	262	401
Pain Management	56	86
Spine	48	73
Plastic Surgery	104	159
Total	3,685	5,641
Number of Rooms	4.17	6.38

The Applicant conservatively estimate surgery cases during 2022 (3,685) as operations are transitioned from a hospital-based facility to a freestanding facility. Decrease in volume is because the Jackson Madison Surgery Center will be a new business with new electronic medical record, new administration, new management company, new policies and procedures, and the like. The Year Two surgery cases is anticipated to be 75 percent of Full Capacity. Near Full Capacity will be reached by the third year of operation.

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

RESPONSE: See table below.

Actual room duration per case is calculated based on Jackson-Madison County General Hospital average OR minutes per case for ASC eligible cases by Service Category for dates of service July 1, 2018 to June 30, 2019.

Estimated turnover time per case based on ECG ASC Industry operations experience.

Category	Year 1	Year 2	Actual Room Duration per case (min) [1]	Estimated Turnover Time per case (min) [2]	Room Duration (hrs)	Turnover Time (hrs)	Total Projected Surgical Time (Min) Year 1	Total Projected Surgical Time (Min) Year 2	Total Projected Surgical Time (Hrs) Year 1	Total Projected Surgical Time (Hrs) Year 2
Total Cases										
Gastroenteroloy	-	-	-	-	-	-	-	-	-	-
Ophthalmology	865	1,322	46	10	0.77	0.17	48,440	74,032	807	1,234
General Surgery	972	1,488	78	20	1.30	0.33	95,256	145,824	1,588	2,430
Urology	692	1,061	56	20	0.93	0.33	52,592	80,636	877	1,344
Gynecology	686	1,051	96	20	1.60	0.33	79,576	121,916	1,326	2,032
Otolaryngology	262	401	81	15	1.35	0.25	25,152	38,496	419	642
Pain Management	56	86	104	10	1.73	0.17	6,384	9,804	106	163
Spine	48	73	114	30	1.90	0.50	6,912	10,512	115	175
Plastic Surgery	104	159	82	20	1.37	0.33	10,608	16,218	177	270
Total	**3,685**	**5,641**					**324,920**	**497,438**	**5,415**	**8,291**

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

RESPONSE: The 18 county service area has six existing ambulatory surgical treatment centers. (Joint Annual Reports) Four of the six are single specialty (endoscopy and ophthalmology). Two are multi-specialty. This project will not add a new ambulatory surgical treatment center to the 18 county service area. It will simply convert a hospital-based ambulatory surgical center to a freestanding surgical center in order to assist with improvements in patient care and cost savings.

Name	2019	2018	2017
Cape Surgery Center (Dyer County)	3,261	2,931	2,649
Van Dyck ASC LLC (Henry County)	1,631	2,546	3
DDC Surgery Center (Madison County)	3,520	4,452	6,668
Physicians Surgery Center (Madison County)	4,354	5,210	5,286
Summit Endoscopy Center (Obion County)	3,159	3,710	3,061
Union City Surgery Center (Obion County)	320	301	19

Unduplicated cases

Detail provided below.

	# ORs	2019 # Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,996	1,285	3,261
Van Dyck ASC	2	1	3
Ophthalmology	1,631	-	1,631
DDC Surgery Center	-	2	2
Endoscopy	-	3,520	3,520
Physicians Surgery Center	6	1	7
Cosmetic Surgery	37	-	37
Oral Surgery	2	-	2
Ophthalmology	1,604	564	2,168
Orthopedics	2,021	-	2,021
Pain Management	112	-	112
Podiatry	4	-	4
Radiation Oncology Treatmt	7	-	7
Urology	3	-	3
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,159	3,159
Union City Surgery Center	2	1	3
General Surgery	1	-	1
Orthopedics	214	-	214
Pain Management	206	-	206
Podiatry	21	-	21

	# ORs	2018 # Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,876	1,055	2,931
Van Dyck ASC	2	1	3
Ophthalmology	2,546	-	2,546
DDC Surgery Center	-	3	3
Endoscopy	-	4,452	4,452
Physicians Surgery Center	4	1	5
Cosmetic Surgery	9	-	9
Oral Surgery	-	-	-
Ophthalmology	2,244	838	3,082
Orthopedics	1,920	-	1,920
Pain Management	178	-	178
Podiatry	21	-	21
Radiation Oncology Treatmt	-	-	-
Urology	-	-	-
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,710	3,710
Union City Surgery Center	2	1	3
General Surgery	-	-	-
Orthopedics	256	-	256
Pain Management	45	-	45
Podiatry	-	-	-

	# ORs	2017 # Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,876	1,055	2,931
Van Dyck ASC	2	1	3
Ophthalmology	2,546	-	2,546
DDC Surgery Center	-	3	3
Endoscopy	-	4,452	4,452
Physicians Surgery Center	4	1	5
Cosmetic Surgery	9	-	9
Oral Surgery	-	-	-
Ophthalmology	2,244	838	3,082
Orthopedics	1,920	-	1,920
Pain Management	178	-	178
Podiatry	21	-	21
Radiation Oncology Treatmt	-	-	-
Urology	-	-	-
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,710	3,710
Union City Surgery Center	2	1	3
General Surgery	-	-	-
Orthopedics	256	-	256
Pain Management	45	-	45
Podiatry	-	-	-

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

RESPONSE: Data for the past three years (2017, 2018, 2019) is for the existing West Tennessee Surgery Center. Projections for 2022 and 2023 are for the Jackson Madison Surgery Center. The Applicant conservatively estimate surgery cases during 2022 (3,685) as operations are transitioned from a hospital-based facility to a freestanding facility. This is because the Jackson Madison Surgery Center will have new electronic medical record, new administration, new management company, new policies and procedures, and the like. The 2023 surgery cases is anticipated to be 75 percent of Full Capacity. Near full capacity will be reached by the third year of operation.

Year	Surgery Cases
2017	6,553
2018	6,440
2019	6,687
2022	3,685
2023	5,641

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

RESPONSE: The 18 county service area has six existing ambulatory surgical treatment centers. (Joint Annual Reports) Four of the six are single specialty, endoscopy and ophthalmology. Two are multi-specialty. In 2019, the only facility not utilizing operating rooms at 70 percent or above is the Union City Surgery Center. Cape Surgery Center is utilizing its procedure room at 69 percent. Physician Surgery Center and Union City Surgery Center are not meeting 70 percent in their procedure rooms.

Name	2019	2018	2017
Cape Surgery Center (Dyer County)	3,261	2,931	2,649
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Podiatry	4	-	4
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Urology	3	-	3
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General Surgery	1	-	1
Orthopedics	214	-	214
Pain Management	206	-	206
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General Surgery	-	-	-
Orthopedics	256	-	256
Pain Management	45	-	45
Podiatry	-	-	-

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Pain Management	178	-	178
Podiatry	21	-	21
Radiation Oncology Treatmt	-	-	-
Urology	-	-	-
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,710	3,710
Union City Surgery Center	2	1	3
General Surgery	-	-	-
Orthopedics	256	-	256
Pain Management	45	-	45
Podiatry	-	-	-

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

RESPONSE: The Applicant conservatively estimate surgery cases during Year One (3,685) as operations are transitioned from a hospital-based facility to a freestanding facility. This is because the Jackson Madison Surgery Center will have new electronic medical record, new administration, new management company, new policies and procedures, and the like. The Year Two surgery cases (5,641) is anticipated to be 75 percent of Full Capacity. Near Full Capacity will be reached by the third year of operation. The 18 county service area has six existing ambulatory surgical treatment centers. (Joint Annual Reports) Four of the six are single specialty, endoscopy and ophthalmology. Two are multi-specialty. In 2019, the only facility not utilizing operating rooms at 70 percent or above is the Union City Surgery Center. Cape Surgery Center is utilizing its procedure room at 69 percent. Physician Surgery Center and Union City Surgery Center are not meeting 70 percent in their procedure rooms.

Other Standards and Criteria

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

RESPONSE: The majority of the population in the service area reside within 60 minutes. Residents living in Weakly, Obion, Lauderdale, Henry, Benton, Decatur, Lake and Hardin reside within 75 minutes.

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

RESPONSE: The Jackson Madison Surgery Center is located close to U.S. Highway 412, U.S. Highway 45, and Interstate 40. In addition, the Jackson Transit Authority has a bus stop across the street from the facility.

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other

service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: Data are provided from the existing West Tennessee Surgery Center for FY2019. These figures should be comparable.

Service Area Counties	Historical Utilization-County Residents – Most Recent Year (YEAR =Fy2019) West Tennessee Surgery Center	% of total ☐ procedures cases patients ☐Other_____.
Benton	65	.9
Carroll	297	4.5
Chester	256	3.9
Crockett	280	4.2
Decatur	153	2.3
Dyer	308	4.7
Gibson	1082	16.4
Hardeman	263	4.5
Hardin	227	3.4
Haywood	195	2.9
Henderson	382	6.8
Henry	74	1.9
Lake	41	.6
Lauderdale	166	.2
Madison	1952	29.4
McNairy	367	5.5
Obion	155	2.3
Weakley	156	2.4
Other TN Counties	124	1.9
Other States	89	1.3
Total	6632	100%

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

RESPONSE: The Applicant conservatively estimate surgery cases during Year One as operations are transitioned from a hospital-based facility to a freestanding facility. Surgery cases during Year One are expected to be to be 50 percent of Full Capacity. This is because the Jackson Madison Surgery Center will have new electronic medical record, new administration, new management company, new policies and procedures, and the like. The Year Two surgery cases is anticipated to be 75 percent of full capacity. Near full capacity will be reached by the third year of operation.

Category	Q1	Q2	Q3	Q4	Year 1	Q1	Q2	Q3	Q4	Year 2
Total Cases										
Gastroenterology	-	-	-	-	-	-	-	-	-	-
Ophthalmology	72	234	270	288	865	307	322	339	353	1,322
General Surgery	81	263	304	324	972	346	363	382	398	1,488
Urology	58	187	216	231	692	247	259	272	283	1,061
Gynecology	57	185	214	229	686	244	256	269	281	1,051
Otolaryngology	22	71	82	87	262	93	98	103	107	401
	-	-	-	-		-	-	-	-	
Pain Management	5	15	18	19	56	20	21	22	23	86
Spine	4	13	15	16	48	17	18	19	20	73
Plastic Surgery	9	28	33	35	104	37	39	41	42	159
Total	**308**	**996**	**1,152**	**1,229**	**3,685**	**1,311**	**1,376**	**1,447**	**1,507**	**5,641**

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

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.[4]

RESPONSE: The Applicant will seek accreditation from the American Association for Accreditation of Ambulatory Surgery Facilities (AAASF).

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

RESPONSE: Based on recent data from the West Tennessee Surgery Center, the Jackson Madison Surgery Center expects the following number of physician specialties to utilize the facility.

ENT	3
General Surgery	7
Neurosurgery	1
OB/GYN	22
Ophthalmology	8
Plastic Surgery	1
Podiatry	6
Urology	8

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an

application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

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

RESPONSE: The service area of Jackson Madison Surgery Center includes 18 counties in rural West Tennessee. All counties are either partially medically underserved areas, totally medically underserved areas, or have medically underserved populations.

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

RESPONSE: The applicant is not a safety net or children's hospital.

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

RESPONSE: The Applicant will contract will all TennCare providers and will participate in the Medicare Program.

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

RESPONSE: The estimated average time per case in the Jackson Madison Surgery Center will be 59 minutes based on recent data from the West Tennessee Surgery Center.

1. Describe how this project relates to existing facilities or services operated by the applicant including previously approved Certificate of Need projects and future long-range development plans.

RESPONSE: : This purpose of this certificate of need request is to convert the *hospital-based outpatient surgery center* located at 700 West Forest Avenue Suite 100 (CN0808-055), Jackson, Tennessee, to a *freestanding ambulatory surgical treatment center* that will continue to serve residents of rural West Tennessee at the same location. This CON initiates and establishes the Jackson Madison Surgery Center located at 700 West Forest Avenue, Suite 100, Jackson, Tennessee. The proposed conversion ot a freestanding facility will assist with cost savings and improvements to patient care. This CON initiates and establishes the Jackson Madison Surgery Center located at 700 West Forest Avenue Suite 100. The facility is located on the first floor of a Medical Office Building across the street from the Jackson-Madison County General Hospital in 31,543 square feet. The Surgery Center has 10 operating rooms, 30 bed pre-and post-anesthesia care unit (PACU), nurses station, staff offices, medical records, admitting area, lobby, and waiting area.

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

- Need-3.

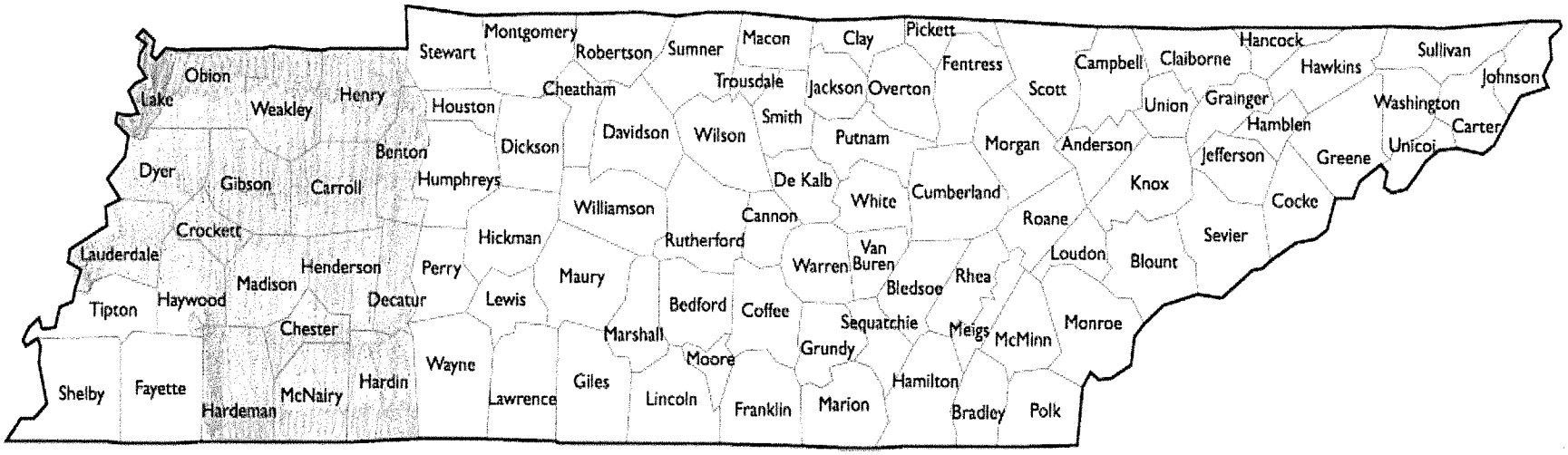
RESPONSE: The primary service area of the Jackson Madison Surgery Center defined by Madison, Gibson, Carroll, Henderson, Hardeman, Haywood, Crockett, and Chester counties. The secondary service area is composed of McNairy, Hardin, Lake, Decatur, Henry, Weakley, Benton, Dyer, Obion, and Lauderdale counties. These counties will provide 96.8 percent of the projected cases.

Complete the following utilization tables for each county in the service area, if applicable:
Outpatients Only

Service Area Counties	**Historical Utilization-County Residents – Most Recent Year (YEAR =Fy2019) West Tennessee Surgery Center**	**% of total ☐ procedures cases patients ☐Other_____.**
Benton	65	.9
Carroll	297	4.5
Chester	256	3.9
Crockett	280	4.2
Decatur	153	2.3
Dyer	308	4.7
Gibson	1082	16.4
Hardeman	263	4.5
Hardin	227	3.4
Haywood	195	2.9
Henderson	382	6.8
Henry	74	1.9
Lake	41	.6
Lauderdale	166	.2
Madison	1952	29.4
McNairy	367	5.5
Obion	155	2.3
Weakley	156	2.4
Other TN Counties	124	1.9
Other States	89	1.3
Total	6632	100%

Service Area Counties	Projected Utilization-County Residents- Year 1 (YEAR = Fy2022) Jackson Madison Surgery Center	% of total ☐ procedures cases ☐ patients ☐Other_____.
Benton	33	.9
Carroll	166	4.5
Chester	144	3.9
Crockett	155	4.2
Decatur	85	2.3
Dyer	174	4.7
Gibson	604	16.4
Hardeman	165	4.5
Hardin	126	3.4
Haywood	107	2.9
Henderson	250	6.8
Henry	70	1.9
Lake	22	.6
Lauderdale	8	.2
Madison	1083	29.4
McNairy	202	5.5
Obion	85	2.3
Weakley	88	2.4
Other TN Counties	70	1.9
Other States	48	1.3
Total	3685	100%

County Level Map



3. A. 1) Describe the demographics of the population to be served by the proposal.

2) Provide the following data for each county in the service area using current and projected population data from the Department of Health (https://www.tn.gov/content/tn/health/health-program-areas/statistics/health-data/con.html), the most recent enrollee data from the Division of TennCare (https://www.tn.gov/tenncare/information-statistics/enrollment-data.html), and US Census Bureau demographic information (: http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml),.

TennCare Enrollment Data: https://www.tn.gov/tenncare/information-statistics/enrollment-data.html

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

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Census Bureau				TennCare	
	Total Population-Current Year	Total Population-Projected Year	Total Population-% Change	*Target Population-2020	Target Population-Project Year 2024	Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as %	TennCare Enrollees	TennCare Enrollees as % of
Benton	15,887	15,719	-1.1%	15,887	15,719	-1.1%	100.0%	47.4	$33,125	3,050	19.2%	4,104	25.8%
Carroll	27,742	27,357	-1.4%	27,742	27,357	-1.4%	100.0%	42.9	$40,810	5,160	18.6%	7,343	26.5%
Chester	17,851	18,222	2.1%	17,851	18,222	2.1%	100.0%	37.5	$45,667	2,838	15.9%	3,847	21.6%
Crockett	14,481	14,519	0.3%	14,481	14,519	0.3%	100.0%	40.4	$42,047	2,809	19.4%	3,735	25.8%
Decatur	11,742	11,662	-0.7%	11,742	11,662	-0.7%	100.0%	45.8	$40,233	2.137	18.2%	2,932	25.0%
Dyer	37,833	37,857	0.1%	37,833	37,857	0.1%	100.0%	40.1	$43,762	6,961	18.4%	10,351	27.4%
Gibson	50,179	50,864	1.4%	50,179	50,864	1.4%	100.0%	40.1	$41,886	8,280	16.5%	12,797	25.5%
Hardeman	24,965	24,444	-2.1%	24,965	24,444	-2.1%	100.0%	40.5	$46,765	6,752	23.5%	6,723	26.9%
Hardin	25,615	25,456	-0.6%	25,615	25,456	-0.6%	100.0%	45.3	$39,798	5,200	20.3%	6,828	26.7%
Haywood	17,331	16,782	-3.2%	17,331	16,782	-3.2%	100.0%	40.4	$38,362	3,553	20.5%	5,324	30.7%
Henderson	28,336	28,767	1.5%	28,336	28,767	1.5%	100.0%	41.4	$42,430	5,100	18.0%	7,133	25.2%
Henry	32,538	32,616	0.2%	32,538	32,616	0.2%	100.0%	45.4	$40,837	6,117	18.8%	7,578	23.3%
Lake	7,639	7,701	0.8%	7,639	7,701	0.8%	100.0%	40.2	$34,966	2,788	36.5%	2,040	26.7%
Lauderdale	26,783	26,711	-0.3%	26,783	26,711	-0.3%	100.0%	38.2	$37,915	6,669	24.9%	7,555	28.2%
Madison	98,801	99,827	1.0%	98,801	99,827	1.0%	100.0%	38.2	$57,647	17,586	17.8%	24,935	25.2%
McNairy	26,118	26,249	0.5%	26,118	26,249	0.5%	100.0%	42.9	$36,055	4,545	17.4%	6,905	26.4%
Obion	30,110	29,558	-1.8%	30,110	29,558	-1.8%	100.0%	43.0	$39,866	5,329	17.7%	7,826	26.0%
Weakley	33,052	32,639	-1.3%	33,052	32,639	-1.3%	100.0%	38.4	$38,566	5,920	19.7%	7,315	22.1%
Service Area Total	527,003	526,950	-0.01	527,003	526,950	-.01	100.0%		$41,152	100,794	19.1%	135,271	25.7%

State of TN Total	6,883,347	7,097,353	3.1%	6,883,347	7,097,353	3.1%	100.0%	38.9	$52,375	1,053,152	15.3%	1,432,200	20.8%

** Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-17. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2019, then default Projected Year is 2023.*

Be sure to identify the target population, e.g., Age 65+, the current year and projected year being used.

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, TennCare or Medicaid recipients, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: The median household income, percent enrolled in TennCare for the service area are higher than for the State of Tennessee as a whole. The Applicant and proposed services contained in this certificate of need will be accessible to all consumers, especially women, the elderly, minorities, and low income groups.

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

RESPONSE: The 18-county service area has six existing ambulatory surgical treatment centers.

Name	2019	2018	2017
Cape Surgery Center (Dyer County)	3,261	2,931	2,649
Van Dyck ASC LLC (Henry County)	1,631	2,546	3
DDC Surgery Center (Madison County)	3,520	4,452	6,668
Physicians Surgery Center (Madison County)	4,354	5,210	5,286
Summit Endoscopy Center (Obion County)	3,159	3,710	3,061
Union City Surgery Center (Obion County)	320	301	19

Unduplicated cases

Detail provided below.

	# ORs	2019 # Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,996	1,285	3,261
Van Dyck ASC	2	1	3
Ophthalmology	1,631	-	1,631
DDC Surgery Center	-	2	2
Endoscopy	-	3,520	3,520
Physicians Surgery Center	6	1	7
Cosmetic Surgery	37	-	37
Oral Surgery	2	-	2
Ophthalmology	1,604	564	2,168
Orthopedics	2,021	-	2,021
Pain Management	112	-	112
Podiatry	4	-	4
Radiation Oncology Treatmt	7	-	7
Urology	3	-	3
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,159	3,159
Union City Surgery Center	2	1	3
General Surgery	1	-	1
Orthopedics	214	-	214
Pain Management	206	-	206
Podiatry	21	-	21

	# ORs	2018 # Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,876	1,055	2,931
Van Dyck ASC	2	1	3
Ophthalmology	2,546	-	2,546
DDC Surgery Center	-	3	3
Endoscopy	-	4,452	4,452
Physicians Surgery Center	4	1	5
Cosmetic Surgery	9	-	9
Oral Surgery	-	-	-
Ophthalmology	2,244	838	3,082
Orthopedics	1,920	-	1,920
Pain Management	178	-	178
Podiatry	21	-	21
Radiation Oncology Treatmt	-	-	-
Urology	-	-	-
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,710	3,710
Union City Surgery Center	2	1	3
General Surgery	-	-	-
Orthopedics	256	-	256
Pain Management	45	-	45
Podiatry	-	-	-

	# ORs	2017 # Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,876	1,055	2,931
Van Dyck ASC	2	1	3
Ophthalmology	2,546	-	2,546
DDC Surgery Center	-	3	3
Endoscopy	-	4,452	4,452
Physicians Surgery Center	4	1	5
Cosmetic Surgery	9	-	9
Oral Surgery	-	-	-
Ophthalmology	2,244	838	3,082
Orthopedics	1,920	-	1,920
Pain Management	178	-	178
Podiatry	21	-	21
Radiation Oncology Treatmt	-	-	-
Urology	-	-	-
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,710	3,710
Union City Surgery Center	2	1	3
General Surgery	-	-	-
Orthopedics	256	-	256
Pain Management	45	-	45
Podiatry	-	-	-

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

RESPONSE: Data for the past three years (2017, 2018, 2019) is for the existing West Tennessee Surgery Center. Projections for 2022 and 2023 are for the Jackson Madison Surgery Center. The Applicant conservatively estimate surgery cases during 2022 (3,685) as operations are transitioned from a hospital-based facility to a freestanding facility. Surgery cases during 2022 are expected to be to be 50 percent of Full Capacity. This is because the Jackson Madison Surgery Center will have new electronic medical record, new administration, new management company, new policies and procedures, and the like. The 2023 surgery cases are anticipated to be 75 percent of Full Capacity. Near full capacity will be reached by the third year of operation.

Year	Surgery Cases
2017	6,553
2018	6,440
2019	6,687
2022	3,685
2023	5,641

ECONOMIC FEASIBILITY

The responses to this section of the application will help determine whether the project can be economically accomplished and maintained.

1. Project Cost Chart Instructions

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

   RESPONSE: Based on project costs of $19,844,873, the maximum filing fee of $95,000 is included.

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

   RESPONSE: The lease between Jackson Madison Surgery Center LLC and West Tennessee Healthcare, Inc. stipulates $154,823 per month in rent or $1,857,876 per year for a term of 10 years. The total over the ten year period is $18,578,760.

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

RESPONSE: Moveable equipment in the amount of $342,000 is for electronic medical record.

D. The Total Construction Cost reported on line 5 should equal the Total Cost reported on the Square Footage Chart.

RESPONSE: Not Applicable

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

RESPONSE: Not Applicable

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

PROJECT COST CHART

A.	Construction and equipment acquired by purchase:	
1.	Architectural and Engineering Fees	
2.	Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	521,012
3.	Acquisition of Site	
4.	Preparation of Site	
5.	Total Construction Costs	
6.	Contingency Fund	
7.	Fixed Equipment (Not included in Construction Contract)	
8.	Moveable Equipment (List all equipment over $50,000 as separate attachments)	342,000
9.	Other (Specify) insurance	403,101
B.	Acquisition by gift, donation, or lease:	
1.	Facility (inclusive of building and land)	18,578,760
2.	Building only	
3.	Land only	
4.	Equipment (Specify)	
5.	Other (Specify)	
C.	Financing Costs and Fees:	
1.	Interim Financing	
2.	Underwriting Costs	
3.	Reserve for One Year's Debt Service	
4.	Other (Specify)	
D.	Estimated Project Cost (A+B+C)	19,844,873
E.	CON Filing Fee	95,000
F.	Total Estimated Project Cost (D+E) **TOTAL**	**$19,939,873**

2. Identify the funding source(s) for this project.

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

___ 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 initial 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 of the organization providing the funding for the project and audited financial statements of the organization; and/or

RESPONSE: Letter from Mr. Jeff Blankenship, Vice President/Chief Financial Officer is included.

___ F. Other – Identify and document funding from all other sources.

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

Historical Data Chart(s) provide revenue and expense information for the last *three (3)* years for which complete data is available. The "Project Only Chart" provides information for the services being presented in the proposed project while the "Total Facility Chart" provides information for the entire facility. Complete both, if applicable.

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

XProject Only
□ Total Facility

HISTORICAL DATA CHART
West Tennessee Surgery Center

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

		Fy2017	Fy2018	Fy2019
A.	Utilization Data			
	Specify Unit of Measure surgical cases	6,553	6,440	6,687
B.	Revenue from Services to Patients			
	1. Inpatient Services	$ 582,260	$ 450,935	$ 460,878
	2. Outpatient Services	48,776,825	50,764,660	53,111,676
	3. Emergency Services			
	4. Other Operating Revenue (Specify)			
	Gross Operating Revenue	$49,359,085	$51,215,595	$ 53,572,554
C.	Deductions from Gross Operating Revenue			
	1. Contractual Adjustments	$32,192,701	$ 33,897,871	$35,539,705
	2. Provision for Charity Care	910,320	875,581	523,110
	3. Provisions for Bad Debt	1,685,262	1,323,299	2,042,969
	Total Deductions	$34,788,283	$36,096,751	$38,105,784
NET OPERATING REVENUE		$14,570,802	$15,118,844	$15,466,770
D.	Operating Expenses			
	1. Salaries and Wages			
	a. Direct Patient Care	2,309,001	2,377,582	2,386,091
	b. Non-Patient Care	567,363	582,857	590,607
	2. Physician's Salaries and Wages			
	3. Supplies	4,089,743	4,840,786	4,812,511
	4. Rent			
	a. Paid to Affiliates			
	b. Paid to Non-Affiliates	1,002,622	1,022,727	1,051,303
	5. Management Fees:			
	a. Paid to Affiliates			
	b. Paid to Non-Affiliates			
	6. Other Operating Expenses (D6)	2,518,767	2,699,470	2,948,099
	Total Operating Expenses	$ 10,487,496	$11,523,422	$11,788,611
E.	**Earnings Before Interest, Taxes and Depreciation**	$ 4,083,305	$ 3,595,422	$ 3,678,160
F.	Non-Operating Expenses			
	1. Taxes	$	$	$
	2. Depreciation	1,078,766	1,097,198	1,088,623
	3. Interest			
	4. Other Non-Operating Expenses			
	Total Non-Operating Expenses	$ 1,078,766	$ 1,097,198	$ 1,088,623
NET INCOME (LOSS)		$ 3,004,539	$ 2,498,224	$ 2,589,537

Chart Continues Onto Next Page

NET INCOME (LOSS)	$ 3,004,539	$2,498,224	$2,589,537
G. Other Deductions			
1. Annual Principal Debt Repayment	$	$	$
2. Annual Capital Expenditure	699,395	1,258,167	182,657
Total Other Deductions	$ 699,395	$1,258,167	$ 182,657
NET BALANCE	$ 2,305,144	$1,240,057	$2,406,880
DEPRECIATION	$ 1,078,766	$1,097,198	$1,088,623
FREE CASH FLOW (Net Balance + Depreciation)	$ 3,383,910	$2,337,255	$ 3,495,503

☐ XProject Facility

☐ Total Only

HISTORICAL DATA CHART-OTHER EXPENSES

OTHER OPERATING EXPENSES CATEGORIES (D6)	**Fy2017**	**Fy2018**	**Fy2019**
1. Employee Benefits Allocation	$ 746,917	$ 797,286	$784,677
2. Medical Director Fee	23,010	18,070	15,600
3. Copy Expense	14,545	19,048	18,142
4. Other Service Fees	18,744	12,690	11,480
5. Promotional Items	6,653	4,442	5,579
6. Promotional Print Items	505	2,559	625
7. Equipment Maintenance Fees	314,469	340,779	220,422
Equipment Lease and Rental	4,501	5,043	178,302
Repairs and Renovation	67,853	106,008	34,057
Utilities	305,831	313,150	308,469
Telecommunications	3,747	3,813	3,965
Dues and Subscriptions	1,092	0	15
Cost Allocation	55,544	53,746	53,676
Cost Allocation-Direct Billed	174,850	181,426	185,601
System Services-Other	780,506	841,409.64	1,127,488.50
***Total Other Expenses**	**$ 2,518,767**	**$2,699,470**	**$2,948,099**

**Total other expenses should equal Line D.6. In the Historical Data Chart*

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

Projected Data Chart(s) provide information for the two years following the completion of the project. The "Project Only Chart" should reflect revenue and expense projections for the project (*i.e.*, if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility). The "Total Facility Chart" should reflect information for the total facility. Complete both, if applicable.

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

□ XProject Only
□ Total Facility

PROJECTED DATA CHART
Jackson Madison Surgery Center

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

	2022	2023
A. Utilization Data		
Specify Unit of Measure surgery cases	3,685	5,641
B. Revenue from Services to Patients		
1. Inpatient Services	$	$
2. Outpatient Services	18,990,280	29,657,022
3. Emergency Services		
4. Other Operating Revenue (Specify)		
Gross Operating Revenue	**$ 18,990,280**	**$ 29,657,022**
C Deductions from Gross Operating Revenue		
1. Contractual Adjustments	$ 12,131,783	$ 16,663,535
2. Provision for Charity Care	379,806	593,140
3. Provisions for Bad Debt	127,033	243,144
Total Deductions	$ 12,638,622	$ 17,499,819
NET OPERATING REVENUE	$ 6,351,658	$ 12,157,203
D. Operating Expenses		
1. Salaries and Wages		
a. Direct Patient Care	1,589,814	2,181,711
b. Non-Patient Care	703,807	820,423
2. Physician's Salaries and Wages		
3. Supplies	2,166,368	3,413,273
4. Rent		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	1,102,977	1,136,066
5. Management Fees:		
a. Paid to Affiliates		
b. Paid to Non-Affiliates	317,583	607,860
6. Other Operating Expenses (D6)	2,385,388	2,963,167
Total Operating Expenses	$ 8,265,937	$11,122,500
E. **Earnings Before Interest, Taxes and Depreciation**	$(1,914,279)	$ 1,034,703
F. Non-Operating Expenses		
1. Taxes	$	$
2. Depreciation	1,087,396	1,087,396
3. Interest		
4. Other Non-Operating Expenses		
Total Non-Operating Expenses	$ 1,087,396	$ 1,087,396
NET INCOME (LOSS)	$(3,001,675)	$ (52,693)

Chart Continues Onto Next Page

NET INCOME (LOSS)	$ (3,001,675)	$ (52,693)
G. Other Deductions		
1. Estimated Annual Principal Debt Repayment	$	$
2. Annual Capital Expenditure	500,000	
Total Other Deductions	$ 500,000	$
NET BALANCE	$ (3,501,675)	$ (52,693)
DEPRECIATION	$ 1,087,396	$ 1,087,396
FREE CASH FLOW (Net Balance + Depreciation)	$(2,414,279)	$ 1,034,703

☐ **X**Project Facility

☐ Total Only

PROJECTED DATA CHART-OTHER EXPENSES

OTHER OPERATING EXPENSES CATEGORIES (D6)	**2022**	**2023**
1. Equipment Lease and Rental, Maintenance	$638,543	$ 651,314
2. Lithotripsy Usage Fees	376,872	594,608
3. Repairs and Renovations	23,068	36,372
4. Medical Director Fees	25,500	26,010
5. Software Subscriptions/Lease	116,280	118,606
6. Utilities	323,700	333,411
7. Telecommunications	6,100	6,283
Insurance	72,409	138,592
Licensing/Accreditation	27,027	1,461
Other Operating Expenses	152,885	241,057
Employee Benefits	623,004	815,454
***Total Other Expenses**	**$2,385,388**	**$ 2,963,167**

**Total other expenses should equal Line D.6. In the Projected Data Chart*

5. **A**. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Charts for Year 1 and Year 2 of the proposed project. Complete Project Only Chart and Total Facility Chart, if applicable.

Project Only Chart

	Previous Year to Most Recent Year Year_ Fy2020__	Most Recent Year Year Fy2021 _____	Year One Year_ Fy2022__	Year Two Year_ Fy2023___	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*	$8,522	$8,432	$5,153	$5,257	2.02%
Deduction from Revenue *(Total Deductions/Utilization Data)*	$6,269	$6,196	$3,430	$3,102	-9.55%
Average Net Charge *(Net Operating Revenue/Utilization Data)*	$2,253	$2,236	$1,724	$2,155	25.03%

Total Facility Chart Not Applicable

	Previous Year to Most Recent Year Year ____	Most Recent Year Year____	Year One Year___	Year Two Year_____	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*					
Deduction from Revenue *(Total Deductions/Utilization Data)*					
Average Net Charge *(Net Operating Revenue/Utilization Data)*					

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

RESPONSE: Below is a sample of charges for the Jackson Madison Surgery Center. Also provided are the Medicare rates, and for comparison purposes, the average hospital rate and variance. Charges at the proposed Jackson Madison Surgery Center are much less than corresponding hospital rate, and such cost savings are a key rationale for pursuing this project. Such cost savings cannot be achieved with a hospital-based ASTC. Year One gross operating revenue is projected $18,990,280 and net operating revenue, $6,351,658. Year Two gross operating revenue is expected to be $29,657,022 with net operating revenue being $12,157,203.

ASC Charge Sample by Specialty

Case Category	CPT Code	CPT Description	ASC Charge	2020 Medicare ASC Rate	Average Hospital Charge	Charge Variance to Hospital
General Surgery	49505	Repair initial inguinal hernia, age 5 years or older; reducible	$ 3,957	$ 1,377.21	$ 11,095	$ (7,138)
General Surgery	19125	Excision of breast lesion identified by preoperative placement of radiological marker, open; single lesion	$ 2,966	$ 1,118.44	$ 11,924	$ (8,958)
Gynecology	58563	Hysteroscopy, surgical; with endometrial ablation (eg, endometrial resection, electrosurgical ablation, thermoablation)	$ 4,957	$ 1,816.36	$ 9,566	$ (4,609)
Gynecology	57522	Conization of cervix, with or without fulguration, with or without dilation and curettage, with or without repair; loop electrode excision	$ 3,549	$ 1,235.31	$ 8,357	$ (4,808)
Ophthalmology	66984	Extracapsular cataract removal with insertion of intraocular lens prosthesis (1 stage procedure), manual or mechanical technique (eg, irrigation and aspiration or phacoemulsification); without endoscopic cyclophotocoagulation	$ 2,462	$ 1,012.72	$ 5,683	$ (3,221)
Ophthalmology	66982	Extracapsular cataract removal with insertion of intraocular lens prosthesis (1-stage procedure), manual or mechanical technique (eg, irrigation and aspiration or phacoemulsification), complex, requiring devices or techniques not generally used in routine cataract surgery (eg, iris expansion device, suture support for intraocular lens, or primary posterior capsulorrhexis) or performed on patients in the amblyogenic developmental stage; without endoscopic cyclophotocoagulation	$ 2,462	$ 1,012.72	$ 6,401	$ (3,939)
Otolaryngology	31267	Nasal/sinus endoscopy, surgical, with maxillary antrostomy; with removal of tissue from maxillary sinus	$ 5,447	$ 1,895.89	$ 20,608	$ (15,161)
Otolaryngology	31256	Nasal/sinus endoscopy, surgical, with maxillary antrostomy;	$ 2,828	$ 1,237.71	$ 19,317	$ (16,489)
Pain Managemen	62350	Implantation, revision or repositioning of tunneled intrathecal or epidural catheter, for long-term medication administration via an external pump or implantable reservoir/infusion pump; without laminectomy	$ 6,917	$ 2,897.99	$ 36,307	$ (29,390)
Pain Managemen	64430	Injection(s), anesthetic agent(s) and/or steroid; pudendal nerve	$ 997	$ 410.32	$ 4,443	$ (3,446)
Plastics	11624	Excision, malignant lesion including margins, scalp, neck, hands, feet, genitalia; excised diameter 3.1 to 4.0 cm	$ 1,529	$ 576.39	$ 12,803	$ (11,274)
Plastics	11642	Excision, malignant lesion including margins, face, ears, eyelids, nose, lips; excised diameter 1.1 to 2.0 cm	$ 455	$ 171.43	$ 12,165	$ (11,710)
Spine	22554	Arthrodesis, anterior interbody technique, including minimal discectomy to prepare interspace (other than for decompression); cervical below C2	$20,561	$ 8,427.02	$ 22,553	$ (1,992)
Spine	63030	Laminotomy (hemilaminectomy), with decompression of nerve root(s), including partial facetectomy, foraminotomy and/or excision of herniated intervertebral disc; 1 interspace, lumbar	$ 8,054	$ 2,803.36	$ 17,841	$ (9,787)
Urology	52234	Cystourethroscopy, with fulguration (including cryosurgery or laser surgery) and/or resection of; SMALL bladder tumor(s) (0.5 up to 2.0 cm)	$ 3,652	$ 1,376.97	$ 9,485	$ (5,833)
Urology	57288	Sling operation for stress incontinence (eg, fascia or synthetic)	$ 6,827	$ 2,451.77	$ 13,787	$ (6,960)

C. Compare the proposed charges to those of similar facilities/services in the service area/adjoining service areas, or to proposed charges of recently approved Certificates of Need. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: The service area has six ambulatory surgery treatment centers. Two are multi specialty. According to the Joint Annual reports, 2019, average charges are as follows

Physicians Surgery Center
Gross Average Charge $9,663
Net Average Charge $1,921

Union City Surgery Center
Gross Average Charge $12,949
Net Average Charge $ 3,186

6. A. Discuss how projected utilization rates will be sufficient to support financial performance.

1) Noting when the project's financial breakeven is expected, and

RESPONSE: The Applicant conservatively estimate surgery cases during 2022 (3,685) as operations are transitioned from a hospital-based facility to a freestanding facility. Surgery cases during 2022 (3,685) are expected to be to be 50 percent of Full Capacity. This is because the Jackson Madison Surgery Center will have new electronic medical record, new administration, new management company, new policies and procedures, and the like. The 2023 surgery cases (5,641) is anticipated to be 75 percent of Full Capacity. Near full capacity (7,670) will be reached by the third year of operation. The project will cash flow year two ($1,034,702) and will have a positive net income in year three ($1,161,797).

2) Demonstrating the availability of sufficient cash flow until financial viability is achieved.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-6A**

RESPONSE: This is a new project and new ownership company and, thus, does not have historical information available. Alternatively, the West Tennessee Healthcare and Related Affiliates Financial Statements and Supplementary Information Years Ended June 30, 2019 and 2018 are provided as Attachment Section B-Economic Feasibility-6A.

B. Net Operating Margin Ratio: The Net Operating Margin Radio demonstrates how much

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

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following tables. Complete Project Only Chart and Total Facility Chart, if applicable.

Project Only Chart

Year	2nd Previous Year to Most Recent Year Year Fy2019	1st Previous Year to Most Recent Year Year Fy2020	Most Recent Year Year Fy2021	Projected Year 1 Year Fy2022	Projected Year 2 Year Fy2023
Net Operating Margin Ratio	23.78	19.99	22.04	-30.14	8.51

Total Facility Chart Not Applicable

Year	2nd Previous Year to Most Recent Year Year _____	1st Previous Year to Most Recent Year Year_____	Most Recent Year Year_____	Projected Year 1 Year_____	Projected Year 2 Year _____
Net Operating Margin Ratio					

C. Capitalization Ratio: The Long-term debt to capitalization ratio measures the proportion of debt financing in a business's permanent (long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: ((Long-Term Debt)/Long-Term Debt + Total Equity {Net Assets}) X 100.

RESPONSE: Not applicable given that no debt will be used to implement this project.

For self or parent company funded projects, provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. Capitalization Ratios are not expected from outside the company lenders that provide funding. **This question is applicable to all applications regardless of whether or not the project is being partially or totally funded by debt financing.**

7. 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. Report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below. Complete Project Only Chart and Total Facility Chart, if applicable.

Applicant's Projected Payor Mix, Year 1
Project Only Chart

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care	$ 6,720,220.98	35.39%
TennCare/Medicaid	$ 2,505,295.20	13.19%
Commercial/Other Managed Care	$ 9,303,389.21	48.99%
Self-Pay	$ 461,374.61	2.43%
Other (Specify)_____		
Total*	$18,990,280.00	100.00%
Charity Care	$ 379,805.60	

**Needs to match Gross Operating Revenue Year One on Projected Data Chart*

Applicant's Projected Payor Mix, Year 1
Total Facility Chart Not Applicable

Payor Source	Projected Gross Operating Revenue	As a % of total
Medicare/Medicare Managed Care		
TennCare/Medicaid		
Commercial/Other Managed Care		
Self-Pay		
Other (Specify)_____		
Total*		
Charity Care		

**Needs to match Gross Operating Revenue Year One on Projected Data Chart*

8. Provide the projected staffing for the project in Year 1 and compare to the current staffing for the most recent 12-month period, as appropriate. This can be reported using full-time equivalent (FTEs) positions for these positions. Identify projected salary amounts by position classifications and compare the clinical staff salaries to prevailing wage patterns in the proposed service area as published by the Department of Labor & Workforce Development and/or other documented sources, such as the US Department of Labor. Wage data pertaining to healthcare professions can be found at the following link:
https://www.bls.gov/oes/current/oes_tn.htm.

Position Classification	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage (Contractual Rate)	Area Wide/Statewide Average Wage
A. Direct Patient Care Positions				
Registered Nurse		15.0	$22.83-$34.12	$22.99-$33.66
Surgical Technician		4.5	$11.15-$15.61	$10.38-$18.59
Clinical Manager		3.0	$28.74-$42.71	$28.15-$59.54
Total Direct Patient Care Positions		22.5		

B. Non-Patient Care Positions				
Administrator		1.0	$57.22-$85.83	$66.53-$90.00
Business Office Manager		1.0	$12.53-$17.54	$13.74-$20.19
Billing		2.0	$12.53-$17.54	$13.74-$20.19
Schedulers		1.5	$11.82-$16.55	$12.16-$20.53
Receptionists		2.0	$11.00-$14.68	$9.93-$15.50
Financial Counselor		1.0	$12.53-$17.54	$13.74-$20.19
Sterile Processing		3.0	$11.15-$15.61	$10.38-$18.59
Other Support Staff		2.0	$12.53-$17.54	$13.74-$20.19
Materials Manager		1.0	$33.53-$48.63	$30.28-$62.44
Total Non-Patient Care Positions		14.5		
Total Employees *(A+B)*		37.0		
C. Contractual Staff				
Total Staff *(A+B+C)*		37.0		

9. What alternatives to this project were considered? Discuss the advantages and disadvantages of each, including but not limited to:

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

   RESPONSE: The alternative to this project was to maintain the status quo with the West Tennessee Surgery Center remaining a hospital provider based outpatient surgery center. The status quo is not desirable, as the regulatory requirements for such facilities do not allow for flexibility in ownership and management structures that can achieve the improvements in patient care and cost savings that are desired. The proposed project allows for a partnership with physicians and a lower charge structure for patients.

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

   RESPONSE: Not Applicable, no new construction in this project.

QUALITY STANDARDS

1. Per PC 1043, Acts of 2016, any receiving a CON after July 1, 2016 must report annually using forms prescribed by the Agency concerning continued need and appropriate quality measures Please verify that annual reporting will occur.

RESPONSE: The Applicant will report annually using forms prescribed by the Agency concerning need and appropriate quality measures.

2. Quality-The the proposal shall provide health care that meets appropriate quality standards. Please address each of the following questions:

   A. Does the applicant commit to the following?

   1) Maintaining the staffing comparable to the staffing chart presented in its CON application;

   RESPONSE: The Applicant will maintain staffing comparable to the chart in this CON application.

   2) Obtaining and maintaining all applicable state licenses in good standing;

   RESPONSE: The Applicant will maintain all state licenses in good standing.

   3) Obtain and maintaining TennCare and Medicare certification(s), if participation in such programs was indicated in the application;

   RESPONSE: The Applicant will obtain and maintain all TennCare and Medicare certifications as indicated in this application.

   4) For an existing healthcare institution applying for a CON - Has it maintained substantial compliance with applicable federal and state regulation for the three years prior to the CON application. In the event of non-compliance, the nature of non-compliance and corrective action should be discussed to include any of the following: suspension of admissions, civil monetary penalties, notice of 23-day or 90-day termination proceedings from Medicare/Medicaid/TennCare, revocation/denial of accreditation, or other similar actions and what measures the applicant has or will put into place to avoid similar findings in the future

   RESPONSE: Not Applicable this is a new healthcare institution.

   5) For an existing healthcare institution applying for a CON - Has the entity been decertified within the prior three years? If yes, please explain in detail. (This provision shall not apply if a new, unrelated owner applies for a CON related to a previously decertified facility)

   RESPONSE: Not applicable. This is a new healthcare institution. The existing West Tennessee Surgery Center facility has been certified continuously during the last three years.

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

   1) Has any of the following:

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

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

2) Been subjected to any of the following:

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

RESPONSE: No

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

RESPONSE: No

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

RESPONSE: No

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

RESPONSE: No

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

RESPONSE: No

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

RESPONSE: No

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

RESPONSE: No

h. Is presently subject to a corporate integrity agreement.

RESPONSE: No

C. Does the applicant plan, within 2 years of implementation of the project, to participate in self-assessment and external assessment against nationally available benchmark data to accurately assess its level of performance in relation to established standards and to implement ways to continuously improve?

Note: Existing licensed, accredited and/or certified providers are encouraged to describe their process for same.

RESPONSE: The Applicant will participate in self-assessment and external assessment against nationally available benchmark data to measure its level of performance in relation to established standards.

Please complete the chart below on accreditation, certification, and licensure plans.

1) If the applicant does not plan to participate in these type of assessments, explain why since quality healthcare must be demonstrated.

RESPONSE: The Applicant will participate in these types of assessments.

Credential	Agency	Status (Active or Will Apply)
Licensure	X Health □ Intellectual and Developmental Disabilities □ Mental Health and Substance Abuse Services	Will Apply
Certification	XMedicare X Medicaid/TennCare □ Other_____	Will Apply
Accreditation	American Association for Accreditation of Ambulatory Surgery Facilities (AAASF)	Will Apply

2) Based upon what was checked/completed in above table, will the applicant accept a condition placed on the certificate of need relating to obtaining/maintaining license, certification, and/or accreditation?

RESPONSE: The Applicant will obtain licensing, certification, and accreditation as completed in the above table.

D. The following list of quality measures are service specific. Please indicate which standards you will be addressing in the annual Continuing Need and Quality Measure report if the project is approved.

	For Ambulatory Surgical Treatment Center projects: Estimating the number of physicians by specialty expected to utilize the facility, developing criteria to be used by the facility in extending surgical and anesthesia privileges to medical personnel, and documenting the availability of appropriate and qualified staff that will provide ancillary support services, whether on- or off-site? **RESPONSE:** This quality indicator will be measured.

☐	For Cardiac Catheterization projects: Not Applicable a. Documenting a plan to monitor the quality of its cardiac catheterization program, including but not limited to, program outcomes and efficiencies; and b. Describing how the applicant will agree to cooperate with quality enhancement efforts sponsored or endorsed by the State of Tennessee; and c. Describing how cardiology staff will be maintaining: d. Adult Program: 75 cases annually averaged over the previous 5 years; e. Pediatric Program: 50 cases annually averaged over the previous 5 years.
☐	For Open Heart projects: Not Applicable f. Describing how the applicant will staff and maintain the number of who will perform the volume of cases consistent with the State Health Plan (annual average of the previous 2 years), and maintain this volume in the future; g. Describing how at least a surgeon will be recruited and retained (at least one shall have 5 years experience); h. Describing how the applicant will participate in a data reporting, quality improvement, outcome monitoring, and external assessment system that benchmarks outcomes based on national norms (demonstrated active participation in the STS National Database is expected and shall be considered evidence of meeting this standard).
☐	For Comprehensive Inpatient Rehabilitation Services projects: Retaining or recruiting a physiatrist? Not Applicable
☐	For Home Health projects: Documenting the existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system. Not Applicable
☐	For Hospice projects: Documenting the existing or proposed plan for quality data reporting, quality improvement, and an outcome and process monitoring system. Not Applicable
☐	For Megavoltage Radiation Therapy projects: Describing or demonstrating how the staffing and quality assurance requirements will be met of the American Society of Therapeutic Radiation and Oncology (ASTRO), the American College of Radiology (ACR), the American College of Radiation Oncology (ACRO), National Cancer Institute (NCI), or a similar accrediting authority.N/A
☐	For Neonatal Intensive Care Unit projects: Documenting the existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; document the intention and ability to comply with the staffing guidelines and qualifications set forth by the Tennessee Perinatal Care System Guidelines for Regionalization, Hospital Care Levels, Staffing and Facilities; and participating in the Tennessee Initiative for Perinatal Quality Care (TIPQC). N/A
☐	For Nursing Home projects: Documenting the existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems, including in particular details on its Quality Assurance and Performance Improvement program. Not Applicable
☐	For Inpatient Psychiatric projects: Not Applicable • Describing or demonstrating appropriate accommodations for: • Seclusion/restraint of patients who present management problems and children who need quiet space, proper sleeping and bathing arrangements for all patients);

	• Proper sleeping and bathing arrangements; • Adequate staffing (i.e. that each unit will be staffed with at least two direct patient care staff, one of which shall be a nurse, at all times); • A staffing plan that will lead to quality care of the patient population served by the project. • An existing or proposed plan for data reporting, quality improvement, and outcome and process monitoring systems; and • If other psychiatric facilities are owned or administered, providing information on satisfactory surveys and quality improvement programs at those facilities. Involuntary admissions if identified in CON criteria and standard review
☐	For Freestanding Emergency Department projects: Demonstrating that it will be accredited with the Joint Commission or other applicable accrediting agency, subject to the same accrediting standards as the licensed hospital with which it is associated. Not Applicable
☐	For Organ Transplant projects: Describing how the applicant will achieve and maintain institutional membership in the national Organ Procurement and Transportation Network (OPTN), currently operating as the United Network for Organ Sharing (UNOS), within one year of program initiation. Describing how the applicant shall comply with CMS regulations set forth by 42 CFR Parts 405, 482, and 498, Medicare Program; Hospital Conditions of Participation: Requirements for Approval and Re-Approval of Transplant Centers To Perform Organ Transplants. N/A
☐	For Relocation and/or Replacement of Health Care Institution projects: Describing how facility and/or services specific measures will be met. Not Applicable

CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

The responses to this section of the application helps determine whether the project will contribute to the orderly development of healthcare within the service area.

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, that may directly or indirectly apply to the project, such as, transfer agreements, contractual agreements for health services.

RESPONSE: The Applicant will have a transfer agreement with Jackson-Madison County General Hospital.

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

   A. Positive Effects

RESPONSE: The positive effect is an easily accessible multi-specialty surgery center to provide care for residents throughout 18 counties in rural West Tennessee that is able to offer a comprehensive array of outpatient surgery services at a lower cost than is possible at the existing facility.

B. Negative Effects

RESPONSE: This certificate of need is to convert a hospital-based outpatient surgery center to an ambulatory surgical treatment center the will continue to serve residents of rural West Tennessee at a lower cost.

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

RESPONSE: The Applicant will have available and accessible staff, clinical leadership, and professional staff to meet State of Tennessee licensing requirements and accreditation standards.

B. Document the category of license/certification that is applicable to the project and why. These include, without limitation, regulations concerning clinical leadership, physician supervision, quality assurance policies and programs, utilization review policies and programs, record keeping, clinical staffing requirements, and staff education.

RESPONSE: The Applicant will submit licensure for an ambulatory surgical treatment center with the State of Tennessee Department of Health.

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

RESPONSE: This is an application for a new facility that will work with area colleges and universities for clinical training: the University of Memphis Lambuth, Union University, University of Tennessee at Martin, Jackson State Community College, Dyersburg State Community College, and others.

4. Outstanding Projects:

RESPONSE: No outstanding projects.

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

Outstanding Projects					
CON Number	Project Name	Date Approved	*Annual Progress Report(s)		Expiration Date
			Due Date	Date Filed	
None					

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

B. Describe the current progress, and status of each applicable outstanding CON.

Not Applicable

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

C. Do you own, lease, operate, and/or contract with a mobile vendor for a Computed Tomography scanner (CT), Linear Accelerator, Magnetic Resonance Imaging (MRI), and/or Positron Emission Tomographer (PET)? Yes

D. If yes, have you submitted their registration to HSDA? If you have, what was the date of submission? Yes, February 12, 2020

E. If yes, have you submitted your utilization to Health Services and Development Agency? If you have, what was the date of submission? Yes, February 12, 2020

SECTION C: STATE HEALTH PLAN QUESTIONS

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

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

1. The purpose of the State Health Plan is to improve the health of Tennesseans.

   RESPONSE: The proposed multi-specialty ambulatory surgical treatment center will provide high quality compassionate care for residents of rural West Tennessee. Services will improve the health of residents in medically unreserved areas.

2. Every citizen should have reasonable access to health care.

   RESPONSE: The Jackson Madison Surgery Center will participate in Medicare, all TennCare MCOs, and many other health plans to reach as many citizens as possible.

3. 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.

   RESPONSE: The Jackson Madison Surgery Center will provide economic efficiencies and quality care in efforts to address the state's health plan.

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.

   RESPONSE: Through licensure, accreditation, and voluntary participation in healthcare comparable databases, citizens will have confidence in the quality of care through continuous monitoring.

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

   RESPONSE: The Applicant will have sufficient, quality workforce to provide patient care. The Applicant will participate in area student training to ensure the development and continued recruitment of a quality workforce.

PROOF OF PUBLICATION

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

Date LOI was Submitted: _____
July 10, 2020

Date LOI was Published:
July 10, 2020

NOTIFICATION REQUIREMENTS

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

2. T.C.A §68-11-1607(c)(9)(B) states that "... If an application involves a healthcare facility in which a county or municipality is the lessor of the facility or real property on which it sits, then within ten (10) days of filing the application, the applicant shall notify the chief executive officer of the county or municipality of the filing, by certified mail, return receipt requested."

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

Please provide documentation of these notifications.

DEVELOPMENT SCHEDULE

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

1. **Complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.**
2. **If the CON is granted and the project cannot be completed within the standard completion time period (3 years for hospital projects and 2 years for all others), please document why an extended period should be approved and document the "good cause" for such an extension.**

RESPONSE: The West Tennessee Healthcare North Hospital is being renovated to increase the surgery capacity. These renovations are anticipated to be completed by September 2021. At this time the former West Tennessee Surgery Center located at 700 West Forest Avenue will close and surgery volumes moved temporarily to the West Tennessee Healthcare North Hospital. During closure the Jackson Madison Surgery Center will complete licensure as an ambulatory surgical treatment center with the State of Tennessee Department of Health. Anticipated date of first service is December 1, 2021.

PROJECT COMPLETION FORECAST CHART

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

Phase	Days Required	Anticipated Date [Month/Year]
1. Initial HSDA decision date		October 28, 2020
2. Architectural and engineering contract signed		
3. Construction documents approved by the Tennessee Department of Health		
4. Construction contract signed		
5. Building permit secured		
6. Site preparation completed		
7. Building construction commenced		
8. Construction 40% complete		
9. Construction 80% complete		
10. Construction 100% complete (approved for occupancy)		
11. *Issuance of License	368	November 1, 2021
12. *Issuance of Service	30	December 1, 2021
13. Final Architectural Certification of Payment		
14. Final Project Report Form submitted (Form HR0055)	31	January 1, 2022

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

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

AFFIDAVIT

STATE OF Tennessee

COUNTY OF Madison

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

Director
SIGNATURE/TITLE
Community Development

Sworn to and subscribed before me this 10 day of July (Month), 2020 (Year) a Notary Public in and for the County/State of Madison County, TN

AMY MALLETTE
STATE OF TENNESSEE NOTARY PUBLIC
MADISON COUNTY

NOTARY PUBLIC

My commission expires 04/21 (Month/Day), 2021 (Year).

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

LETTER OF INTENT

The Publication of Intent is to be published in the The Jackson Sun (Name of Newspaper) which is a newspaper of general circulation in Madison (County), on or before July 10 (Month / day), 2020 (Year), for one day.

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Jackson Madison Surgery Center (Name of Applicant) an ambulatory surgical treatment center (Facility Type-Existing)

Owned and managed by: Jackson Madison Surgery Center LLC intends to file an application for a Certificate of Need to establish a new multi specialty ambulatory surgical treatment center with surgical rooms (operating rooms) in the former location of the West Tennessee Surgery Center, a hospital based outpatient surgery center located at 700 West Forest Avenue, Jackson, Tennessee 38301. The new facility, which will occupy 31,543 square feet, will be licensed as an ambulatory surgical treatment center by the Tennessee Board for Licensing Health Care Facilities. The total project costs are $19,939,873. The project does not include any new major medical equipment or any additional health services.

The anticipated date of filing the application is: July 15, 20 20

The contact person for this project is Victoria S. Lake (Contact Name) Director Community Development (Title)

who may be reached at: West Tennessee Healthcare (Company Name) 620 Skyline Drive (Address)

Jackson (City) TN (State) 38301 (Zip Code) (731) 984-2160 (Area Code / Phone Number)

Vicki Lake (Signature) 07/08/2020 (Date) vicki.lake@wth.org (E-mail Address)

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

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

PUBLICATION OF INTENT

The following shall be published in the "Legal Notices" section of the newspaper in a space no smaller than two (2) columns by two (2) inches.

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. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that:

Jackson Madison Surgery Center (Name of Applicant) — an ambulatory surgical treatment center (Facility Type-Existing)

Owned and managed by: Jackson Madison Surgery Center LLC intends to file an application for a Certificate of Need to establish a new multi specialty ambulatory surgical treatment center with surgical rooms (operating rooms) in the former location of the West Tennessee Surgery Center, a hospital based outpatient surgery center located at 700 West Forest Avenue, Jackson, Tennessee 38301. The new facility, which will occupy 31,543 square feet, will be licensed as an ambulatory surgical treatment center by the Tennessee Board for Licensing Health Care Facilities. The total project costs are $19,939,873. The project does not include any new major medical equipment or any additional health services.

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who may be reached at: West Tennessee Healthcare (Company Name) 620 Skyline Drive (Address)

Jackson (City) TN (State) 38301 (Zip Code) (731) 984-2160 (Area Code / Phone Number)

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Find your next pet!

Public Notices

0004271962

NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

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Jackson Madison Surgery Center an ambulatory surgical treatment center.

Owned and managed by: Jackson Madison Surgery Center LLC intends to file an application for a Certificate of Need to establish a new multi specialty ambulatory surgical treatment center with surgical rooms (operating rooms) in the former location of the West Tennessee Surgery Center, a hospital based outpatient surgery center located at 700 West Forest Avenue, Jackson, Tennessee 38301. The new facility, which will occupy 31,543 square feet, will be licensed as an ambulatory surgical treatment center by the Tennessee Board for Licensing Health Care Facilities. The total project costs are $19,939,873. The project does not include any new major medical equipment or any additional health services.

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The contact person for this project is Victoria S. Lake Director Community Development who may be reached at: West Tennessee Healthcare, 620 Skyline Drive, Jackson, TN 38301 (731) 984-2160

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Public Notices

SAMPLE BALLOT OFFICIAL BALLOT FOR MADISON COUNTY STATE PRIMARY AND COUNTY GENERAL ELECTION HELD ON

August 6, 2020

Instruction Text: To vote for your choice in each contest, turn the SELECT wheel to highlight your choice. Press ENTER to mark your choice. When you are finished voting, press CAST BALLOT until you see the waving American flag.

STATE REPUBLICAN PRIMARY

UNITED STATES SENATE
Vote for One (1)
- ☐ Clifford Adkins
- ☐ Natisha Brooks
- ☐ Byron Bush
- ☐ Roy Dale Cope
- ☐ Terry Dicus
- ☐ Tom Emerson, Jr.
- ☐ George S. Flinn, Jr.
- ☐ Bill Hagerty
- ☐ Jon Henry
- ☐ Kent A. Morrell
- ☐ Glen L. Neal Jr.
- ☐ John E. Osborne
- ☐ Aaron L. Pettigrew
- ☐ David Schuster
- ☐ Manny Sethi
- ☐ Write-in

UNITED STATES HOUSE of REPRESENTATIVES District 8
Vote for One (1)
- ☐ David Kustoff
- ☐ Write-in

TENNESSEE HOUSE of REPRESENTATIVES District 73
Vote for One (1)
- ☐ Chris Todd
- ☐ Write-in

TENNESSEE HOUSE of REPRESENTATIVES District 80
Vote for One (1)
No Candidate Qualified
- ☐ Write-in

STATE DEMOCRATIC PRIMARY

UNITED STATES SENATE
Vote for One (1)
- ☐ Marquita Bradshaw
- ☐ Gary G Davis
- ☐ Robin Kimbrough
- ☐ James Mackler
- ☐ Mark Pickrell
- ☐ Write-in

UNITED STATES HOUSE of REPRESENTATIVES District 8
Vote for One (1)
- ☐ Erika Stotts Pearson
- ☐ Lawrence A Pivnick
- ☐ Hollis W. Skinner
- ☐ Savannah Williamson
- ☐ Write-in

TENNESSEE HOUSE of REPRESENTATIVES District 73
Vote for One (1)
No Candidate Qualified
- ☐ Write-in

TENNESSEE HOUSE of REPRESENTATIVES District 80
Vote for One (1)
- ☐ Johnny W. Shaw
- ☐ Write-in

COUNTY GENERAL

ASSESSOR of PROPERTY
Vote for One (1)
- ☐ Frances K. Hunley Republican Party Nominee
- ☐ Write-in

SCHOOL BOARD District 2
Vote for One (1)
- ☐ Kevin Alexander
- ☐ O'Neal Henley
- ☐ Write-in

SCHOOL BOARD District 3
Vote for One (1)
- ☐ Wayne P. Arnold
- ☐ Debbie Gaugh
- ☐ Write-in

SCHOOL BOARD District 5, Position 1
Vote for One (1)
- ☐ Sherry Franks
- ☐ Tameka Noel
- ☐ Write-in

SCHOOL BOARD District 6, Position 1
Vote for One (1)
- ☐ Robert P. Curlin
- ☐ Janice Hampton
- ☐ Andrea Michelle Givens Moore
- ☐ Write-in

SCHOOL BOARD District 6, Position 2
Vote for One (1)
- ☐ Andre' Darnell
- ☐ Shelia L. Godwin
- ☐ Write-in

JUDICIAL RETENTION QUESTION

Court of Appeals Judge-Western Division
Carma Dennis McGee
Shall Carma Dennis McGee be retained in office as a Judge of the Court of Appeals, Western Division, or be replaced?
Vote for one(1)
- ☐ Retain
- ☐ Replace

TN-GCI0450704-01

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E S E Y R T N U O C E E R T A
N N M R O F I N U Y E M A L F
T I R E W O L F O U N D E R D

the ace as opposed to helping his partner decide whether a second diamond would live by signaling length.

This maneuver is similar to the Dirty Coup showcased yesterday, in that it encourages a con-

the spade now, so upl rebid. Eve play a fac Facing a s card make

Attachment

Section 3.B.C.

Consent Calendar Justification

West Tennessee
HEALTHCARE

July 13, 2020

Mr. Logan Grant
Executive Director
Tennessee Health Services and Development Agency
Andrew Jackson Building 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

RE: Request for Consent Calendar
Jackson Madison Surgery Center

Dear Mr. Grant:

Jackson Madison Surgery Center requests to be heard on the Consent Calendar at the appropriate meeting of the Health Services and Development Agency. The application concerns the conversion of an existing hospital-based outpatient facility to a freestanding ASTC facility that will located at 700 West Forest Avenue Suite 100, Jackson, Tennessee 38301. The application will not affect the current number of ASTC's in the proposed service area and does not involve the acquisition of any major medical equipment.

Let us know any questions you may have. I may be reached at (731) 984-2160 or vicki.lake@wth.org.

Sincerely,

Victoria S. Lake
Director, Community Development

cc: Mr. W. Brantley Phillips, Jr. Bass, Berry & Sims, PLC
Ms. Lauren M. Gaffney, Bass, Berry, & Sims, PLC
Mr. James Ross, West Tennessee Healthcare
Mr. Jeff Blankenship, West Tennessee Healthcare
Ms. Deann Thelen, West Tennessee Healthcare
Ms. Currie Higgs, West Tennessee Healthcare
Ms. Vanessa Patrick, West Tennessee Healthcare

Attachment

Section A-4AB

Corporate Existence Documents

Tre Hargett
Secretary of State

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

Jackson Madison Surgery Center, LLC
STE 100
700 W FOREST AVE
JACKSON, TN 38301-3940

March 10, 2020

Filing Acknowledgment

Please review the filing information below and notify our office immediately of any discrepancies.

SOS Control # :	**001084903**	Formation Locale:	TENNESSEE
Filing Type:	Limited Liability Company - Domestic	Date Formed:	03/09/2020
Filing Date:	03/09/2020 2:32 PM	Fiscal Year Close:	12
Status:	Active	Annual Report Due:	04/01/2021
Duration Term:	Perpetual	Image # :	B0808-4447
Managed By:	Manager Managed		
Business County:	MADISON COUNTY		

Document Receipt

Receipt # : 005353679	Filing Fee:	$300.00
Payment-Check/MO - CAPITAL FILING SERVICE, INC , NASHVILLE, TN		$300.00

Registered Agent Address:
JEFF BLANKENSHIP
STE 100
700 W FOREST AVE
JACKSON, TN 38301-3940

Principal Address:
STE 100
700 W FOREST AVE
JACKSON, TN 38301-3940

Congratulations on the successful filing of your **Articles of Organization** for **Jackson Madison Surgery Center, LLC** in the State of Tennessee which is effective on the date shown above. You must also file this document in the office of the Register of Deeds in the county where the entity has its principal office if such principal office is in Tennessee. Please visit the Tennessee Department of Revenue website (www.tn.gov/revenue) to determine your online tax registration requirements. If you need to obtain a Certificate of Existence for this entity, you can request, pay for, and receive it from our website.

You must file an Annual Report with this office on or before the Annual Report Due Date noted above and maintain a Registered Office and Registered Agent. Failure to do so will subject the business to Administrative Dissolution/Revocation.

Tre Hargett
Secretary of State

Processed By: Rebecca Neally

Phone (615) 741-2286 * Fax (615) 741-7310 * Website: http://tnbear.tn.gov/

39

FILED

ARTICLES OF ORGANIZATION
OF
JACKSON MADISON SURGERY CENTER, LLC

Pursuant to the provisions of § 48-249-106 *et seq.* of the Tennessee Revised Limited Liability Company Act, as amended (the "Act"), the undersigned organizer hereby adopts the following Articles of Organization of a limited liability company:

ARTICLE I

The name of the limited liability company is Jackson Madison Surgery Center, LLC (the "Company").

ARTICLE II

The address of the initial registered office of the Company is 700 W. Forest Avenue, Suite 100, Jackson, Madison County, Tennessee, 38301. The initial registered agent at that office is Jeff Blankenship.

ARTICLE III

There is one (1) member who has agreed to form this Company.

ARTICLE IV

The Company will be manager-managed.

ARTICLE V

The address of the initial principal executive office of the Company is 700 W. Forest Avenue, Suite 100, Jackson, Madison County, Tennessee, 38301.

ARTICLE VI

These Articles of Organization are effective upon filing with the Secretary of State.

IN WITNESS WHEREOF, these Articles of Organization have been executed on this 9th day of March, 2020 by the undersigned.

Jeff Blankenship, Organizer

27929653.1

000088-1447 03/09/2020 2:32 PM Received by Tennessee Secretary of State The Herald

True Copy Certification

I, _Lucretia Albert_, do hereby make oath that I am a licensed attorney and/or the custodian of the electronic version of the attached document tendered for registration herewith and that this is a true and correct copy of the original document executed and authenticated according to law.

Lucretia Albert
Signature

State of ___Tennessee_____

County of ___Davidson_____

Personally appeared before me. __Jennifer Thompson___, a notary public for this county and state, __Lucretia Albert___ who acknowledges that this certification of an electronic document is true and correct and whose signature I have witnessed.

Notary's Signature

My Commission expires: 5/3/21

Notary's Seal (if on paper)

JENNIFER R THOMPSON
STATE OF TENNESSEE NOTARY PUBLIC
DAVIDSON COUNTY
My Commission Expires 05-03-2021

BK/PG:CH42/884-886
20002946

3 PGS : CHARTER
MARIE RAY 202739 - 20002946
03/10/2020 11:19 AM
VALUE
MORTGAGE TAX 0.00
TRANSFER TAX 0.00
RECORDING FEE 5.00
DP FEE 2.00
REGISTER'S FEE 0.00
TOTAL AMOUNT 7.00
STATE of TENNESSEE, MADISON COUNTY
ANGIE BYERS
REGISTER OF DEEDS

Attachment

Section A-6A

Lease

Medical Office Space Lease

(Term Sheet)

Lease Term:		Leased Premises:	
Start Date:	January 1, 2021	*Building's Name*	Medical Center Physicians Tower
End Date:	December 31, 2030	*Address:*	700 West Forest Ave. Jackson, TN 38301
Initial Term:	Ten (10) Years	*Space Leased:*	Suite 100 See Exhibit D
Renewals:	This Lease **SHALL NOT** auto-renew. Tenant may renew this lease for two additional 10 years terms.	*Termination Notice:*	This Lease may not be terminated without cause.
Square Footage:	31,543	*Rate per Square Foot:*	$ 34.97

Name and Address of Tenant	Landlord Name and Address
Jackson Madison Surgery Center, LLC 700 W Forest Eve, Ste 100 Jackson, Tennessee 38301	West Tennessee Healthcare, Inc. 620 Skyline Dr. Jackson, TN 38301

Base Rent per month: $ 91,921.56	FF&E Rent per month: $ 62,901.92	Total Monthly Rent: $ 154,823

Common Area Expenses and Additional Rent: Is not included in the Total Monthly Rent above and will be in addition to such amount.

Sublease: This Lease is a sublease to an underlying lease agreement ("Master Lease") by and between West Tennessee Investors, LLC, as Primary Landlord, and Jackson-Madison County General Hospital District, as Primary Tenant. In addition to the provisions of this Sublease Agreement, Jackson Madison Surgery Center, LLC agrees to be bound by all the terms and conditions of the lease between and the Primary Landlord and Primary Tenant, except for the Term and the Base Rental Rate. The Master Lease is attached to this Sublease Agreement for reference. The terms of the Master Lease are hereby incorporated into this Sublease Agreement. No representation that is not included here or in the Master Lease shall be binding upon the Parties.

This Lease is contingent upon the Jackson-Madison County General Hospital District Board of Trustees approval and the State of Tennessee approving the Certificate of Need.

Attached and incorporated for all purposes are the following Exhibits, to which reference is made for the balance of the terms of this Lease.

Exhibit A—"Expense Responsibility"
Exhibit B—"Leased Furniture, Fixtures, and Equipment"
Exhibit C—"Medical Office Space Lease Standard Terms and Conditions"
Exhibit D—"Floor Plan"
Exhibit E—"Master Lease"

Tenant:	Landlord:
Jackson Madison Surgery Center, LLC	Jackson-Madison County General Hospital District
By: _____	By: James Ross James Ross, CEO & President
By: _____ Jeff Blankenship	By: Deann Thelen Deann Thelen

Exhibit A
Additional Expenses

Expense Responsibility	Landlord[1]	Tenant[2]	Changes
Utilities (Gas, Water, Electricity)		X	Landlord will Invoice Tenant Monthly
Telecom (Internet, Phone)		X	Landlord will Invoice Tenant Monthly
Janitorial Services		X	Landlord will invoice Tenant Monthly
Waste Disposal		X	Landlord will invoice Tenant Monthly
Medical Waste Disposal (if applicable)		X	Landlord will invoice Tenant Monthly
Landscaping and Ground Maintenance	X		
Property Taxes[3]	X		
Property Insurance[4]	X		
Minor Maintenance and Repair		X	Not to exceed $500.00 per Repair "Repair Cap"
Major Maintenance and Repair	X		

[1] Included in Lease Rate
[2] Not-Included in Lease Rate
[3] Does not include personal property taxes
[4] Does not include personal property.

Exhibit B
Leased Furniture, Fixtures, and Equipment

List will be Attached

EXHIBIT C
MEDICAL OFFICE SPACE LEASE STANDARD TERMS AND CONDITIONS

In consideration of the mutual covenants and representations set forth in the Medical Office Space Lease Term Sheet, Exhibit A, Exhibit B, and this Exhibit C (collectively, this "Lease") and other good and valuable consideration, the receipt of which is acknowledged, the parties agree as follows. The capitalized terms used in this Exhibit C shall have the meaning assigned to such terms in the Term Sheet, unless another meaning is assigned to such terms in this Exhibit C. In the event of contradictory language in this Exhibit C and the Term Sheet, the Term Sheet language controls.

1. LEASED PREMISES. Landlord leases to Tenant, and Tenant leases from Landlord, under the terms and condition of this Lease the Leased Premises.

2. RENT. Rent shall be due and payable in twelve (12) equal monthly installments in advance on the first day of each calendar month during the Lease Term, without notice or demand. The installment of Rent for any partial month falling within the Term shall be prorated per diem. The parties agree that the rental rate is commercially reasonable, fair market rental value of the Leased Premises. Tenant agrees to pay all Monthly Rental Installments and sums provided to be paid by Tenant under this Lease at the times and in the manner provided in this Lease. Landlord shall notify Tenant, in writing, to change the address or to whom the Rental Payments are sent. If any Monthly Rental Installment or any other amount owed by Tenant to Landlord is not paid within ten (10) days following the due date, then Landlord may, in its sole discretion, impose on Tenant a late charge equal to One Hundred Fifty and No/100 Dollars ($150.00). Such late charge is to defray the administrative costs and other expenses which Landlord may incur on account of such delinquency and, if imposed by Landlord, shall become due and payable from Tenant to Landlord with the next Monthly Rental Installment.

3. ANNUAL RENTAL ESCALATION. In order to ensure ongoing fair market value, the initial rental rate will be increased Annually by 3.00%. The increase in rent shall be applicable for the next year, and monthly rental payments shall remain constant throughout that year, and shall be referred to as the "Adjusted Rent."

4. COMMON AREA EXPENSES. Sames as defined in the Master Lease.

5. ADDITIONAL RENT. Same as defined in the Master Lease.

6. LANDLORD'S OBLIGATIONS.[5]

   a. Taxes. Landlord shall be responsible for payment of property and other taxes on the real property and Building.

   b. Insurance. Landlord is a governmental entity as defined in the Tennessee Governmental Tort Liability Act, T.C.A. Section 29-20-201. Landlord has elected to self-insure its limited liability under this Act, and maintains reserve funds deemed adequate by its Board of Trustees for the payment of professional and general liability claims under the Act.

[5] Landlord's Obligation shall include any additional obligations included as part of the Term Sheet or Exhibit A.

c. Maintenance and Repairs. Except as otherwise provided herein, Landlord shall be responsible for commercially reasonable maintenance, upkeep and repairs for the Building, heating and air conditioning equipment, and any common areas, at its own expense.

7. TENANT'S OBLIGATIONS.[6]

a. Utilities. Tenant shall be responsible for utilities for the Leased Premises and for Tenant's pro rata use of Common Areas, except for any utilities included in the Rent on the Term Sheet or other Exhibits.

b. Janitorial Services. Tenant shall be responsible for the provision of janitorial services, including general janitorial and cleaning services, light bulb replacement and exterior window cleaning for the Leased Premises, unless such services are included in the Term Sheet.

c. Maintenance and Repairs.

i. *Minor Maintenance and Repairs.* Tenant shall be responsible for minor repairs up to the Repair Cap in Exhibit A, including normal maintenance and servicing of above-ground lavatory facilities, toilets, sinks, and faucets located within the Leased Premises and other minor repairs. Notwithstanding the foregoing, Landlord shall be responsible for all repairs arising from Landlord's breach of this Lease Agreement or negligence or willful misconduct.

ii. *Damages.* Tenant shall be responsible for the total costs of any repairs resulting from misuse or any damage caused by the negligent acts of Tenant, its agents, employees or customers.

iii. *Personal Property.* Tenant shall be responsible for repairing and maintaining all of its personal property and equipment.

iv. *Notification.* Tenant is responsible for notifying Landlord as soon as possible of any repair or maintenance issues, providing Landlord an opportunity to make repairs and prevent further damage.

d. Insurance.

i. *Personal Property Insurance.* Tenant shall be responsible for insuring its personal property located in or on the Leased Premises.

ii. *Liability Insurance.* Tenant shall obtain and keep in full force and effect at its expense during the Lease Term, and any holdover occupancy, a policy of comprehensive general liability insurance with a financially responsible insurer duly authorized to do business in the State of Tennessee. The Insurance policy shall have a combined single limit of not less than One Million and No/100 Dollars ($1,000,000.00), protecting against any loss to property or bodily injury to any person in or about the Leased Premises (including the building and parking areas). Such policy of liability insurance shall name Landlord as additional insured. Promptly following Landlord's written request, Tenant shall furnish Landlord with a certificate from its insurance company indicating the issuance of the required coverage. In furtherance of this provision, Tenant hereby agrees to pay defense costs of, including reasonable attorney fees, and indemnify Landlord and hold Landlord harmless from and against any direct damage suffered or liability incurred on or about the Leased Premises to the extent arising from the negligence, reckless disregard, or intentional/willful misconduct of Tenant.

e. Taxes. Tenant shall pay all personal property taxes and assessments and all business taxes and license fees related to Tenant's use of the Leased Premises.

f. Compliance. Tenant shall comply with all applicable laws, ordinances, rules and regulations relating to Tenant's use, condition or occupancy of the Leased Premises, and all applicable policies of Landlord.

[6] Tenant's Obligations shall include any additional obligations included as part of the Term Sheet.

8. **IMPROVEMENTS.** Tenant agrees that it will not make any alterations or additions to the Leased Premises without first obtaining Landlord's written consent, with any such alterations or additions to be at Tenant's expense and to remain a portion of the Leased Premises upon the expiration of the Lease Term. Trade fixtures and other equipment owned by the Tenant and installed on or within the Leased Premises by Tenant shall remain as personal property, and may be removed upon termination of the Lease Agreement Any repairs necessary due to removal of such trade fixtures or equipment will be made by Tenant at its own expense.

9. **USE OF LEASED PREMISES.**

a. Tenant shall use the Leased Premises solely for the purpose of the licensed practice of medicine and the medical treatment of Tenant's patients and related ancillary services and for no other purpose. Without limiting the foregoing, unless approved by Landlord in advance and in writing, Tenant shall not use the Leased Premises for the operation of a "commercial ancillary medical care facility." In no event shall the Leased Premises or any part be used for the following activities without the prior written consent of Landlord, which consent may be granted or denied in its sole and absolute discretion. (i) Any purpose that is in violation of any law, code, ordinance, zoning ordinance or condition or governmental rule or regulation. (ii) Any purpose deemed by Landlord or its insurer to be extra hazardous on account of fire risk, (iii) Any purpose that would reasonably cause a cancellation of any insurance policy covering the Building. Or (iv) any operation which creates a nuisance. Tenant will conduct its business, and control its agents, employees, and invitees in such a manner as not, to create any nuisance or interfere with, annoy or disturb other Tenants or Landlord in the management of the Building.

b. The use of certain diagnostic equipment (including x-ray, but specifically excluding magnetic resonance imaging, nuclear medicine testing, and computerized tomography (CT)) and the performance of minor outpatient surgical procedures which do not require general anesthesia or intravenous sedation shall not be considered to violate the terms of this Section 7. So long as the use of such equipment and such surgical procedures are merely ancillary and incidental to the primary medical practice conducted by Tenant in the Leased Premises and do not constitute the primary medical practice or specialty of Tenant nor the predominant services rendered by Tenant to the Tenant's patients.

10. **ASSIGNMENT; SUBLETTING.** Tenant shall not, without the prior consent of Landlord, which consent may be withheld in Landlord's sole discretion, sublease, license or assign its interest under this Lease to any other person or entity. Assignment or subletting without the prior consent of Landlord, including assignment by operation of the law, shall constitute an event of default. In no event, whether with or without consent of Landlord, shall an assignment or lease relieve Tenant of liability under the terms, conditions, and provisions of this Lease.

11. **INSURANCE.**

a. Tenant shall keep and maintain at all times during the Term the following insurance coverage on the Leased Premises: (a) comprehensive general liability insurance coverage on the Leased Premises in the sum of One Million Dollars ($1,000,000) for any single claim and Three Million Dollars ($3,000,000) for annual aggregate claims for bodily injury and death. (b) Insurance coverage in the sum of One Hundred Thousand Dollars ($100,000.00) per occurrence against liability for damage to property, arising out of the maintenance or use of the Leased Premises by the Tenant. And, (c) casualty insurance insuring Tenant against loss or damage to its equipment and other personal property in the Leased Premises by fire and all other casualties usually covered under an "all risk" policy of casualty insurance. The policies described in this Section 9 shall name both Tenant and Landlord as additional insureds. Annually, Tenant shall furnish Landlord with a certificate of such coverage which shall provide that thirty

(30) days' advance written notice be given to Landlord in the event of cancellation or material change in the insurance policy.

b. Tenant shall not do or permit any act which will increase premiums for any casualty, fire, liability or other insurance maintained by Landlord on the Building or any other property therein or which shall render such insurance void or voidable.

12. DAMAGE TO PROPERTY/INJURY TO PERSON. Tenant shall indemnify and hold Landlord harmless from and against any and all claims to the extent they arise from the following: (i) Tenant's use of the Leased Premises or the conduct of its business. (ii) Any activity, work, or thing done, permitted, or suffered by the Tenant in or about the Leased Premises. (iii) Any breach or default in the performance of any obligation on Tenant's part to be performed under the terms of this Lease. Or, (iv) any act of negligence of Tenant or his agents or employees.

13. EARLY TERMINATION BECAUSE OF THE DEATH OR DISABILITY OF A SOLE PRACTITIONER; OTHER VACATION OR ABANDONMENT. If Tenant is a sole practitioner and dies or becomes disabled, then either party shall have the right to terminate this Lease prior to the expiration date by giving the other party not less than thirty (30) days prior written notice. "Disabled" is defined for purposes of this Lease as any physical or mental condition that prevents or is reasonably expected to prevent such physician from practicing medicine for more than ninety (90) days. Except as expressly provided in the preceding sentence, any other vacation of the Leased Premises for more than thirty (30) days or any abandonment of the Leased Premises by Tenant will be considered a material default under this Lease.

14. LAWS AND REGULATIONS; RULES OF THE BUILDING. Tenant at its sole cost and expense will maintain the Leased Premises in a clean and healthful condition and will comply with all laws, ordinances, orders, rules, and regulations of any governmental authority having jurisdiction over the use, condition, or occupancy of the Leased Premises. Tenant, at Tenant's sole cost and expense, shall be responsible for medical, special, and infectious waste removal for the Leased Premises in accordance with all applicable laws, regulations, and orders. Tenant shall not permit the mixing or disposal of any hazardous substances, wastes, or materials or any medical, special, or infectious waste with the general office refuse and Landlord shall have no duty or obligation to remove any hazardous substances, wastes, or materials or any medical, special, or infectious waste from the Leased Premises. Without limiting the generality of the foregoing, Tenant shall comply strictly and in all respects with the requirements of all "Hazardous Waste Laws." Tenant shall indemnify Landlord and hold Landlord harmless from and against any liabilities, costs, or expenses that may arise on account of the release, discharge, storage, disposal, treatment, processing, or other handling or discovery of any "Hazardous Substance" within the Leased Premises. As used herein, "Hazardous Substance" means any substance, material, or matter that may give rise to liability under any Hazardous Waste Laws. "Hazardous Waste Laws" shall mean any local, state, or federal laws, rules, ordinances, regulations, and policy and guidance statements by any environmental agencies, either in existence as of the date hereof, or enacted, promulgated, or issued after the date of this Lease, that concern the management, control, discharge, treatment, containment, or removal of substances or materials that are or may become a threat to public health or the environment, including without limitation the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Resource Conservation and Recovery Act (RCRA).

15. EVENTS OF DEFAULT AND REMEDIES.

a. Events of Default Defined. The following shall be Events of Default under this Lease Agreement:

i. Delinquency in the due and punctual payment of any rent or additional payment under this Lease Agreement when such rent shall become payable, and such default shall continue for fifteen (15) days after payment is due;

ii. Default by the Tenant or Landlord in the performance or compliance with any of the conditions or covenants contained in this Lease Agreement for a period of thirty (30) days after written notice thereof from the non-defaulting party to the defaulting party, except for any default not susceptible of being cured within such thirty (30) day period, in which event, the time permitted to cure such default shall be extended for so long as shall be reasonably necessary to cure such default, provided the Tenant or Landlord shall commence promptly and proceed diligently to cure such default, and provided further that such period of time shall not be so extended as to jeopardize the interest of the other party in this Lease Agreement or the Leased Premises or so as to subject the Landlord or the Tenant to any civil or criminal liabilities;

iii. The filing by the Tenant or Landlord of a voluntary petition in bankruptcy, or adjudication of the Tenant or Landlord as a bankrupt, or assignment, partial or general, by the Tenant or Landlord for the benefit of its creditors, or the approval by a court of competent jurisdiction of a petition applicable to the Tenant or Landlord in any proceeding for its reorganization instituted under the provisions of the United States Bankruptcy Act, as amended, or under any similar act which may hereafter be enacted; and

iv. The vacation, desertion, or unoccupancy of the Leased Premises for a period of 30 consecutive days, or the discontinuation of business of Tenant.

b. Remedies of Default. Whenever any event of Default shall have occurred, the Landlord may take any one or more of the following actions:

i. Landlord may re-enter and take possession of the Leased Premises without terminating this Lease Agreement, and sublease the Leased Premises for the account of the Tenant, holding the Tenant liable for the difference in the rent and other amounts payable by such sub-lease in such sub-leasing, and the rents and other amounts payable by the Tenant;

ii. The Landlord may terminate this Lease Agreement and demand and collect from Tenant the entire unpaid balance of rent for the entire Lease Term, i.e. acceleration of all future rents due hereunder;

iii. The Landlord may terminate this Lease Agreement and exclude the Tenant from possession of the Leased Premises and may lease the Leased Premises to another for the account of the Tenant, holding the Tenant liable for all rent and other payments due up to the effective date of such leasing and for the excess, if any, of the rent and other amounts payable by the Tenant under this Lease Agreement had the Lease Term or any renewal thereof not have been terminated over the rents and other amounts which are payable by such new Tenant under such new lease; and

iv. The Landlord or Tenant may take whatever action is available in the enforcement of these remedies at law or in equity, and otherwise as may appear necessary or desirable to collect rents due, or to become due, or to enforce specific performance and observation of any obligation, agreement or covenant under this Lease Agreement.

c. No Remedy Exclusive. No remedy herein conferred upon or reserved to either party is intended to be exclusive of any other available remedies, such as those available at law or in equity. No delay or omission to exercise any right shall be construed to be a waiver of such right.

d. Agreement to Pay Attorneys' Fees and Expenses. In the event either party should default under this Lease Agreement, the non-defaulting party shall be entitled to demand payment of reasonable attorney fees and expenses incurred necessary to enforce this Lease Agreement from the defaulting party.

e. No Additional Waiver Implied by One Waiver. If any agreement contained in this Lease should be breached and thereafter waived, such waiver shall be limited to that particular breach only.

16. **RIGHT OF ENTRY.** Landlord, and/or its representative, may enter the Leased Premises at any reasonable time for the purpose of inspecting the Leased Premises, taking possession, performing any work which the Landlord may elect to undertake made necessary by reason of the Tenant's default, exhibiting the Leased Premises for sale, or posting any notices including those for letting purposes. The Landlord may exercise such right of entry without the same constituting an eviction of the Tenant in whole or in part. Landlord agrees to schedule any entry and/or repairs at times or on dates, which will minimize interruption or inconvenience to Tenant's business operations.

17. **END OF TERM.** At the termination of this Lease, Tenant shall surrender its interest in the Leased Premises to Landlord in as good condition and repair as reasonable use thereof will permit, ordinary wear and tear excepted, and will leave the Leased Premises broom clean. Tenant shall have the right, prior to termination, to remove any equipment, furniture, trade fixtures, or other personal property in the Leased Premises owned by Tenant. Tenant shall promptly repair any damage to the Leased Premises caused by removal of such property.

18. **HOLDOVER TENANCY.** In the event, Tenant shall remain in possession of Leased Premises after the expiration or termination of this Lease the hold-over tenancy shall be month to month (not to exceed 6 months); provided, however, during any such period of holdover, the Rent shall be increased to 110% of the Rent due and payable in the last month of the Term of this Lease, but otherwise subject to all of the terms of this Lease Agreement. Landlord and Tenant shall each have the right to terminate this Lease by delivering written notice to the other at least ninety (90) days prior to the desired expiration date.

19. **ATTORNEYS' FEES.** In the event that suit is brought by either party against the other for breach or default under the terms of this Lease, the prevailing party shall be entitled to reasonable attorneys' fees, expenses (including expert witness fees), and court costs equal to the sum established by the court.

20. **HEADINGS.** The article captions or headings contained in this Lease are for the convenience of the parties only and in no way define, limit, or describe the scope or intent of any provision of this Lease.

21. **ENTIRE AGREEMENT.** This Lease Agreement contains the entire agreement and understanding between the parties as to the Leased Premises. This Lease supersedes and replaces any prior leases or agreements that may exist that relate to Tenant's use of the Leased Premises, which are now terminated. There are no oral understandings, terms, or conditions and no party has relied upon any representations, express, or implied, not contained in this Lease Agreement. This Agreement cannot be changed orally, but by written agreement signed by the party to be charged. This Lease cannot be changed or terminated orally, but it can only be changed by agreement in writing and signed by all parties.

22. **DAMAGE OR DESTRUCTION.** If the Leased Premises are damaged by fire or other casualty, the damage shall be repaired by and at the expense of Landlord (excluding any equipment which is owned by Tenant), provided that such repairs can, in Landlord's opinion, be made within sixty (60) days after the occurrence of such

damage. Landlord shall notify Tenant within fifteen (15) days of the event of casualty of its determination. Until such repairs are completed, the rent shall be abated in proportion to the part of the Leased Premises rendered unusable, but there shall be no abatement of rent for a period equal to one (1) day or less. If such repairs cannot, in Landlord's opinion, be made within sixty (60) days and Landlord nonetheless chooses to repair, then Tenant may, at its option, continue as Tenant under this Lease until such repairs are completed, during which time all rent shall abate, or Tenant may terminate this Lease. A total destruction of the Building in which the Leased Premises are located shall automatically terminate this Lease. Total destruction of the Building is defined as damage greater than fifty percent (50%) of the then replacement value of the building. Landlord's obligation to repair or restore shall in no event exceed the scope of the original construction of the improvements on the Leased Premises.

23. EMINENT DOMAIN. If the whole of the Leased Premises or so much thereof as to render the balance unusable by Tenant shall be taken under power of eminent domain, this Lease shall automatically terminate as of the effective date of the taking and all Rent payable shall be apportioned as of such date. In the event of a partial taking, which does not result in a termination of this Lease, the rent reserved shall remain unaffected. No part of any award for the property and improvements shall belong to the Tenant. However, the Tenant shall have the right to make a separate claim with the condemning authority for the value of the Tenant's leasehold interest and/or moving or relocation expenses; provided however, that such separate claim shall not reduce or adversely affect the amount of the Landlord's award.

24. WAIVER. No waiver by either party shall be deemed to be a waiver of any other provision hereof or of any subsequent breach by either party of the same or any other provision. Landlord 's consent to or approval of any act by Tenant requiring Landlord's consent or approval shall not be deemed to render unnecessary the obtaining of Landlord's consent to or approval of any subsequent act of Tenant, whether or not similar to the act so consented to or approved.

25. NOTICES. Any notice required or permitted to be given may be given by mail and shall be sufficiently given if personally served, sent by certified mail, or by special or overnight courier, addressed to the relevant party at the addresses specified in this Lease (notice to Tenant shall be given at the Leased Premises). For any notice given to Landlord, a copy shall be provided to the Landlord's counsel as follows: West Tennessee Healthcare, Attn: Legal Department, 620 Skyline Drive, Jackson, TN 38301.

26. BINDING EFFECT. The Lease shall be binding upon and inure to the benefit of the parties hereto, their heirs, successors, assigns, executors, and administrators. Nothing in this article shall be deemed to amend the provisions herein concerning assignment and subletting.

27. GOVERNING LAW. The laws of the state of Tennessee shall be employed in and govern the interpretation of all of the covenants, terms, and conditions of this Lease.

28. JURISDICTION AND VENUE. For any cause of action filed in regard to the subject matter of this Contract shall rest solely in the Circuit and/or Chancery Courts of Madison County, Tennessee. This provision shall survive the termination of this Contract.

29. NO PARTNERSHIP RELATIONSHIP. Notwithstanding any agreement herein contained, Landlord shall not be construed or held to be a partner or associate of Tenant in the conduct of its business, it being expressly understood and agreed that the relationship between the parties is and at all times shall remain that of Landlord and Tenant.

30. NO INDUCEMENT FOR PATIENT REFERRAL. No part of this Lease shall be construed to induce, encourage, solicit or reimburse the referral of any patients or business, including any patients or business funded in

whole or in part by a federal healthcare program. The parties acknowledge that there is no requirement under this Lease or any other agreement between Landlord and Tenant that either Landlord or Tenant refer any patients to each other or any of their respective affiliates. No payment made under this Lease shall be in return for the referral of patients or business, including those paid in whole or in part by state or federal government programs. Both parties represent to the other that the Annual Rental Rate provided for in this Lease is at fair market value and do not take into account the value or volume of any referrals or other business generated between the parties. Both as a material condition to this Lease and as a continuing representation and warranty for the duration of this Lease, Tenant represents and warrants that neither it nor any of its owners, officers, directors, employees, agents, or subcontractors, have been suspended, excluded, or debarred from any government payor program.

31. SUBORDINATION, ATTORNMENT AND NON-DISTURBANCE.

a. Tenant agrees that this Lease and all rights of Tenant are and shall be subject and subordinate to any ground or underlying lease which may now or at a later date be in effect regarding the Building or any component thereof, to any mortgage now or hereafter encumbering the Leased Premises or the Building or any component thereof, to all advances made or hereafter to be made upon the security of such mortgage, to all amendments, modifications, renewals, consolidations, extensions and restatements of such mortgage, and to any replacements and substitutions for such mortgage. The terms of this provision shall be self-operative and no further instrument of subordination shall be required. Tenant, however, upon request of any party in interest, shall execute promptly such instrument or certificates as may be reasonably required to carry out the intent of this provision.

b. In the event any proceedings are brought for the foreclosure of, or in the event of exercise of the power of sale under, or in the event of a deed in lieu of foreclosure with respect to any mortgage covering the Leased Premises or the Building, or in the event of termination of any Lease under which Landlord may hold title, Tenant shall, at the option of transferee, attorn to such transferee and shall recognize and be bound and obligated to such person as the Landlord under this Lease. Tenant agrees to execute any attornment agreement not in conflict with this provision.

c. Notwithstanding anything contained herein to the contrary, so long as Tenant is not in default in the payment of Rentals or other charges, or in the performance of any of the other terms, covenants or conditions of this Lease, mortgagee or such person shall not disturb Tenant in its occupancy of the Leased Premises during the original or any renewal term of this Lease notwithstanding any event or proceedings described in this section.

32. ESTOPPEL CERTIFICATE. Within thirty (30) days after written request from Landlord, Tenant shall deliver an executed statement addressed to Landlord certifying (if such be the case) that this Lease is in full force and effect, that Tenant has commenced the payment of rent, and that there are no defenses or offsets to this Lease claimed by Tenant, as well as any other information reasonably requested. If Tenant fails or refuses to give a certificate hereunder within the required time frame, then the information on such certificate as submitted by Landlord shall be deemed correct for all purposes and Landlord shall have the right to treat such failure or refusal as a default by Tenant.

33. FORCE MAJEURE. With the exception of the obligation of Tenant to pay Rent and all other amounts that may be due from time to time under this Lease, if either party shall be delayed or hindered in or prevented from doing or performing any act or thing required hereunder by reason of any matters beyond the reasonable control of such party, then such party shall not be liable or responsible for any such delays and the doing or performing of such act or thing shall be extended for a period equivalent to the period of such delay. In such event,

this Lease and the obligations of both parties to perform and comply with all of the other terms and provisions of this Lease shall in no way be affected, impaired, or excused.

34. SUBLEASE. In the event this Lease is a sublease to an underlying lease agreement, then with respect to the Leased Premises, except for the Term of this Lease and the Rental Rate/Installment, Tenant shall perform all of the obligations of Tenant under such underlying lease agreement.

35. LIMITATION OF LANDLORD LIABILITY. The liability of Landlord to Tenant for any default by Landlord under the terms of this Lease shall be limited to the interest of Landlord in the Building and the Land, and Landlord shall not be personally liable for any deficiency. Notwithstanding anything to the contrary contained in this Lease, in the event Landlord sells, assigns, transfers or conveys its interest in the Land, Landlord shall have no liability for any acts or omissions that occur after the date of said sale, assignment, transfer or conveyance, provided that any such grantee, assignee or transferee assumes all of Landlord's obligations under this Lease.

36. BROKERAGE. Tenant represents and warrants to Landlord that it has not had any dealings with any broker or agent in connection with the negotiation or execution of this Lease; and Tenant agrees to indemnify Landlord and hold Landlord harmless from and against any and all costs, expenses or liability for commissions or other compensation or charges claimed by any other broker or agent, through commitments of Tenant with respect to this Lease. In the event Landlord elects to engage a broker or agent in connection with the negotiation or execution of this Lease, Landlord shall be solely responsible to pay any commissions or fees due and payable to such broker or agent.

37. NO THIRD PARTY BENEFICIARY. This Lease is for the sole benefit of Landlord, its successors and assigns, and Tenant, its permitted successors and assigns, and it is not for the benefit of any third party.

38. SEVERABILITY. If any clause or provision of this Lease is illegal, invalid or unenforceable under present or future laws effective during the term of this Lease, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision that is illegal, invalid or unenforceable, there be added as a part of this Lease a clause or provision as similar in terms to such illegal, invalid or unenforceable clause or provision as may be possible and still be legal, valid and enforceable.

39. MECHANICS' LIENS. Nothing contained in this Lease shall authorize Tenant to do any act which shall in any way encumber the title of Landlord in and to the Leased Premises or the Building or any part thereof; and if any mechanic's or materialman's lien is filed or claimed against the Leased Premises or Building or any part thereof in connection with any work performed, materials furnished or obligation incurred by or at the request of Tenant, Tenant will promptly either (x) pay same and cause it to be released of record or (y) contest same in good faith and, if it has not been removed within thirty (30) days, bond around it. If the lien is not released of record (or bonded around) and default in payment thereof shall continue for thirty (30) days after written notice thereof from Landlord to Tenant, Landlord shall have the right and privilege at Landlord's option of paying the same or any portion thereof without inquiry as the validity thereof, and any amounts so paid, including expenses and interest, shall be repaid to Landlord immediately by Tenant on demand therefor.

40. ABANDONED PROPERTY. All personal property of Tenant remaining in the Leased Premises after the expiration or earlier termination of the Term may be treated by Landlord as having been abandoned by Tenant, and Landlord shall have the right to remove such personal property from the Leased Premises without any obligation to deliver such personal property to Tenant and without any liability to Tenant whatsoever, it being agreed that Tenant shall have no right to reclaim such property. Provided, however, that in no event whatsoever shall Landlord have any access or rights to the confidential and proprietary information of Tenant, specifically including,

without limitation, patient medical charts, records or other information. Landlord shall have no duty to notify Tenant that Landlord may dispose of Tenant's property.

41. TRANSFER OF LANDLORD'S RIGHTS. In the event Landlord transfers its interest in the Building, Landlord shall thereby be released from any further obligations, and Tenant agrees to look solely to the successor in interest of the Landlord for the performance of such obligations, provided however, that any assignee or transferee of Landlord shall assume by written agreement all of Landlord's obligation under this Lease.

42. REMEASUREMENT. Tenant or Landlord, at such party's own cost and expense, shall have the right to re-measure the Leased Premises and the Building from time to time (but not more than once per year). In the event such re-measurement reveals a different square footage for the Premises or the Building than is set forth in this Lease, the parties shall execute an amendment which revises the rentable square footage of the Leased Premises and the Tenant's Proportionate Share and the Tenant's payment of Rent shall be adjusted accordingly. In the event that the Tenant refuses to execute such amendment, then Landlord shall have the right to terminate this Lease upon thirty (30) days written notice to Tenant.

43. RULES AND REGULATIONS. Tenant shall faithfully observe and comply strictly with the following rules and regulations, adopted for the safety, care and cleanliness of the Building or the preservation of good order therein. Landlord shall not be liable to Tenant for a violation of such rules and regulations, or for the breach of any covenant or condition in a lease by any other Tenant in the Building. Landlord may, from time to time and upon notice to Tenant, adopt additional or substitute rules and regulations of the Building.

a. Conduct. Tenant shall not conduct its practice or business, or advertise such business, profession or activities of Tenant conducted in the Premises in any manner which violates local, state or federal laws or regulations.

b. Hallways and Stairways. Tenant shall not obstruct or use for storage, or for any purpose other than ingress and egress, the sidewalks, entrance, passages, courts, corridors, vestibules, halls, elevators and stairways of the Building.

c. Nuisances. Tenant shall not make or permit any noise, odor or act that is objectionable to other occupants of the Building to emanate from the Premises, and shall not create or maintain a nuisance thereon.

d. Musical Instruments, Etc. Tenant shall not install or operate any phonograph, musical instrument, radio receiver or similar device in the Building in such manner as to disturb or annoy other Tenants of the Building or the neighborhood. Tenant shall not install any antennae, aerial wires or other equipment outside the Building without the prior written approval of Landlord.

e. Locks. No additional locks or bolts of any kind shall be placed upon any of the doors or windows by Tenant, nor shall any changes be made in existing locks or the mechanism thereof. Tenant must upon the termination of its tenancy restore to Landlord all keys to the Premises and toilet rooms either furnished to or otherwise produced by Tenant, and in the event of loss of any keys so furnished, Tenant shall pay to Landlord the cost thereof.

f. Obstructing Light, Damage. The doors, window glass, lights and skylights that reflect or admit light into the halls or other places of the Building shall not be covered or obstructed. The toilets and urinals shall not be used for any purpose other than those for which they were intended and constructed, and no rubbish, newspapers or other substance of any kind shall be thrown into them. Waste and excessive or unusual use of water shall not be allowed. Tenant shall not mark, drive nails, screw or drill into, paint, nor in any way deface the walls, ceilings, partitions, floors, wood, stone or iron work. The expense of

any breakage, stoppage or damage resulting from a violation of this rule by Tenant shall be borne by Tenant. Tenant shall be permitted to hang pictures on office walls, but it must be done in a workmanlike manner and in such a way as not to damage or deface such walls.

g. Wiring. Electrical wiring of every kind shall be introduced and connected only as directed by Landlord, and no boring nor cutting of wires will be allowed except with the consent of Landlord. The location of the telephone, call boxes, etc., shall be subject to the approval of Landlord.

h. Equipment, Moving, Furniture, Etc. Landlord shall approve the weight, size and position of all fixtures, equipment and other property brought into the Building, and the times of moving which must be done under the supervision of Landlord. Landlord will not be responsible for any loss of or damage to any such equipment or property from any cause, and all damage done in the Building by moving or maintaining any such property shall be repaired at the expense of Tenant. All equipment shall be installed as required by law.

i. Requirements of Tenant. The requirements of Tenant will be attended to only upon application at the office of Landlord. Employees shall not perform any work nor do anything outside their regular duties unless under special instructions from Landlord. No employees shall admit any person, Tenant or otherwise, to any other office without instruction from the office of Landlord. All janitorial services personnel, guards or any outside contractors employed by Tenant shall be subject to the regulations and control of Landlord, but shall not act as an agent or servant of Landlord.

j. Medical and Hazardous Wastes. Tenant shall comply with all policies established from time to time by Landlord regarding the storage and disposal of hazardous substances, wastes and materials, and medical, special or infectious wastes.

k. Access to Building. Any person entering or leaving the Building may be questioned by Building security regarding his/her business in the Building and may be required to sign in and out. Anyone who fails to provide a satisfactory reason for being in the Building may be excluded.

l. Vehicles, Animals, Refuse. Tenant shall not allow anything to be placed on the outside window ledges of the Premises or to be thrown out of the windows of the Building. No bicycle or other vehicle, and no animal, except for service animal, shall be brought into the offices, halls, corridors, elevators or any other parts of the Building by Tenant or the agents, employees or invitees of Tenant, and Tenant shall not place or permit to be placed any obstruction or refuse in any public part of the Building.

m. Equipment Defects. Tenant shall give Landlord prompt notice of any accidents to or defects in the water pipes, gas pipes, electric lights and fixtures, heating apparatus, or any other service equipment.

n. Parking. Unless otherwise specified by Landlord, Tenant and its employees may park automobiles only in spaces designated by Landlord for such purpose and shall in no event park in spaces reserved for public parking. Tenant agrees that Landlord assumes no responsibility of any kind whatsoever in reference to such automobile parking area or the use thereof by Tenant or its agents or employees.

o. Conservation and Security. Tenant will see that all windows and doors are securely locked, and that all faucets and electric light switches are turned off before leaving the Building.

p. Signage. Tenant shall not place any sign upon the Leased Premises or the Building without Landlord's prior written consent.

q. Tobacco-Free Campus. The Tenant agrees that the Leased Premises will be used and occupied in compliance with the Landlord's Tobacco-Free Campus Policy.

44. **FINAL LEASE VERSION.** The Lease is collectively comprised of the Medical Office Space Lease to which this Exhibit C is attached, and all Exhibits attached hereto. Notwithstanding any provision contained herein

to the contrary, no handwritten or interlineated changes to this Lease will override the printed text of this Lease unless those changes are included in the final fully executed counterpart of this Lease which is scanned and electronically stored in Landlord's database.

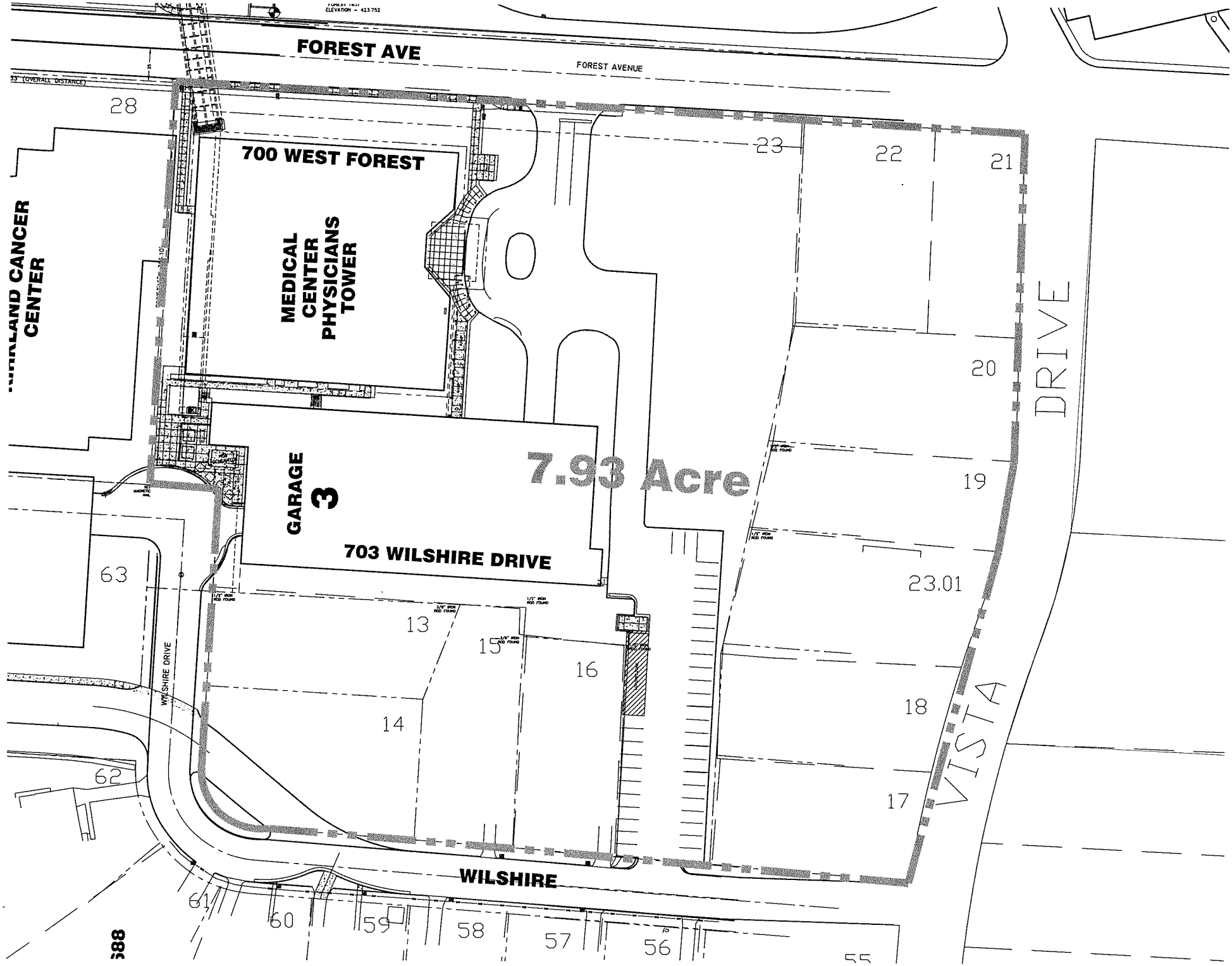
EXHIBIT D
Floor plan

EXHIBIT E
Master Lease

Attachment

Section A-6B-1a-d

Plot Plan


FOREST AVE
FOREST AVENUE
700 WEST FOREST
MEDICAL CENTER PHYSICIANS TOWER
GARAGE 3
703 WILSHIRE DRIVE
7.93 Acre
WILSHIRE
WILSHIRE DRIVE
VISTA DRIVE
28
23
22
21
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19
23.01
18
17
63
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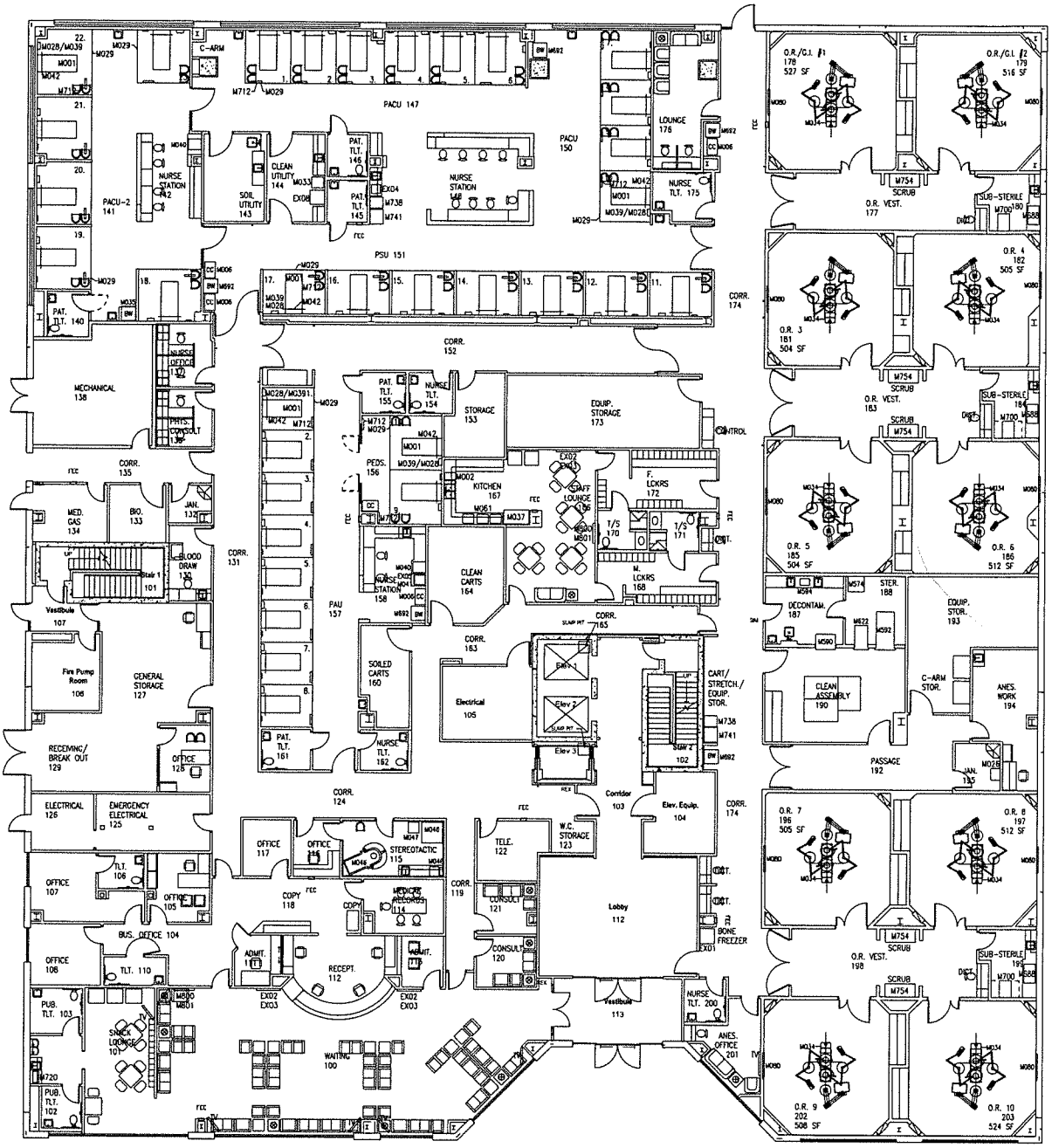
16

Attachment

Section A-6B-2

Floor Plan



31,543 sq. ft.

West Tennessee HEALTHCARE

Contact Information:
Leigh David
JMCGH Facilities Mgmt.
56 Medical Center Drive
Jackson, TN 38301
tel: 731-541-6003
fax: 731-541-6179
Leigh.David@WTH.org

Project:	Sheet:
WTSC 700 West Forest	1st FLOOR
Date: 6/16/2020	
Scale: NONE	

Attachment

Section B

Economic Feasibility-2

Cash Reserves Letter

West Tennessee HEALTHCARE

620 Skyline Drive
Jackson, Tennessee 38301
P: 731.541.5000
F: 731.424.6251

July 6, 2020

Mr. Logan Grant
Tennessee Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

RE: Funding Source-Jackson Madison Surgery Center

Dear Mr. Grant:

This letter confirms that funding for the Jackson Madison Surgery Center will come from the current sole member of the Jackson Madison Surgery Center, LLC. The current sole member is the Jackson-Madison County General Hospital District.

Funding will be provided from cash reserves. A copy of the latest audit is attached with the Certificate of Need.

Sincerely,

Jeffrey D. Blankenship
Vice President/Chief Financial Officer

Attachment

Section B

Economic Feasibility-6A

West Tennessee Healthcare and Related Affiliates

Financial Statements and Supplementary Information

Years Ended June 30, 2019 and 2018

DIXON HUGHES GOODMAN LLP

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DHG
DIXON HUGHES GOODMAN LLP

Independent Auditors' Report

Board of Trustees
West Tennessee Healthcare and Related Affiliates
Jackson, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of West Tennessee Healthcare and Related Affiliates (the "Company"), as of and for the years ended June 30, 2019 and 2018, and the related notes to financial statements, which collectively comprise the Company's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 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 financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the 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 Company'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 financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Company as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

DHG
DIXON HUGHES GOODMAN LLP

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 5 through 11, the Schedule of Changes in Net Pension and OPEB Liability (asset) and Related Ratios on page 48, and the Schedule of Contributions on page 49 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board ("GASB"), which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the basic financial statements as a whole. The Roster of Governance and Management Officials on page 4, the Deductions from Gross Patient Service Revenues information on page 50 and the Schedule of Changes in Long-term Debt by Individual Issue on page 51 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Deductions from Gross Patient Service Revenues and the Schedule of Changes in Long-term Debt by Individual Issue information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Roster of Governance and Management Officials has not been subjected to the auditing procedures applied in the audits of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

DHG
DIXON HUGHES GOODMAN LLP

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 4, 2019, on our consideration of the Company's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control over financial reporting and compliance.

Dixon Hughes Goodman LLP

Memphis, Tennessee
October 4, 2019

Government Officials — Board of Trustees

Name	Title	Principal Occupation
Danny Wheeler	Chairman	Retired, Jackson Energy Authority
Curtis Mansfield	Vice Chairman	President, First Bank
Phil Bryant	Secretary	Financial Services
Greg Milam		Insurance Services
Vicki Burch		President, West Tennessee Business College

Management Officials

James Ross	President, Chief Executive Officer
Tina Prescott	Executive Vice-President, Chief Operating Officer
Jeff Blankenship	Vice-President, Chief Financial Officer
Currie Higgs	Vice-President, General Counsel
Dr. Robert Pryor	Chief Physician Executive
Deann Thelen	Vice-President, Chief Executive Officer JMCGH
Amy Garner	Vice-President, Chief Compliance Officer
Dr. Jackie Taylor	Chief Medical Officer
Jeff Frieling	Vice-President, Chief Information Officer
Wendie Carlson	Vice-President, Chief Human Resources Officer
Tim Adams	Vice-President of Hospital Services
Karen Utley	Vice-President, Chief Patient Satisfaction Officer
Darrell King	Vice-President of West Tennessee Medical Group
Teresa Freeman	Vice-President, Chief Nursing Officer JMCGH

This section of the financial statements of West Tennessee Healthcare and Related Affiliates (the "Company") presents management's analysis of the Company's financial performance during the fiscal years ended June 30, 2019 and 2018.

Financial highlights

2019

The Company experienced an operating loss for the year, net of interest expense, of $44.6 million representing an operating margin of -5.1%.

In November 2018, the Company issued the Series 2018A Hospital Revenue Refunding Bonds in the amount of $62.87 million and Series 2018B Taxable Hospital Revenue Bonds in the amount of $91.025 million. The proceeds of the Series 2018A Bonds, together with other funds, were used by the Company to refund all outstanding Bonds from the Series 2008 Bond issue and reimburse the Company for the $90 million financed as part of the Tennova West acquisition.

Total operating revenues were 14% above the prior year, an increase of $106 million. The increase was driven primarily by a full 12 months of activity from the Tennova West acquisition in fiscal year 2019 as opposed to one month of activity from Tennova West in fiscal year 2018. The increase in revenue with the acquisition was offset by adjustments approximating $32 million made to decrease net patient service revenue and increase the allowance for doubtful accounts and contractual allowances resulting from 1) the run-out of legacy accounts receivable from the revenue cycle conversion in May 2018 with related deterioration in the estimate of collectability for remaining balances, and 2) the anticipated write-off of accounts receivable with the conversion of Tennova facilities revenue cycle in May 2019 and the related termination of transitional services in October 2019. These adjustments were based on management's best estimate of the estimated net realizable value of the related receivables.

Operating expenses increased by $148.2 million or 20%, also due to a full 12 months of activity from the Tennova West acquisition in fiscal year 2019. Operating expenses were higher than anticipated with operational transitions post-acquisition of the Tennova West facilities and related operational adjustments throughout the year as the organization adjusted itself to the larger revenue base and incorporated the acquired entities into the health system.

The Company's net non-operating revenue (expense) increased to $1.6 million in expense in 2019 as compared to $1.2 million in expense in 2018. The most material change was an increase in interest expense related to the refunding of bonds.

2018

The Company experienced an operating loss for the year, net of interest expense, of $0.2 million representing an operating margin of (0.0)%. The year was one of significant transition for the Company, with several notable issues impacting the base operation and a crucial transaction to expand the Company's presence in the region.

On May 31, 2018, the Company acquired substantially all of the assets of Community Health Systems in West Tennessee, operating locally under the brand Tennova Healthcare (hereafter referred to as "Tennova West"). The acquired operation included three hospitals, 19 clinics, and an EMS operation. The acquired hospitals were located in Dyersburg, Martin, and Jackson, Tennessee. The acquisition will enhance the Company's ability to fulfill its mission in a sustainable business model, with the goal of improving quality and access to care for west Tennesseans. The acquisition is consistent with the organization's strategic vision of becoming a more complete health system. On June 1, 2018, the Company began operation of the acquired services, maintaining the same level of service in each location with the exception of the hospital located in north Jackson, which became a satellite of the Company's flagship hospital, Jackson-Madison County General Hospital ("JMCGH"). The satellite campus is just 4.7 miles from the flagship hospital. The purchase included fixed assets and limited working capital. The total purchase price was $73.2 million. The Company obtained $90 million in interim financing to fund

the transaction and support working capital during provider enrollment, with a plan to obtain permanent financing in the coming fiscal year.

On May 5, 2018, the Company replaced its legacy revenue cycle systems for acute hospitals with a new system integrated with the organization's hospital electronic health record. As a result, patient accounts receivable were temporarily and unusually high at June 30, 2018.

Total operating revenues were 4% above the prior year, an increase of approximately $26.6 million. The increase was driven primarily by revenue growth for the flagship hospital, in addition to one month of revenue for the first month of operation of the newly acquired operations described above.

Total salaries and benefits expense increased by $18 million, or 5%, due to several factors, most notably agency staffing utilization and employee rate adjustments awarded during the fiscal year. Supplies and other costs increased by $21.4 million, or 8%, driven primarily by increased drug costs as a result of changes to JMCGH's status in the federal 340b drug purchasing program.

The Company's net non-operating revenue (expense) went from revenue of $10.1 million in 2017 to expense of $1.2 million in 2018. The change is primarily related to a decrease in investment income with the shift in the value of the investment portfolio from the previous year. In addition, non-operating expenses increased with the acquisition of the Tennova West hospitals described above, with the cost of diligence and advisory services related to the transaction of $5.8 million.

As of December 31, 2017, the Company discontinued the practice of offering post-employment medical benefits beyond what is required by regulation. After the change, the Company's OPEB plan was overfunded by $3.6 million. In February 2018, the Company distributed $2.5 million of the excess to Plan participants. The remainder of the balance will continue to be drawn down as expenses are incurred by the Plan's existing beneficiaries.

Overview of the financial statements

The financial statements consist of two parts: management's discussion and analysis and the basic financial statements. The basic financial statements also include notes and required supplementary information that explain in more detail some of the information in the financial statements.

Required basic financial statements

The Company reports financial information about the Company using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term financial information about its activities. The statements of net position include all the Company's assets and liabilities and provide information about the nature and amounts of investments in resources (assets) and the obligations to Company creditors (liabilities). The assets and liabilities are presented in a classified format, which distinguishes between current and long-term assets and liabilities. These statements also provide the basis for computing rate of return, evaluating the capital structure of the Company and assessing the liquidity and financial flexibility of the Company.

All of the Company's revenues and expenses are accounted for in the statements of revenues and expenses and changes in net position. These statements measure the performance of the Company's operations over the past year and can be used to determine whether the Company has successfully recovered all its costs through the services provided, as well as its profitability and creditworthiness.

The final required statement is the statement of cash flows. The primary purpose of this statement is to provide information about the Company's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and net changes in cash resulting from operating, investing, non-capital financing and financing activities, and provides information as to where cash came from, what cash was used for, and what the change in the cash balance was during the reporting period.

Financial analysis

Our analysis of the financial statements of the Company begins below. One of the most important questions asked about the Company's finances is, "Is the Company as a whole better off or worse off as a result of the year's activities?" The statements of net position and the statements of revenues and expenses and changes in net position report information about the Company's activities in a way that will help answer this question. These statements report the net position of the Company and changes in them. You can think of the Company's net position – the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources – as one way to measure financial health or financial position. Over time, increases or decreases in the Company's net position are one indicator of whether its financial health is improving or deteriorating. However, you will need to consider other non-financial factors such as changes in interest rates, economic conditions, regulations and new or changed government legislation.

Table A-1

Condensed Statements of Net Position (in millions of dollars)

	June 30			Dollar Increase (Decrease)	Percentage Increase (Decrease)	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	2019	2018	2017	2018-2019	2018-2019	2017-2018	2017-2018
Current assets	$ 197.4	$ 207.8	$ 167.6	$ (10.4)	-5%	$ 40.2	24%
Capital assets, net	432.4	428.2	371.0	4.2	1%	57.2	15%
Other non-current assets	394.5	413.8	401.0	(19.3)	-5%	12.8	3%
Total assets	1,024.3	1,049.8	939.6	(25.5)	-2%	110.2	12%
Deferred outflows of Resources	57.4	60.4	78.0	(3.0)	-5%	(17.6)	-23%
Total assets and deferred outflows	$ 1,081.7	$ 1,110.2	$ 1,017.6	$ (28.5)	-3%	$ 92.6	9%
Current liabilities	$ 84.0	$ 170.4	$ 74.2	$ (86.4)	-51%	$ 96.2	130%
Non-current liabilities	475.4	388.4	405.5	87.0	22%	(17.1)	-4%
Total liabilities	559.4	558.8	479.7	0.6	0%	79.1	16%
Net position:							
Unrestricted	381.7	411.4	394.2	(29.7)	-7%	17.2	4%
Invested in capital assets	134.4	129.3	133.0	5.1	4%	(3.7)	-3%
Restricted	6.2	10.7	10.7	(4.5)	-42%	-	0%
Total net position	522.3	551.4	537.9	(29.1)	-5%	13.5	3%
Total liabilities and net position	$ 1,081.7	$ 1,110.2	$ 1,017.6	$ (28.5)	-3%	$ 92.6	9%

As indicated in Table A-1, net position decreased from fiscal 2018 by $29.1 million or 5% with the Company's financial performance in fiscal year 2019.

1. Total assets decreased by $25.5 million or 2% when compared to 2018. This decrease was driven primarily by a decrease in accounts receivable balances as a result of increased collections subsequent to the implementation of the new revenue cycle system in May 2018, just prior to the end of the previous fiscal year. Other non-current assets decreased primarily due to the elimination of the $16.9 million Wellness Center receivable that was relieved with the purchase of the LIFT Wellness Center.

2. Deferred outflows decreased by $3 million or 5% due to the actual versus projected earnings of the Company's pension plan investments.

3. Total liabilities stayed relatively flat as compared to the prior year, as the debt incurred by the 2018 Bond Issues offset the repayment of the $90 million bridge loan.

As indicated in Table A-1, net position increased from fiscal 2017 by $13.5 million or 3% with the Company's financial performance in fiscal year 2018.

1. Total assets increased by $110.2 million or 12% due primarily to the Company's acquisition of Tennova West's assets and the implementation of a new revenue cycle system, which caused accounts receivable to be temporarily and unusually high at yearend.

2. Deferred outflows decreased by $17.6 million or 23% due to the actual versus projected earnings of the Company's pension plan investments.

3. Total liabilities increased by $79.1 million or 16% due to the $90 million interim financing the Company obtained as part of the Tennova West acquisition, offset by a decrease in net pension liability.

Table A-2

Condensed Statements of Revenues and Expenses and Changes in Net Position (in millions of dollars)

	Year Ended June 30			Dollar Increase (Decrease)	Percentage Increase (Decrease)	Dollar Increase (Decrease)	Percentage Increase (Decrease)
	2019	2018	2017	2019-2018	2019-2018	2017-2018	2017-2018
Net patient service revenues	$ 830.9	$ 724.5	$ 691.0	$ 106.4	15%	$ 33.5	5%
Other operating revenues	49.3	49.7	56.6	0.4	-1%	(6.9)	-12%
Total operating revenues	880.2	774.2	747.6	106.0	14%	26.6	4%
Salaries and benefits	485.3	415.9	397.9	69.4	17%	18.0	5%
Supplies and other expenses	369.8	295.0	273.6	74.8	25%	21.4	8%
Depreciation and amortization	52.6	48.6	46.6	4.0	8%	2.0	4%
Total operating expenses	907.7	759.5	718.1	148.2	20%	41.4	6%
Income from operations	(27.5)	14.7	29.5	(42.2)	-287%	(14.8)	-50%
Net non-operating revenues (expenses)	(1.6)	(1.2)	10.1	(0.4)	33%	(11.3)	-112%
Change in net position	(29.1)	13.5	39.6	(42.6)	-316%	(26.1)	-66%
Beginning net position	551.4	537.9	498.3	13.5	3%	39.6	8%
Ending net position	$ 522.3	$ 551.4	$ 537.9	(29.1)	-5%	$ 13.5	3%

While the statements of net position show the change in financial position or net position, the statements of revenues and expenses and changes in net position, as indicated above, provide answers as to the nature and source of these changes (i.e., the financial result of current year operations).

Operating revenues increased by $106 million or 14% from 2018 to 2019.

1. The increase in revenue was driven by a full 12 months of activity from the Tennova West acquisition in fiscal year 2019 as opposed to 1 month of activity from Tennova West in fiscal year 2018.

2. Adjustments approximating $32 million were made to decrease net patient service revenue and increase the allowance for doubtful accounts and contractual allowances resulting from 1) the run-out of legacy accounts receivable from the revenue cycle conversion in May 2018 with related deterioration in the estimate of collectability for remaining balances, and 2) the anticipated write-off of accounts receivable with the conversion of Tennova facilities revenue cycle in May 2019 and the related termination of transitional services in October 2019. These adjustments were based on management's best estimate of the estimated net realizable value of the related receivables.

3. Other operating revenue remained flat in fiscal year 2019 as compared to 2018.

Operating revenues increased by $26.6 million or 4% from 2017 to 2018.

1. In the final month of the fiscal year, the Company acquired the operations of Tennova West and began operation. The addition of these services in fiscal year 2018 accounted for an increase in operating revenue of approximately $13.3 million over the prior year.

2. The remaining increase was due to routine revenue growth from hospital inpatient and outpatient services, particularly for the JMCGH flagship hospital.

3. In the final quarter of fiscal year 2017, the Company acquired and began operating a primary care practice added to the Company's medical group practice. The addition of this practice accounted for an increase in operating revenue of approximately $1.0 million over the prior year.

Operating expense increased by $148.2 million or 20% when comparing 2019 to 2018.

1. The increase in expense was driven by a full 12 months of activity from the Tennova West acquisition in fiscal year 2019 as opposed to 1 month of activity from Tennova West in fiscal year 2018. In this first year post-acquisition, operating expenses were higher than expected with transitional activity related to the incorporation of the acquired entities into the health system and adjustment of operations post-acquisition.

2. Total salaries and benefits expense increased by $69.4 million or 17% during the fiscal year due to a full year of Tennova West expense.

3. Supplies and other costs increased by $74.8 million or 25%, driven by a full year of Tennova West expense in addition to a significant increase in drug costs at the Kirkland Cancer Center.

Operating expense increased by $41.4 million or 6% when comparing 2018 to 2017.

1. In the final month of the fiscal year, the Company acquired Tennova West operations and began operation. The addition of these services in fiscal year 2018 accounted for an increase in total operating expense of approximately $13.2 million over the prior year.

2. Total salaries and benefits expense increased by $18 million or 5% during the fiscal year with routine increases in staffing, routine employee rate adjustments and continued utilization of agency staffing for the flagship hospital in response to nursing turnover and vacancies.

3. Supplies and other costs increased by $21.4 million or 8%, driven by routine escalation of administrative costs and a significant increase in drug costs due to a change in the 340B status at the flagship hospital.

Capital assets

As of June 30, 2019, the Company had $432.4 million invested in a variety of capital assets, as reflected in Table A-3, which represents a net increase (additions, disposals and depreciation) of $4.2 million or 1% from the end of last year.

Table A-3

Capital Assets (in millions of dollars)

	June 30	
	2019	2018
Land and land improvements	**$ 57.1**	$ 56.8
Buildings	**384.2**	360.8
Equipment	**769.0**	746.3
Construction in progress	**17.9**	9.6
Total capital assets	**1,228.2**	1,173.5
Accumulated depreciation	**(795.8)**	(745.3)
Capital assets, net	**$ 432.4**	$ 428.2

Long-term debt

In November 2018, the Company issued the Series 2018A Hospital Revenue Refunding Bonds in the amount of $62.87 million and Series 2018B Taxable Hospital Revenue Bonds in the amount of $91.025 million. The proceeds of the Series 2018A Bonds, together with other funds, were used by the Company to refund all outstanding Bonds from the Series 2008 Bond issue. The proceeds of the Series 2018B Bonds were used to reimburse the Company for the $90 million financed as part of the Tennova West acquisition.

In April 2015, the Company issued the Series 2015 Hospital Revenue Refunding Bonds in the amount of $205,965,000. The proceeds of the Series 2015 Bonds, together with other funds, were used by the Company to advance refund $210,895,000 of the outstanding Series 2008 Bond issue.

As of June 30, 2019, the Company had $349.1 million in outstanding long-term debt and as of June 30, 2018, the Company had $265.7 million in outstanding long-term debt. This represents a net increase of $83.4 million over the prior fiscal year. For the year ended June 30, 2018, the Company had total outstanding debt of $355.7 million, which included the $90 million financing as part of the Tennova West acquisition.

For more detailed information regarding the Company's capital assets and long-term debt, please refer to the notes to the financial statements.

Future outlook

The 2019 fiscal year was one of great transition, with a revenue cycle system conversion and a significant acquisition occurring just prior to the beginning of the year. Both projects resulted in significant disruption to

operating performance. With these projects behind, the Board of Trustees and Management have a positive outlook for the future, re-focusing the organization's commitment to high quality care and exceptional patient experience, while maintaining stable financial performance. The Company's long range financial goals have been reviewed and updated to be consistent with what is required to maintain financial sustainability and the coming year's budget has been adopted accordingly. In addition, the organizational structure has been re-aligned to focus on accountability for performance to ensure planned improvements are realized.

Requests for information

This financial report is designed to provide a general overview of the Company's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Company.

West Tennessee Healthcare and Related Affiliates
Statements of Net Position
June 30, 2019 and 2018
(in thousands)

	2019	2018
ASSETS		
Current assets:		
Cash and cash equivalents	$ 24,266	$ 13,848
Accounts receivable:		
Patient accounts receivable, less allowances for doubtful accounts of approximately $36,449 in 2019, and $40,097 in 2018	140,933	156,842
Other	5,062	8,254
Total accounts receivable	145,995	165,096
Inventories	8,694	12,488
Prepaid expenses	12,216	11,480
Assets limited as to use - current portion of debt service reserve fund	6,195	4,887
Total current assets	197,366	207,799
Assets limited as to use:		
Debt service reserve fund	-	5,792
Board designated contingency fund	9,270	9,270
Other internally designated	351,149	347,974
Total assets limited as to use	360,419	363,036
Other assets:		
Intangibles	1,706	1,456
Wellness Center loan receivable	-	16,872
Investment in joint venture	28,252	27,597
Other	4,142	4,879
Total other assets	34,100	50,804
Capital assets:		
Land and land improvements	57,120	56,807
Buildings	384,174	360,813
Fixed equipment	223,077	218,045
Moveable equipment	545,941	528,211
Construction in progress	17,924	9,617
	1,228,236	1,173,493
Accumulated depreciation	(795,804)	(745,270)
Total capital assets	432,432	428,223
Total assets	1,024,317	1,049,862
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refundings	26,377	27,924
Pension contributions subsequent to measurement date	13,470	12,370
Difference between expected and actual pension experience	5,323	4,239
Difference between actual and projected earnings on pension plan investments	4,207	7,583
Excess consideration provided for acquisitions	8,007	8,290
Total deferred outflows of resources	57,384	60,406
Total assets and deferred outflows of resources	$ 1,081,701	$ 1,110,268

See accompanying notes.

	2019	2018
LIABILITIES		
Current liabilities:		
Accounts payable	$ 26,609	$ 31,390
Accrued compensation and related expenses	28,695	25,893
Accrued interest expense	4,118	3,297
Other accrued expenses	9,779	8,397
Estimated third-party settlements	4,713	5,126
Bridge loan payable	-	90,000
Long-term debt due within one year	10,090	6,355
Total current liabilities	84,004	170,458
Other liabilities:		
Long-term debt, less amounts due within one year	357,924	273,637
Net pension liability	117,463	114,736
Total other liabilities	475,387	388,373
Total liabilities	559,391	558,831
NET POSITION		
Unrestricted	381,713	411,411
Net investment in capital assets	134,402	129,347
Restricted for debt service	6,195	10,679
Total net position	522,310	551,437
Total liabilities and net position	$ 1,081,701	$ 1,110,268

West Tennessee Healthcare and Related Affiliates
Statements of Revenues and Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018
(in thousands)

	2019	2018
Operating revenues:		
Net patient service revenues, net of provision for bad debts of $68,462 in 2019, and $52,027 in 2018	$ 830,944	$ 724,510
Other revenues	49,262	49,702
Total operating revenues	880,206	774,212
Operating expenses:		
Salaries and benefits	485,277	415,894
Supplies and other	369,773	295,077
Depreciation and amortization	52,663	48,584
Total operating expenses	907,713	759,555
Operating (loss) income	(27,507)	14,657
Nonoperating (expenses) revenues:		
Investment income	19,431	20,701
Interest expense	(17,121)	(14,814)
Contributions to affiliated entities	(2,099)	(958)
Acquisition costs and other	(1,831)	(6,104)
Nonoperating (expenses) revenues, net	(1,620)	(1,175)
Change in net position	(29,127)	13,482
Net position, beginning of year	551,437	537,955
Net position, end of year	$ 522,310	$ 551,437

See accompanying notes.

West Tennessee Healthcare and Related Affiliates
Statements of Cash Flows
Years Ended June 30, 2019 and 2018
(in thousands)

	2019	2018
Operating activities:		
Receipts from third-party payors and patients	$ 850,045	$ 676,793
Receipts from other operations	49,262	49,701
Payments to suppliers	(371,210)	(296,545)
Payments to employees	(478,556)	(405,975)
Net cash provided by operating activities	49,541	23,974
Noncapital financing activity:		
Capital contributions to City of Jackson and Madison County	(2,099)	(958)
Net cash used in noncapital financing activity	(2,099)	(958)
Investing activities:		
Interest and dividends received	719	1,653
Purchases of investments	(114,841)	(90,437)
Proceeds from sales of investments	134,862	99,749
Net cash provided by investing activities	20,740	10,965
Capital and related financing activities:		
Acquisition of Tennova West, including acquisition related costs	-	(79,038)
Purchases of capital assets	(29,738)	(40,594)
Proceeds from sale of capital assets	971	-
Repayment of long-term debt	(80,926)	(6,095)
Proceeds from issuance of long-term debt	159,060	-
Proceeds from bridge loan	-	90,000
Repayment of bridge loan	(90,000)	-
Interest paid on long-term debt	(15,300)	(13,621)
Other	(1,831)	(277)
Net cash used in capital and related financing activities	(57,764)	(49,625)
Change in cash and cash equivalents	10,418	(15,644)
Cash and cash equivalents, beginning of year	13,848	29,492
Cash and cash equivalents, end of year	$ 24,266	$ 13,848

See accompanying notes.

West Tennessee Healthcare and Related Affiliates
Statements of Cash Flows
Years Ended June 30, 2019 and 2018
(in thousands)

(Continued)

	2019	2018
Reconciliation of operating income (loss) to net cash provided by operating activities:		
Income (loss) from operations	$ (27,507)	$ 14,657
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Pension expense	17,389	17,705
Depreciation	52,287	48,220
Provision for bad debts	68,462	52,027
(Gain) loss on disposals of capital assets	(422)	500
Amortization	376	364
Changes in operating assets and liabilities:		
Accounts receivable	(49,361)	(99,744)
Inventories and prepaid expenses	3,058	(1,423)
Other assets	(261)	(227)
Accounts payable and accrued expenses	(597)	7,526
Estimated third-party settlements	(413)	(3,261)
Deferred outflows - contributions to pension plan	(13,400)	(12,300)
Deferred outflows - contributions to 415(m) plan	(70)	(70)
Net cash provided by operating activities	$ 49,541	$ 23,974
Supplementary schedule of noncash investing activities:		
Change in fair value of investments	$ 18,712	$ 19,048
Supplementary schedule of noncash capital and related financing activities:		
Capital asset acquired through forgiveness of Wellness Center Loan Receivable	$ 16,872	$ -
Capital asset acquired with capital leases	$ 10,435	$ -
Deferred outflows of resources recognized for loss on defeasance of debt	$ 847	$ -

See accompanying notes.

1. Significant Accounting Policies

Organization and basis of presentation

The accompanying financial statements include West Tennessee Healthcare and its related affiliates (hereinafter collectively referred to as the "Company"), all of which are under common control of the Jackson-Madison County General Hospital District (the "District") and have been presented as blended component units ("BCUs") of the Company. We consider Jackson-Madison County General Hospital, Bolivar General Hospital, Camden General Hospital, Milan General Hospital, Volunteer Martin Hospital, Dyersburg Hospital, Pathways Behavioral Health, LIFT Therapy, Health Partners, Therapy & Learning Center and the West Tennessee Medical Group BCUs of West Tennessee Healthcare, as the governing body is substantively the same as the governing body of West Tennessee Healthcare and has operational responsibility of those component units. The Company presents its financial statements in accordance with accounting principles generally accepted in the United States of America. All significant intercompany balances and transactions have been eliminated.

Proprietary fund accounting

The Company utilizes the economic resources measurement focus and the proprietary fund method of accounting whereby revenues and expenses are recognized on an accrual basis. Substantially all revenues and expenses are subject to accrual.

Cash and cash equivalents

The Company considers temporary cash investments with a maturity of three months or less when purchased to be cash and cash equivalents. In accordance with Tennessee Code Annotated Section 9-1-118, the full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation ("FDIC"). For deposits above and beyond the amount covered by the FDIC, the Company follows the requirements as set forth in Tennessee Code Annotated Title 9 Chapter 4, Part 5, "Collateral Pool for Public Deposits Act of 1990," whereby "Local governments with bank deposits that are in excess of the amount covered by FDIC insurance must either maintain the deposit with a bank that is a member of the bank collateral pool or collateralize the deposit in accordance with State statues."

Investments

The Company's investments are reported at fair value in accordance with Governmental Accounting Standards Board ("GASB") Statement No. 72, *Fair Value Measurement and Application*, which establishes a fair value hierarchy. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The fair values of investments in certain private equity, hedge and real estate funds are based on the investments' net asset value ("NAV") per share (or its equivalent) provided by the fund manager. The Company invests in government bonds, short-term money market investments, equity securities and alternative investments that are in accordance with the Company's investment policy. Alternative investments include the Company's ownership interest in limited partnerships and hedge, private equity and real estate investment funds.

Changes in fair value that occur during a fiscal year are recognized as investment income reported for that fiscal year. Investment income includes interest earnings, changes in fair value, and any gains or losses realized upon the liquidation or sale of investments.

Inventories

Inventories are stated at the lower of cost (first-in, first-out method) or market.

Assets limited as to use

Assets limited as to use represent investments and temporary cash deposits set aside for multiple purposes:

- Funds by trustee under trust indentures
- To self-insure against malpractice and other general liability claims
- For future renovation, replacement, and expansion of the facilities
- To replenish operating funds as needed

The types of securities that are permitted investments for Company funds are established by the Company's Investment Policy in accordance with Tennessee Statutes. All funds of the Company may be invested in obligations of or guaranteed by the United States Government. In addition, certain funds of the Company may be invested in obligations of agencies of the U.S. government; obligations of or guaranteed by the State of Tennessee; collateralized certificates of deposit and repurchase agreements; commercial paper; and other asset classes including fixed income, domestic equities, international equities, and alternative investments.

Intangible assets

Intangible assets are amortized over their estimated useful lives of 5 to 40 years.

Capital assets

Property, plant, and equipment are recorded on the basis of cost. Depreciation is computed by applying the straight-line method over the estimated remaining useful lives of buildings and improvements (10 to 40 years) and equipment (4 to 20 years). Assets under capital leases are amortized using the straight-line method over the shorter of the estimated useful life of the assets or life of the lease term, excluding any lease renewal, unless the lease renewals are reasonably assured. Amortization expense related to assets under capital leases is included in depreciation expense. The Company's capitalization threshold is $1 and a minimum useful life of 2 years.

Deferred outflows/inflows of resources

In addition to assets, the statements of net position report a separate section for deferred outflows of resources. Deferred outflows of resources represents a consumption of net position that applies to a future period(s) and so will not be recognized as outflow of resources (expense) until then. In addition to liabilities, the statements of net position report a separate section for deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Company's deferred inflows and outflows are related to pensions, excess consideration provided for acquisitions and deferred charges on bond refundings.

Compensated absences

The Company allows employees to accumulate paid time off to be used for vacation, holiday and sick time. The Company allows employees to be paid for their vacation and holiday time not taken and accrues its liability for such time. Such liability is classified as accrued compensation and related expenses in the accompanying statements of net position.

Defined benefit pension plans

For purposes of measuring the 2019 and 2018 net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Company's defined benefit pension plans and additions to/deductions from the Company's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Bond original issue discounts or premiums

Bond original issue discounts or premiums are included with the long-term debt accounts and are amortized over the life of the related bonds by the interest method. Such amortization is included in interest expense in the accompanying statements of revenues and expenses and changes in net position.

Patient accounts receivable

Patient accounts receivable are reported net of both an estimated allowance for contractual adjustments and an estimated allowance for uncollectible accounts. The contractual allowance represents the difference between established billing rates and estimated reimbursement from Medicare, TennCare and other third-party payor programs. The bad debt allowance is estimated based upon the age of the account, prior experience and any unusual circumstances which affect the collectability. The Company does not require collateral or other security for patient accounts receivable and routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies.

Charity care and community benefit

As a community provider, the Company's policy is to accept all patients regardless of their ability to pay. Management believes that substantially all the uncollected amounts are due to patients' inability to pay. Therefore, all amounts which are not collected, other than third-party payor contractual adjustments, are recorded as charity care and excluded from net patient service revenues. In April 2015, the Company implemented a presumptive charity program, which is designed to provide financial assistance for non-elective services to individuals who meet approved eligibility criteria that have not applied through the traditional Patient Financial Assistance Program. Evaluation for presumptive charity begins at 90 days from initial patient billing, and determinations are made based upon obtainable credit history and estimated household income. As a result of this program, deductions to revenue that were considered bad debts in prior years are now considered to be charity care. The community benefit provided through charity care, including provisions for bad debts, was $107,161 and $91,575, based on gross charges, for the years ended June 30, 2019 and 2018, respectively. The estimated costs of providing charity services are based on a calculation, which applies a ratio of costs to charges to the gross uncompensated charges associated with providing care to charity patients. The ratio of cost to charges is calculated based on the Company's total expenses divided by gross patient service revenue. The estimated cost of providing such services amounted to approximately $28,668 and $29,147 for 2019 and 2018, respectively.

EHR incentive payments

The American Recovery and Reinvestment Act of 2009 included provisions for implementing health information technology under the Health Information Technology for Economic and Clinical Health Act ("HITECH"). The provisions were designed to increase the use of electronic health record ("EHR") technology and establish the requirements for a Medicare and Medicaid incentive payment program beginning in 2011 for eligible providers that adopt and meaningfully use certified EHR technology. Eligibility for annual Medicare incentive payments is dependent on providers demonstrating meaningful use of EHR technology in each period over a four-year period. Initial Medicaid incentive payments are available to providers that adopt, implement or upgrade certified EHR technology. Providers must demonstrate meaningful use of such technology in subsequent years to qualify for additional Medicaid incentive payments.

Net patient service revenues

Net patient service revenues are reported at the net amounts billed to patients, third-party payors and others for services rendered, including an estimated provision for bad debts and estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as changes in estimated provisions and final settlements are determined. Changes in estimated provisions and final settlements are included in net patient service revenues. Changes in estimated settlements resulted in an increase in net patient service revenues of $3,191 and $3,458 for the years ended June 30, 2019 and 2018, respectively.

The Company has agreements with third-party payors that provide for payments to the Company at amounts different from its established rates. A summary of the payment arrangements with major third-party payors follows:

Medicare

Inpatient acute care services and skilled nursing services rendered to Medicare program beneficiaries are paid at prospectively determined rates per discharge. These rates vary according to a patient classification system that is based on clinical, diagnostic, and other factors. The Company receives additional payments from Medicare based on the provision of services to a disproportionate share of Medicaid-eligible and other low income patients. The Center for Medicare and Medicaid Services ("CMS") established an outpatient prospective payment system. CMS established groups called ambulatory payment classifications for outpatient procedures. Payments are made based on the group assignment for the service rendered. Additionally, CMS established a prospective payment system for home health services.

TennCare

The Company contracts with managed care organizations to receive reimbursement for providing hospital services to patients covered under the TennCare program. Payment arrangements with these managed care organizations consist primarily of prospectively determined rates per discharge, discounts from established charges or prospectively determined daily rates.

Other

The Company has also entered into payment agreements with certain commercial insurance carriers, health maintenance organizations and preferred provider organizations. The bases for payment to the Company under these agreements include prospectively determined rates per discharge, discounts from established charges or prospectively determined daily rates.

Charges at the Company's established billing rates (gross patient service charges) related to patients covered by Medicare, Medicaid, and TennCare programs were 69% and 67% of gross patient service revenues for the fiscal years ended June 30, 2019 and 2018, respectively.

Charges exceeding amounts reimbursed and not included in net patient service revenues were as follows:

	2019	2018
Medicare	$ 1,399,769	$ 919,132
TennCare	488,477	292,637
Other	676,165	463,842
Bad debts	68,462	52,027
	$ 2,632,873	$ 1,727,638

Laws and regulations governing the Medicare and TennCare/Medicaid programs are complex and subject to interpretation. As a result, there is at least a reasonable possibility that recorded estimates will change by a material amount in the near term. The estimated reimbursement amounts are adjusted in subsequent periods as cost reports are prepared and filed and as final settlements are determined (in relation to certain government programs, primarily Medicare, this is generally referred to as the "cost report" filing and settlement process). Final determination of amounts earned under prospective payment and cost reimbursement activities is subject to review by appropriate governmental authorities or their agents. Management believes that adequate provisions have been made for adjustments that may result from final determination of amounts earned under Medicare and Medicaid programs.

Essential access, critical access, Federal Medical Assistance Percentage and Medicaid Disproportionate Share payments of approximately $6,781 and $6,207 received from TennCare/Medicaid were included in net patient service revenues during the years ended June 30, 2019 and 2018, respectively.

The Company believes that it is in compliance with all applicable laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as significant regulatory action including fines, penalties, and exclusion from the Medicare and TennCare/Medicaid programs.

Operating revenues and expenses

The Company's primary mission is to provide health care services to the citizens of West Tennessee through its acute care and specialty care facilities. Therefore, operating revenues and expenses include those generated from direct patient care and sundry revenues and expenses related to the operation of the Company's facilities.

Federal income taxes

The Internal Revenue Service has determined that all material affiliates comprising the Company are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code ("IRC"). The District is also exempt from federal income taxes under Section 115 of the IRC. As qualified tax-exempt organizations, each of the tax-exempt affiliates comprising the Company must operate in conformity with the IRC to maintain its tax-exempt status.

Recent accounting pronouncements

GASB Statement No. 84, *Fiduciary Activities*, establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less. This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria. A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds. This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (the Company's fiscal year 2020).

GASB Statement No. 87, *Leases,* has the objective to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (the Company's fiscal year 2021).

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019 (the Company's fiscal year 2021).

GASB Statement No. 90, *Majority Equity Interests – an Amendment of GASB Statements No. 14 and No.61,* has the primary objective of improving the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018 (the Company's fiscal year 2020).

GASB Statement No. 91, *Conduit Debt Obligations,* has the primary objective of providing a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020 (the Company's fiscal year 2022).

Management is evaluating the impact that the adoption of these standards will have on the financial statements.

2. Business Combination

On May 31, 2018, the Company acquired substantially all of the assets of Community Health Systems in West Tennessee, operating locally under the brand Tennova Healthcare (hereafter referred to as "Tennova West"). The acquired operations included three hospitals, 19 clinics, and an EMS operation. The acquired hospitals were located in Dyersburg, Martin, and Jackson, Tennessee. The acquisition will enhance the Company's ability to fulfill its mission in a sustainable business model, with the goal of improving quality and access to care for west Tennesseans. The acquisition is consistent with the Company's strategic vision of becoming a more complete health system. On June 1, 2018, the Company began operation of the acquired services, maintaining the same level of service in each location with the exception of the hospital located in Jackson, which became a satellite of the Company's flagship hospital, Jackson-Madison County General Hospital. The satellite campus is located just 4.7 miles from the flagship hospital. The purchase included fixed assets and limited working capital. The total

purchase price was $73,211, adjusted for working capital settlements at closing. The Company obtained $90,000 in interim financing to fund the transaction and support working capital during provider enrollment. The Company obtained permanent financing during fiscal year 2019, with Series 2018A and Series 2018B bond issues. Acquisition related expenses incurred in fiscal year 2018 were $5,827.

The Company recorded the acquisition in accordance with GASB Statement No. 69, Government Combinations and Disposals of Operations. Under Statement No. 69, all assets, deferred outflows, liabilities and deferred inflows are recognized at acquisition value.

The following summarizes the fair value of the assets acquired and liabilities assumed of the three hospitals as of the acquisition date:

Assets acquired:	
Current assets	$ 6,733
Fixed assets	65,303
Identifiable intangible assets	339
Other assets	2,622
Total assets	74,997
Liabilities assumed:	
Current liabilities assumed	1,786
Net position acquired	$ 73,211

3. New Accounting Standards

Effective July 1, 2018, the Company adopted the provisions of GASB Statement No. 83, *Certain Asset Retirement Obligations,* which addresses accounting and financial reporting for certain asset retirement obligations ("AROs"). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement. This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO. The adoption of this standard had no effect on the Company's statements of net position or statements of revenues and expenses and changes in net position.

Effective July 1, 2018, the Company adopted the provisions of GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements,* which modifies the disclosure requirements in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established. This Statement requires that

additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt. The adoption of this standard had no effect on the Company's statements of net position or statements of revenues and expenses and changes in net position. The adoption required the Company to disclose additional information related to events of default and acceleration clauses related to the Series 2018 and Series 2015 bonds.

4. Assets Limited as to Use

The Company, as authorized by the Board of Trustees, maintains checking accounts necessary for daily operations and deposits and investments for debt service reserve funds, the contingency fund, and other internally designated funds.

Debt service reserve funds

The bond funds are maintained in accordance with the bond indentures related to the Series 2008 $318,980 Hospital Revenue Refunding and Improvement Bonds and the Series 2015 $205,965 Hospital Revenue Refunding Bonds (see Note 9). The interest fund and bond sinking fund are maintained for the payment of bond principal and interest. A debt service reserve fund was created under the existing indenture in connection with the issuance of the Series 2008 Bonds and this fund was eliminated in 2018 subsequent to the Series 2018A bond issue that refunded all outstanding Series 2008 bonds. The debt service reserve fund was maintained to make up any deficiencies in the interest fund and bond sinking fund. No debt service reserve fund was required in connection with the Series 2015, Series 2018A or Series 2018B bonds. Certain amounts comprising the interest fund, bond sinking fund and debt service reserve fund are included in the current portion of assets limited as to use in the accompanying statements of net position based on debt service requirements during the following fiscal year. The Company first applies restricted resources when expenses are incurred for purposes for which both restricted and unrestricted assets are available.

Board designated contingency fund and other internally designated

The Company established a board designated contingency fund for losses on self-insured professional liability claims. The Company also reserves funds for future purchases of capital assets and other internal purposes, and these funds are included in other internally designated assets limited as to use.

5. Cash and Investments

At June 30, 2019 and 2018, the Company had cash and deposits as follows:

	2019	2018
Cash on hand	$ 19	$ 13
Cash insured (FDIC) or collateralized with securities held by the Company	1,425	906
Cash collateralized by securities held by the pledging financial institution's trust department in the Company's name or in the State of Tennessee Collateral Pool	22,822	12,929
Total	$ 24,266	$ 13,848

Assets limited as to use consist of the following investments which are measured at fair value on a recurring basis. Recurring fair value measurements are those that GASB statements require or permit on the statements of net position at the end of each reporting period. Fair value measurements are categorized based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Prices for investment securities such as common stocks and mutual funds are readily available in the active markets in which those securities are traded, and the resulting fair values are categorized as Level 1.

Prices for preferred stock, corporate bonds, U.S. government and agency fixed income securities, collateralized debt obligations and mortgage-backed securities are determined on a recurring basis based on inputs that are readily available in public markets or can be derived from information available in publicly quoted markets and are categorized as Level 2.

There is limited or no observable data for the price of the private limited partnership fund, and the resulting fair value is categorized as Level 3. The fair value of this investment was estimated based primarily on the value of the underlying investments held by the fund and other information provided by the fund manager.

Investments' fair value measurements are as follows at June 30, 2019 and 2018:

	2019	Fair Value Measurements Using		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual funds:				
Money market	$ 7,682	$ 7,682	$ -	$ -
Fixed income	20,610	20,610	-	-
Balanced	8,830	8,830	-	-
	37,122	37,122	-	-
Common stock	582	582	-	-
Limited partnership fund of funds	1,685	-	-	1,685
Total investments in the fair value hierarchy	39,389	$ 37,704	$ -	$ 1,685
Investments measured at NAV	327,225			
Total investments	$ 366,614			

	2018	Fair Value Measurements Using		
	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
Mutual funds:				
Money market	$ 10,816	$ 10,816	$ -	$ -
Balanced	17,418	17,418	-	-
Fixed income	25,074	25,074	-	-
	53,308	53,308	-	-
Common stock	538	538	-	-
Limited partnership fund of funds	2,110	-	-	2,110
Total investments in the fair value hierarchy	55,956	$ 53,846	$ -	$ 2,110
Investments measured at NAV	311,967			
Total investments	$ 367,923			

The fair values of investments in certain private equity and hedge funds are based on the investments' NAV per share (or its equivalent) provided by the fund manager. Investments valued at NAV are as follows at June 30, 2019 and 2018:

	2019 Fair Value	2018 Fair Value	Unfunded Commitments	Redemption Frequency	Redemption Notice Period
Limited partnerships and hedge funds					
Equity fund [a]	**$ 136,034 ***	$ 127,311*	None	Daily	None
Core fixed income [b]	**75,301 ***	78,801*	None	Daily	None
Public inflation hedge [c]	**28,536 ***	30,248*	None	Daily	None
Real estate limited partnership [d]	**36,959 ***	34,751*	None	Quarterly	60 days
Direct hedged equity fund [e]	**32,757 ***	29,032*	None	Monthly	100 days
Private equity fund – global [f]	**13,174**	11,824	None	Quarterly	30 days
Private equity funds [g]	**4,464**	-	$1,451	(g)	N/A
	$ 327,225	$ 311,967			

*Denotes an investment that is more than 5% of total investments.

[a] This common and collective trust fund is primarily invested in common stocks and exchange traded mutual funds in the United States and globally. The fair value of this investment has been estimated using the net asset value as provided by the hedge fund manager.

[b] This common and collective trust fund is primarily invested in a broad range of fixed income securities, including commercial mortgage - backed securities, U.S. and global corporate bonds, and U.S. government securities.

[c] This common and collective trust fund's objective is to provide a partial hedge against inflation through a basket of inflation-sensitive assets. The fund holds investments in common stocks, exchange traded mutual funds and a broad range of fixed income securities in the U.S. and globally. Additionally, the fund is invested in derivatives and interest rate swaps.

[d] This real estate mortgage fund actively manages a core portfolio consisting primarily of participating mortgage loans and equity real estate investments located in the United States.

[e] This common and collective trust fund invests in a number of alternative strategies through the use of separate accounts and limited partnerships. The objective is to provide a long-term total return with reduced volatility and reduced correlation to conventional stock and bond markets by utilizing a broad array of trading and investment strategies.

[f] This semi-liquid investment fund provides diversified private markets exposure in a registered investment company vehicle. 70% of the portfolio will be allocated to private equity, 20% to private debt, and the remaining 10% in liquid investments for cash management purposes.

[g] This investment is an illiquid investment that provides dedicated exposure to private equity investments. Investments in this fund cannot be redeemed. Rather, investments will be made for the first 5 years of the fund, and redemptions will be made as the underlying assets of the fund are liquidated. Final redemption could exceed 10 years. Because it is not probable that any of the investment will be sold prior to redemption, the fair value of the investment has been determined using the NAV per share of the Company's ownership interest.

In accordance with GASB Statement No. 40, *Deposit and Investment Risk Disclosures*, the Company has assessed the custodial credit risk, the concentration of credit risk, credit risk, and interest rate risk of its cash and investments.

Custodial credit risk

The Company's deposits are exposed to custodial credit risk if they are not covered by depository insurance and the deposits are uncollateralized or are collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name. The deposit risk is that, in the event of the failure of a depository financial institution, the Company will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The Company's investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Company, and are held by either the counterparty or the counterparty's trust department or agent but not in the Company's name. The investment risk is that, in the event of the failure of the counterparty to a transaction, the Company will

not be able to recover the value of the investment or collateral securities that are in the possession of an outside party.

At June 30, 2019 and 2018, the Company's bank balances were not exposed to custodial credit risk since the full amount was covered by FDIC insurance or collateralized by securities held by the pledging financial institution's trust department in the Company's name or by the State of Tennessee Collateral Pool.

As of June 30, 2019 and 2018, the Company's investments in assets limited as to use were registered in the Company's name; therefore, they are not exposed to custodial credit risk. In addition, the Company's investment policy requires that specific qualifications be met in order to represent the Company as a custodian.

Concentration of credit risk

This is the risk associated with the amount of investments the Company has with any one issuer that exceeds 5% or more of its total investments. Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this requirement. The Company's investment policy states that no equity may represent more than 8% of any individual portfolio manager and that no single purchase shall represent more than 5% of the Company's total equity position.

Credit risk

GASB Statement No. 40 requires that disclosure be made as to the credit rating of all debt security investments except for obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government. This is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Company's investment policy provides guidelines for its fund managers and lists specific allowable investments. The policy provides for the utilization of varying styles of managers so that portfolio diversification is maximized and total portfolio efficiency is enhanced.

The credit risk profile of the Company's investments as of June 30, 2019, is as follows:

	Balance	Rating			
	June 30, 2019	AAA	AA+/AA/AA-	A+ / A / A-	NA
Money market mutual funds	$ 7,682	$ 7,682	$ -	$ -	$ -
Real estate limited partnership at NAV	36,959	-	-	-	36,959
Fixed income mutual fund	20,610	6,072	1,237	7,007	6,294
Balanced mutual fund	8,830	-	-	-	8,830
Common stock	582	-	-	-	582
Limited partnerships	1,685	-	-	-	1,685
Common and collective trust funds	272,628	62,414	5,477	6,647	198,090
Private equity funds	17,638	-	-	-	17,638
Total investments	366,614	76,168	6,714	13,654	270,078
Amounts required to meet current obligations	(6,195)	(6,195)	-	-	-
	$ 360,419	$ 69,973	$ 6,714	$ 13,654	$ 270,078

Interest rate risk

This is the risk that changes in interest rates will adversely affect the fair value of an investment. The Company's investment policy authorizes a strategic asset allocation that is designed to provide an optimal return over the Company's investment horizon and within the Company's risk tolerance and cash requirements.

The distribution of the Company's investments by maturity as of June 30, 2019, is as follows:

	Balance June 30, 2019	Maturity				
		12 Months or Less	12 to 24 Months	24 to 60 Months	More than 60 Months	NA
Money market mutual funds	$ 7,682	$ 7,682	$ -	$ -	$ -	$ -
Real estate limited partnership at NAV	36,959	-	-	-	-	36,959
Fixed income mutual fund	20,610	17,397	3,213	-	-	-
Balanced mutual fund	8,830	-	-	-	-	8,830
Common stock	582	-	-	-	-	582
Limited partnerships	1,685	-	-	-	-	1,685
Common and collective trust funds	272,628	-	-	-	89,570	183,058
Private equity hedge fund	17,638	-	-	-	-	17,638
Total investments	366,614	25,079	3,213	-	89,570	248,752
Amounts required to meet current obligations	(6,195)	(6,195)	-	-	-	-
	$ 360,419	$ 18,884	$ 3,213	$ -	$ 89,570	$ 248,752

For the years ended June 30, 2019 and 2018, investment income is comprised of the following:

	2019	2018
Interest and dividends	$ 719	$ 1,653
Net increase in fair value of investments	18,712	19,048
	$ 19,431	$ 20,701

6. Wellness Center Loan Receivable

During fiscal year 2012, Jackson-Madison County General Hospital executed a promissory note with the WF Healthy Community Investment Fund, LLC in the amount of $16,872 for development of the Wellness Center, known as the LIFT at the Jackson Walk development in downtown Jackson. This note bore an interest rate of 4.25% until maturity and was payable quarterly. In October 2018, the Company purchased the LIFT Wellness Center. The Wellness Center was purchased for $19,172, which consisted of $2,300 in cash in addition to the $16,872 million that was provided in 2012.

7. Disaggregation of Payable Balances

Accounts payable at June 30, 2019 and 2018, consisted of the following:

	2019	2018
Due to vendors	$ 23,416	$ 28,275
Due to patients and third-party payers	3,120	2,464
Other	73	651
Total accounts payable	$ 26,609	$ 31,390

Other accrued expenses at June 30, 2019 and 2018, consisted of the following:

	2019	2018
Self-insured professional liability	$ 4,242	$ 4,037
Self-insured employee health claims liability	4,503	3,861
Other	1,034	499
Total other accrued expenses	$ 9,779	$ 8,397

8. Capital Assets

Capital assets activity for the years ended June 30, 2019 and 2018, consisted of the following:

	Balance June 30, 2018	Additions	Transfers	Reductions	Balance June 30, 2019
Land	$ 40,609	$ 149	$	$ (66)	$ 40,692
Land improvements	16,198	8	227	(5)	16,428
Building	360,813	19,147	4,844	(630)	384,174
Equipment	746,256	18,874	5,489	(1,601)	769,018
	1,163,876	38,178	10,560	(2,302)	1,210,312
CIP	9,617	18,867	(10,560)	-	17,924
Total capital assets	1,173,493	57,045	-	(2,302)	1,228,236
Accumulated depreciation	(745,270)	(52,287)	-	1,753	(795,804)
Net capital assets	$ 428,223	$ 4,758	$ -	$ (549)	$ 432,432

	Balance June 30, 2017	Additions	Transfers	Reductions	Balance June 30, 2018
Land	$ 35,220	$ 5,389	$ -	$ -	$ 40,609
Land improvements	15,950	95	156	(3)	16,198
Building	311,493	47,524	1,916	(120)	360,813
Equipment	686,879	36,752	26,710	(4,085)	746,256
	1,049,542	89,760	28,782	(4,208)	1,163,876
CIP	22,260	16,137	(28,782)	2	9,617
Total capital assets	1,071,802	105,897	-	(4,206)	1,173,493
Accumulated depreciation	(700,756)	(48,220)	-	3,706	(745,270)
Net capital assets	$ 371,046	$ 57,677	$ -	$ (500)	$ 428,223

Depreciation expense totaled $52,287 and $48,220, during the years ended June 30, 2019 and 2018, respectively.

Construction in progress at June 30, 2019, consists of various projects for additions and renovations to the Company's facilities. The Company has outstanding contracts and other commitments related to the completion of these projects. The Company estimates approximately $5,675 in costs to complete these projects.

9. Long-Term Debt, Capital Lease Obligations and Bridge Loan

Long-term debt consists of the following at June 30, 2019 and 2018:

	2019	2018
Hospital Revenue Bonds, Series 2008	$ -	$ 73,425
Less unamortized bond discount	-	(872)
Hospital Revenue Bonds, Series 2015	187,635	192,305
Plus unamortized bond premium	13,932	15,134
Hospital Revenue Bonds, Series 2018A	60,980	-
Plus unamortized bond premium	4,948	-
Hospital Revenue Bonds, Series 2018B	90,480	-
Capital leases payable	10,039	-
	368,014	279,992
Amount due within one year, Series 2008	-	(1,685)
Amount due within one year, Series 2015	(4,900)	(4,670)
Amount due within one year, Series 2018A	(1,585)	-
Amount due within one year, Series 2018B	(1,520)	-
Amount due within one year, Capital leases	(2,085)	-
Total amounts due within one year	(10,090)	(6,355)
Total long-term debt less amounts due within one year	$ 357,924	$ 273,637

In November 2018, the Company issued $62,870 of Series 2018A Hospital Revenue Refunding Bonds and $91,025 of Series 2018B Taxable Hospital Revenue Bonds. The proceeds of the Series 2018A Bonds, together with other funds, were used by the Company to refund all outstanding Bonds from the Series 2008 Bond issue. The proceeds of the Series 2018B Bonds were used to reimburse the Company for the $90,000 bridge loan financing that was obtained for the Tennova West acquisition. The difference between the reacquisition price

($159,060) and the net carrying value of the old debt ($159,907) resulted in a loss of $847, which was recorded as deferred outflows of resources in the accompanying statements of net position and is being amortized over the remaining life of the Series 2008 Bonds (through 2041).

In April 2015, the District issued $205,965 of Series 2015 Hospital Revenue Refunding Bonds. The proceeds of the Series 2015 Bonds, together with other funds, were used by the District to advance refund $210,895 of the outstanding Series 2008 Hospital Revenue Refunding and Improvement Bonds. The difference between the reacquisition price ($241,465) and the net carrying value of the old debt ($207,897) resulted in a loss of $33,568, which was recorded as deferred outflows of resources in the accompanying statements of net position and is being amortized over the remaining life of the Series 2008 Bonds (through 2041).

In August 2008, the District issued $318,980 of Series 2008 Hospital Revenue Refunding and Improvement Bonds. With the 2008 fixed rate bond issue, the District has eliminated all auction rate and variable rate debt. A portion of the proceeds was used to refund $78,350 of its Series 2003 Auction Rate Hospital Revenue Bonds; $48,725 of its Series 2006A Auction Rate Hospital Revenue Bonds; and $143,600 of its Series 2006B Variable Demand Rate Hospital Revenue Refunding and Improvement Bonds. A Debt Service Reserve Fund was created under the 2008 indenture. On the date of issuance of the 2008 bonds, $21,300 of the proceeds of the 2008 bonds were deposited in the Debt Service Reserve Fund.

The District's revenues are pledged as collateral to the Series 2018 and Series 2015 Bonds. Interest rates range from 3.25% to 5.31% on the Series 2018 Bonds and 2.0% to 5.25% on the Series 2015 Bonds. The District's Series 2018 and Series 2015 Bonds contain covenant and default provisions as defined in the agreements, including the requirement to maintain rates such that net revenue available for debt service in a given fiscal year be greater than 110% of the principal and interest payment requirements for all debt for such fiscal year. In the event that the District violates this covenant by not maintaining such ratio, the District has the ability to cure the violation as defined in the agreement. The inability to cure the violation would result in a default. In each and every case of default, unless cured by the District within 30 days after written notice, the outstanding amounts can become due immediately upon approval of the bondholders.

In May 2018, the Company obtained a $90,000 bridge loan in order to finance the acquisition of Tennova West. The note bore interest at a rate of three-month LIBOR plus .65%, with interest due quarterly beginning June 30, 2018. The loan was collateralized by revenues of the District. On October 1, 2018, the Company repaid all borrowings and interest on the bridge loan.

Capital lease obligations

The Company entered into capital lease agreements, whereby it is leasing certain equipment through 2029. At June 30, 2019, the carrying value of equipment held under these leases totaled $10,435 (no depreciation has been recorded as the equipment has not been placed in service as of June 30, 2019).

Minimum future lease payments under the capital leases at June 30, 2019, are as follows:

2020	$ 2,444
2021	2,244
2022	2,244
2023	2,244
2023	1,521
Thereafter	368
	11,065
Less: Amount representing interest	(1,026)
Present value of net minimum lease payments	10,039
Less: Current maturities	(2,085)
Long-term maturities of capital lease	$ 7,954

Long-term debt and bridge loan activity (excluding unamortized bond premium or discount) for the years ended June 30, 2019 and 2018, consisted of the following:

	June 30, 2017	Additions	Reductions	June 30, 2018	Additions	Reductions	June 30, 2019
Bonds payable	$ 271,825	$ -	$ 6,095	$ 265,730	$ 153,895	$ 80,530	**$ 339,095**
Bridge loan	-	90,000	-	90,000	-	90,000	-
Capital leases	-	-	-	-	10,435	396	**10,039**
Total	$ 271,825	$ 90,000	$ 6,095	$ 355,730	$ 164,330	$ 170,926	**$ 349,134**

Scheduled principal and interest payments, including bonds payable and capital leases, are as follows:

	Principal	Interest	Total Debt Service
Fiscal years ending June 30:			
2020	$ 10,090	$ 16,787	$ 26,877
2021	10,347	16,329	26,676
2022	10,832	15,847	26,679
2023	11,340	15,340	26,680
2024	11,140	14,810	25,950
2025-2029	56,206	66,331	122,537
2030-2034	71,200	50,951	122,151
2035-2039	90,740	31,408	122,148
2040-2044	55,744	11,426	67,170
2045-2048	21,495	2,927	24,422
	349,134	242,156	591,290
Unamortized bond premium, net	18,880	-	18,880
Total	$ 368,014	$ 242,156	$ 610,170

10. Leases

The Company leases equipment under various operating leases. Rent expense for all operating leases and office space was approximately $9,216 and $6,181 for the years ended June 30, 2019 and 2018, respectively. Approximate minimum future rental payments, by year and in the aggregate, under noncancellable operating leases with initial terms of one year or more are as follows at June 30, 2019:

2020	$ 4,855
2021	3,619
2022	3,339
2023	3,068
2024	1,999
2025-2029	6,816
2030-2034	918
2035	70
	$ 24,684

11. Retirement Plans

The Company maintains and administers a noncontributory defined benefit pension plan, a defined contribution plan, a supplemental 415(m) plan, and other post-employment benefits plan. The operation of the plans is consistent with the laws of Tennessee and the United States federal government.

The Company's net pension liability as of June 30, 2019 and 2018, consists of the following:

	2019	2018
Defined benefit pension plan	$ 116,371	$ 113,704
Supplemental 415(m) plan	1,092	1,032
	$ 117,463	$ 114,736

Defined benefit pension plan

The West Tennessee Healthcare Pension Plan (the "Plan") is a single-employer defined benefit pension plan administered by the District. All employees hired after October 1, 2005, and prior to June 30, 2010, are covered on the fifth anniversary of their date of hire after they have completed at least 1,800 hours of employment per year. The Plan was discontinued for employees hired after June 30, 2010. The Plan provides retirement, termination, disability, and death benefits to plan members and beneficiaries. The Plan issues a publicly available financial report that can be obtained from the Company's Internal Audit Department, 620 Skyline Drive, Jackson, Tennessee 38301.

Normal retirement benefits for employees hired prior to October 1, 2005, are calculated as one-twelfth of 1.2% of the employee's highest consecutive 5-year average salary, plus .65% of average compensation in excess of covered compensation, as defined, for each year of credited service up to a maximum of 30 years. Normal retirement benefits for employees hired after October 1, 2005, are calculated as one-twelfth of the sum of (1), (2), and (3) as defined below:

(1) 0.5% of the employee's average compensation multiplied by years of credited service, as defined, up to ten years.

(2) 1% of the employee's average compensation, multiplied by years of credited service, as defined, in excess of ten years, but not over twenty years.

(3) 1.5% of the employee's average compensation multiplied by years of credited service, as defined, in excess of twenty years, but not exceeding thirty years.

Employees initially hired or acquired prior to October 1, 2005, are eligible to retire at the first of the month coincident with or next following the date on which the person attains age 65. Employees initially hired or acquired on or after October 1, 2005, are eligible to retire at the first of the month coincident with or next following the date the person attains age 65 and has been credited with at least five years of service. Employees initially hired or acquired prior to October 1, 2005, are eligible to retire before normal retirement on or after attaining age 55. Employees initially hired or acquired on or after October 1, 2005, are eligible to retire before normal retirement on or after attaining age 55 with five years of service.

All employees are eligible for disability benefits after 10 years of service. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefit is determined as if the employee had retired immediately before death and had elected to receive a joint and 100% survivor annuity naming the beneficiary as the joint annuitant.

At January 1, 2018 and January 1, 2017, the census dates used to measure the 2019 and 2018 total pension liability, respectively, the following employees (stated in actual numbers, not thousands) were covered by the benefit terms of the Plan:

	2019	2018
Inactive employees or beneficiaries currently receiving benefits	**2,407**	1,104
Inactive employees or beneficiaries entitled to but not yet receiving benefits	**683**	752
Active employees	**1,133**	2,564
Total	**4,223**	4,420

Contributions

The Company has no legal or Plan requirements to fund the Plan. The Company's funding policy is to make contributions based on an amount recommended by an independent actuary calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported. The actuarially determined contribution is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The additional amount to finance the unfunded liability has been estimated with the goal of fully funding the plan over a closed 30-year period beginning in 2017. In addition, annual gains and losses have been spread over a 10-year period in order to reduce the effects of market volatility and provide stability to the suggested contributions. For the years ended June 30, 2019 and 2018, the Company's average contribution rate was 9.3% and 8.3%, respectively, of annual payroll.

Net pension liability

The Company's net pension liability at June 30, 2019, was measured as of June 30, 2018, and the total pension liability used to calculate the 2019 net pension liability was determined by an actuarial valuation as of that date. The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Salary increases	3.5%
Investment rate of return	6.5%

Mortality rates were based on the RP-2014 Mortality Table for males and females with adjustments for generational projections based on Scale BB, using the Entry Age Normal Cost method. The actuarial assumptions used in the June 30, 2019, valuation were based on the results of an actuarial experience study for the period July 1, 2017, to June 30, 2018.

The long-term expected rate of return on Plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic & international equity securities	55%	7.1 - 7.8%
Private equity	10%	8.3 - 8.7%
Hedged equity	10%	5.7 - 5.9%
Real estate and other	15%	5.9 - 6.0%
Fixed income	10%	3.1 - 4.0%
	100%	

The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that the Company contributions will be made at actuarially determined amounts. Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net pension liability

The net pension liability and annual pension expense for fiscal year 2019 are based on a measurement date of June 30, 2018, and a measurement period of July 1, 2017 to June 30, 2018.

	Total Pension Liability (b)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance, June 30, 2018	$ 342,314	$ 228,610	$ 113,704
Service cost	6,749	-	6,749
Interest	22,220	-	22,220
Difference between expected and actual experience	2,376	-	2,376
Contributions – employer	-	12,300	(12,300)
Net investment income	-	16,378	(16,378)
Benefit payments	(14,657)	(14,657)	-
Administrative expense	-	-	-
Net changes	16,688	14,021	2,667
Balance, June 30, 2019	$ 359,002	$ 242,631	$ 116,371

The net pension liability and annual pension expense for fiscal year 2017 are based on a measurement date of June 30, 2016, and a measurement period of July 1, 2015, to June 30, 2016.

	Total Pension Liability (b)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance, June 30, 2017	$ 328,156	$ 204,901	$ 123,255
Service cost	6,815	-	6,815
Interest	21,309	-	21,309
Difference between expected and actual experience	535	-	535
Contributions – employer	-	18,000	(18,000)
Net investment income	-	20,210	(20,210)
Benefit payments	(14,501)	(14,501)	-
Administrative expense	-	-	-
Net changes	14,158	23,709	(9,551)
Balance, June 30, 2018	$ 342,314	$ 228,610	$ 113,704

The following presents the net pension liability of the Company, calculated using the discount rate of 6.5%, as well as what the Company's net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate.

	1% Decrease (5.5%)	Current Discount Rate (6.5%)	1% Increase (7.5%)
Net pension liability	$ 163,375	$ 116,371	$ 77,117

For the years ended June 30, 2019 and 2018, the Company recognized pension expense of $17,259 and $17,659, respectively.

At June 30, 2019, and 2018, the Company reported pension deferred outflows of resources as noted below:

	2019	2018
Difference between expected and actual experience	**$ 5,323**	$ 4,239
Net difference between projected and actual earnings on Plan investments	**4,207**	7,583
Pension contributions subsequent to the measurement date	**13,470**	12,370
	$ 23,000	$ 24,192

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending June 30	
2020	$ 5,589
2021	3,196
2022	(359)
2023	851
2024	254

Supplemental 415(m) retirement plan

In 2005, the Company established a supplemental 415(m) retirement plan (the "415 Plan"). The 415 Plan provides monthly benefits, to a single retiree, equal to the benefit that cannot be paid from the Plan due to the application of the IRC Section 415 limits. The 415 Plan is unfunded. Benefit payments are deemed contributions when paid.

The 415 Plan net pension liability of $1,092 and annual pension expense of $130 for fiscal year 2019 are based on a measurement date of June 30, 2018, and a measurement period of July 1, 2017 to June 30, 2018, as determined by an actuarial valuation as of that date. The total pension liability in the June 30, 2019, actuarial valuation was determined using a discount rate of 4%. The projection of cash flows used to determine the discount rate assumed that the Company contributions will be made at actuarially determined amounts.

The 415 Plan net pension liability of $1,032 and annual pension expense of $46 for fiscal year 2018 are based on a measurement date of June 30, 2017, and a measurement period of July 1, 2016 to June 30, 2017, as determined by an actuarial valuation as of that date. The total pension liability in the June 30, 2018, actuarial valuation was determined using a discount rate of 4%. The projection of cash flows used to determine the discount rate assumed that the Company contributions will be made at actuarially determined amounts.

Other post-employment benefits ("OPEB")

The West Tennessee Healthcare Postretirement Medical Plan (the "OPEB") is a single-employer plan administered by the Company, and provides postretirement health insurance benefits to certain retired employees and their beneficiaries. Effective July 1, 2017, the Company accounts for its OPEB plan in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. During 2016, the OPEB plan was amended to not allow participation for employees retiring after December 31, 2017.

Based on the June 30, 2019, actuarial valuation, the Company's OPEB plan was overfunded by $2,368 (the "net OPEB asset"). In February 2018, the Company distributed approximately $2,500 of excess plan assets to plan participants. Since the Company's OPEB plan was terminated to new participants on December 31, 2017, and the Company distributed $2,500 of excess plan assets to participants, and the remainder of plan assets will be drawn down as expenses are incurred by the plan's existing beneficiaries, which are few, the Company's 2019 financial statements do not reflect the net OPEB asset or the related deferred inflows of resources or OPEB income of $1,451 that are described in the following paragraphs as such amounts are immaterial. The plan does not issue a publicly available financial report.

Based on the June 30, 2018 actuarial valuation, the Company's OPEB plan was overfunded by $3,576. As described above, the Company's 2018 financial statements do not reflect the net OPEB asset or the related deferred inflows of resources or OPEB income of $450.

Description of OPEB plan

90% of future eligible retirees are assumed to elect medical coverage in the OPEB plan. 100% of current retirees are assumed to continue medical coverage until Medicare eligibility, or until death if grandfathered. Employees that are eligible to participate in the OPEB plan are employees that were either full-time or part-time, enrolled in healthcare benefits, and retired prior to January 1, 2018, after meeting the following criteria:

- Age 60 and 30 years of service
- Age 62 and 15 years of service

Retiree coverage ends at age 65 (Medicare eligibility). Spouse coverage ends at the earlier of the spouse's age 65 or 18 months after the retiree reaches age 65. There is a closed group of grandfathered retirees that are eligible to continue coverage through their lifetime beyond age 65.

Retirees have the choice between two plan options for medical coverage: a medical deductible plan or a medical copayment plan. The retiree monthly contributions (in dollars) as of January 1, 2018, the actuarial valuation date and date of collection of census data, are summarized in the following table:

	Medical Deductible Plan	Medical Copayment Plan
Individual	$ 627	$ 678
Individual + 1	$ 1,235	$ 1,335
Family	$ 1,724	$ 1,863

Certain grandfathered retirees have no contribution requirement, and certain grandfathered retirees will not be subject to contribution increases.

At January 1, 2018 and 2017, the following employees were covered by the benefit terms of the OPEB plan:

	2019	2018
Active employees	-	5,379
Retired employees receiving benefits	31	35
Spouses of retired employees receiving benefits	6	8
Total	37	5,422

Contributions

The Company has no legal or plan requirements to fund the OPEB plan. The Company's funding policy is to make contributions based on an amount recommended by an independent actuary calculated as of June 30 one year prior to the end of the fiscal year in which contributions are reported. The actuarially determined contribution is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. For the years ended June 30, 2019 and 2018, the Company was not required to make a contribution to the OPEB plan.

Net OPEB asset

The Company's net OPEB asset at June 30, 2019, was measured as of June 30, 2018, and the total liability used to calculate the 2019 net OPEB asset was determined by an actuarial valuation as of that date. The total OPEB liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions:

Salary increases	3.5%
Investment rate of return	6.5%

Mortality rates were based on the RP-2014 Mortality Table for males and females with adjustments for generational projections based on Scale BB, using the Entry Age Normal Cost method.

The long-term expected rate of return on Plan investments was determined using best-estimate ranges of expected future real rates of return (expected returns, net of Plan investment expense and inflation) for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic & international equity securities	100%	6.9 - 7.3%

The discount rate used to measure the total OPEB liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that the Company contributions will be made at actuarially determined amounts. Based on these assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the net OPEB asset

The net OPEB asset and annual OPEB income for fiscal year 2019 are based on a measurement date of June 30, 2018, and a measurement period of July 1, 2017 to June 30, 2018.

	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Asset (a) – (b)
Balance, June 30, 2018	$ 1,540	$ 5,116	$ (3,576)
Service cost	16	-	16
Interest	100	-	100
Difference between expected and actual experience	(1,149)	-	(1,149)
Net investment income	-	266	(266)
Benefit payments	(41)	(2,548)	2,507
Net changes	(1,074)	(2,282)	1,208
Balance, June 30, 2019	$ 466	$ 2,834	$ (2,368)

The following presents the total OPEB liability of the Company, calculated using the discount rate of 6.5% and healthcare cost trend rates of 6.6% decreasing to 4.5%, as well as what the Company's total OPEB liability would be if it were calculated using a discount rate and healthcare cost trend rate that is 1% lower or 1% higher than the current rate.

	1% Decrease	Current Rates	1% Increase
Total OPEB liability with changes in discount rate	$ 479	$ 466	$ 454
Total OPEB liability with changes in healthcare cost trend rates	$ 451	$ 466	$ 481

At June 30, 2019, the actuarially determined OPEB deferred inflows of resources are as follows:

Difference between expected and actual experience	$ -
Net difference between projected and actual earnings on OPEB plan investments	135
	$ 135

Amounts reported as deferred inflows of resources related to the OPEB plan are scheduled to be recognized in OPEB income as follows:

Fiscal Year Ending June 30	
2020	$ (44)
2021	(44)
2022	(44)
2023	(3)

Prior to July 1, 2017, the Company accounted for OPEBs in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Projections of benefits for financial reporting purposes were based on the terms of the plan and the following actuarial assumptions which were determined as part of the January 1, 2015, actuarial valuation. The Company's annual required contribution ("ARC") was calculated using the Projected Unit Credit actuarial cost method.

The unfunded actuarial accrued liability was amortized using a level percentage of pay with a 30-year closed amortization period, of which 21 years remained. The actuarial assumptions included 6.5% post-retirement and 6.5% pre-retirement investment rate of return and a projected salary increase of 3.5% per year.

During fiscal year 2017, the Company funded 100% of the annual OPEB cost (credit). As of June 30, 2017, the net OPEB asset consisted of an actuarially determined credit due from the OPEB plan of $143. During fiscal year 2018, the OPEB plan refunded the fiscal year 2017 net OPEB asset of $143.

Defined contribution plan

The Company also maintains a defined contribution plan under Section 403(b) of the IRC which provides for voluntary contributions by employees upon employment and matching contributions by the Company after 90 days of service. Substantially all employees of the Company are eligible and may contribute up to 100% of their compensation, subject to certain IRC limitations. During the fiscal year ended June 30, 2012, upon January 1 or July 1 after the completion of 90 days of credited service, for every 1% the employee invested up to 6%, the Company matched 25% of the employee's contribution. Beginning on January 1, 2013, upon January 1 or July 1 after the completion of 90 days of credited service, for every 1% the employee invested up to 6%, the Company matched 50% of the employee's contribution. The Company recognized expense related to the 403(b) Plan of $6,023 and $4,482 in 2019 and 2018, respectively. There is no separate audited financial report available for the defined contribution plan, the 415 Plan or the OPEB plan.

12. Commitments and Contingencies

The Company is exposed to various risks of loss from torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Professional liability

The Company established the contingency fund as a professional liability self-insurance fund in accordance with the Tennessee Governmental Tort Liability Act ("the Tort Act"), which restricts the District's exposure to professional liability risks to a pre-determined amount per occurrence.

The District is a "governmental entity" within the meaning of the Tort Act. As such, its maximum liability for state law tort causes of action is $300 for bodily injury or death of any one person in accident, occurrence, or act, and $700 for bodily injury or death of all persons in any one accident, occurrence, or act. These limits are subject to change by the Tennessee Legislature.

The Company's accrual for self-insured professional liability risks was $4,242 and $4,037 at June 30, 2019 and 2018, respectively, and was based on asserted claims for occurrences prior to that date.

Workers' compensation

Under the Tennessee Workers' Compensation Law, governmental entities such as the District need not accept the workers' compensation system, thereby remaining subject to common law liability for work-related injuries and retaining all common law defenses to such claims. The limits of liability under the Tort Act are applicable to such claims. The District has not accepted the workers' compensation system. The Tennessee Supreme Court has ruled this exemption applicable to the District's affiliate nonprofit corporations as well.

Self-insured health insurance

The Company is self-insured with respect to employee health insurance. Estimates of health insurance claims incurred but unpaid as of June 30, 2019 and 2018, are accrued based on estimates that incorporate the Company's past experience, as well as other considerations including the nature of claims and relevant trends. The Company accrued a liability for incurred but unpaid claims of approximately $4,503 and $3,861 as of June 30, 2019 and 2018, respectively, which is included in other accrued expenses in the accompanying statements of net position. The expenses related to claims paid during the years ended June 30, 2019 and 2018, are $54,098 and $45,350, respectively, and are included in salaries and benefits expense.

The following represents changes in those aggregate liabilities for estimates of health insurance for the years ended June 30:

	2019	2018
Claims payable, beginning of year	$ 3,861	$ 3,452
Incurred claims expense	54,740	45,759
Claims payments	(54,098)	(45,350)
Claims payable, end of year	$ 4,503	$ 3,861

Litigation

The Company is subject to claims and suits which arise in the ordinary course of business. In the opinion of management, reserves for estimated losses on pending legal proceedings are adequate, and the ultimate resolution of any pending legal proceedings will not have a material effect on the Company's financial position. However, the ultimate outcome of such matters is unknown.

13. Concentrations

The Company purchased approximately 51% and 52% of medical supplies and drugs from two vendors for the years ended June 30, 2019 and 2018, respectively.

14. Investment in Joint Venture

Through June 30, 2017, the Company owned and operated a 48-bed inpatient rehabilitation unit located at Jackson-Madison County General Hospital, and HealthSouth Corporation owned and operated a 40-bed inpatient rehabilitation hospital known as HealthSouth Cane Creek Rehab Hospital, located in Martin, Tennessee. The Company and HealthSouth entered into a joint venture agreement for the (a) construction, development and operation of a new 48-bed inpatient rehabilitation hospital in Jackson, Tennessee, and (b) the continued operation of the Cane Creek Rehab Hospital in its current location. The parties formed a limited liability company with both parties receiving a 50% ownership. During the year ended June 30, 2017, the Company contributed cash to the joint venture for construction and other costs totaling $13,781. Effective June 30, 2017, the Company discontinued its existing inpatient rehabilitation operations and made a contribution to the joint venture for the estimated value of those operations, resulting in a gain of $12,988. The Company's investment in the joint venture is accounted for using the equity method and was carried at $28,252 and $27,597 as of June 30, 2019, and 2018, respectively. The Company recognized earnings from the joint venture of $2,730 and $1,044 during the years ended June 30, 2019 and 2018, respectively. In fiscal 2019, the Company received $2,075 of distributions from the joint venture. Separately issued financial statements for the joint venture are not available. The carrying value of the Company's investment at June 30, 2019, approximates its share of underlying equity in the net assets of the joint venture, adjusted for the effects of contributed capital and other items in accordance with the terms of the joint venture agreement.

The joint venture's assets and liabilities totaled $59,486 and $32,367, respectively, as of June 30, 2019. The joint venture's revenues and net income for the year ended June 30, 2019, were $47,845 and $5,461, respectively. The joint venture's assets and liabilities totaled $57,038 and $1,860, respectively, as of June 30, 2018. The joint venture's revenues and net income for the year ended June 30, 2018, were $27,123 and $2,321, respectively.

15. Obligated Group

As disclosed in Note 9, the Company has revenue bonds outstanding that are payable from the operating revenues of certain affiliates of the District (the "Obligated Group"). Summary financial information for the Obligated Group is as follows:

	June 30	
	2019	2018
Assets:		
Current assets	$ 220,674	$ 204,030
Capital assets	416,400	412,193
Other assets	394,519	413,830
	1,031,593	1,030,053
Deferred outflows of resources	57,384	60,406
Total assets and deferred outflows of resources	$ 1,088,977	$ 1,090,459
Liabilities:		
Current liabilities	$ 74,876	$ 163,108
Long-term debt	357,924	273,637
Net pension liability	117,463	114,736
	550,263	551,481
Net position:		
Unrestricted net position	414,149	414,982
Invested in capital assets, net of related financing	118,370	113,317
Restricted net position	6,195	10,679
	538,714	538,978
Total liabilities, deferred inflows of resources and net position	$ 1,088,977	$ 1,090,459

	Year Ended June 30	
	2019	2018
Net patient service revenues	$ 727,095	$ 631,003
Other revenues	31,578	33,889
Total operating revenues	758,673	664,892
Operating expenses	709,824	597,369
Depreciation	50,122	45,895
Total operating expenses	759,946	643,264
Operating (loss) income	(1,273)	21,628
Net nonoperating revenues	15,411	13,611
Interest expense	(14,402)	(14,814)
Increase in net position	(264)	20,425
Net position, beginning of year	538,978	518,553
Net position, end of year	$ 538,714	$ 538,978
Net cash provided by (used in):		
Operating activities	$ 44,376	$ 18,095
Noncapital financing activities	(2,099)	(958)
Capital and related financing activities	20,650	(68,100)
Investing activities	(52,501)	36,855
	10,426	(14,108)
Cash and cash equivalents, beginning of year	11,779	25,887
Cash and cash equivalents, end of year	$ 22,205	$ 11,779

16. Blended Component Units

Jackson-Madison County General Hospital, Bolivar General Hospital, Camden General Hospital, Milan General Hospital, Volunteer Martin Hospital, Dyersburg Hospital, Pathways Behavioral Health, LIFT Therapy, Health Partners, Therapy & Learning Center and the West Tennessee Medical Group are considered blended component units ("BCUs") of West Tennessee Healthcare, as the governing body is substantively the same as the governing body of West Tennessee Healthcare and has operational responsibility of these component units. Separately issued financial statements are not available for any blended component unit. In the statements that follow, we present condensed combining information for the BCUs. In 2019, the Company transferred certain assets and liabilities, other operating revenues, operating expenses, and interest expense used to support all component unit operations to "System Support", as reflected in the following statements. The revenues and expenses are allocated to component units based on a cost allocation methodology. Prior to 2019, these assets, liabilities, revenues, and expenses were reflected under Jackson-Madison County General Hospital.

As of June 30, 2019 and 2018, there were five and three, respectively, blended component units that had an ending deficit net position, including West Tennessee Medical Group, Therapy & Learning Center, Health Partners, Volunteer Hospital, and Dyersburg Hospital. The contributing factors to each unit's deficit net position vary by service. The units are integral to the overall mission of the health care system and the organization works to balance deficits in operational performance for these business units with surplus performance in other component units. In all cases, the organization strives to improve performance and the overall position of the component units as well as the organization as a whole.

West Tennessee Healthcare and Related Affiliates
Notes to Financial Statements
(in thousands)

Statement of Net Position
June 30, 2019

	Jackson-Madison County General Hospital	Milan General Hospital	Bolivar General Hospital	Volunteer Martin Hospital	Camden General Hospital	Dyersburg Hospital	Pathways Behavioral Health	LIFT Therapy	West Tennessee Medical Group	Health Partners	Therapy & Learning Center	System Support	Eliminations	Total BCUs
ASSETS														
Current assets:														
Cash and cash equivalents	$ 21,411	$ 92	$ 33	$ 273	$ 39	$ 521	$ 596	$ 21	$ 1,200	$ 71	$ 9	$ -	$ -	$ 24,266
Accounts receivable, net	112,522	1,620	1,322	3,402	1,133	10,137	836	2,424	7,103	-	434	-	-	140,933
Other receivables	187,991	61	588	-	508	7	773	-	167	3	882	-	(185,918)	5,062
Inventories	6,613	242	176	331	192	766	243	-	131	-	-	-	-	8,694
Prepaid expenses	11,123	104	99	241	124	451	-	-	74	-	-	-	-	12,216
Assets limited to use - current portion	6,195	-	-	-	-	-	-	-	-	-	-	-	-	6,195
Total current assets	345,855	2,119	2,218	4,247	1,996	11,882	2,448	2,445	8,675	74	1,325	-	(185,918)	197,366
Assets limited as to use	360,419	-	-	-	-	-	-	-	-	-	-	-	-	360,419
Other assets	31,019	-	-	204	-	1,171	-	-	-	-	-	1,706	-	34,100
Capital assets, net	318,740	2,598	2,509	11,164	1,693	27,503	1,273	1,373	5,412	-	1,174	58,993	-	432,432
Total assets	1,056,033	4,717	4,727	15,615	3,689	40,556	3,721	3,818	14,087	74	2,499	60,699	(185,918)	1,024,317
DEFERRED OUTFLOWS OF RESOURCES	49,377	-	-	-	-	-	-	-	-	-	-	8,007	-	57,384
Total assets and deferred outflows of resources	$ 1,105,410	$ 4,717	$ 4,727	$ 15,615	$ 3,689	$ 40,556	$ 3,721	$ 3,818	$ 14,087	$ 74	$ 2,499	$ 68,706	$ (185,918)	$ 1,081,701
LIABILITIES														
Current liabilities:														
Accounts payable	$ 20,867	$ 439	$ 178	$ 1,156	$ 221	$ 2,832	$ 233	$ 19	$ 649	$ -	$ 14	$ 1	$ -	$ 26,609
Accrued compensation and related expenses	26,834	-	-	-	-	-	-	-	1,861	-	-	-	-	28,695
Accrued interest expense	4,118	-	-	-	-	-	-	-	-	-	-	-	-	4,118
Other accrued expenses	21,023	(19,210)	(16,452)	21,314	(7,307)	41,328	(12,559)	(3,881)	85,719	1,186	15,831	68,705	(185,918)	9,779
Estimated third-party settlements	(2,082)	(140)	1,055	-	2,322	-	3,558	-	-	-	-	-	-	4,713
Long-term debt due within one year	10,090	-	-	-	-	-	-	-	-	-	-	-	-	10,090
Bridge loan payable	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total current liabilities	80,850	(18,911)	(15,219)	22,470	(4,764)	44,160	(8,768)	(3,862)	88,229	1,186	15,845	68,706	(185,918)	84,004
Other liabilities:														
Long-term debt, less amounts due within one year	357,924	-	-	-	-	-	-	-	-	-	-	-	-	357,924
Net pension liability	117,463	-	-	-	-	-	-	-	-	-	-	-	-	117,463
Total other liabilities	475,387	-	-	-	-	-	-	-	-	-	-	-	-	475,387
Total liabilities	556,237	(18,911)	(15,219)	22,470	(4,764)	44,160	(8,768)	(3,862)	88,229	1,186	15,845	68,706	(185,918)	559,391
NET POSITION														
Unrestricted	522,268	21,030	17,437	(18,019)	6,760	(31,107)	11,216	6,307	(79,554)	(1,112)	(14,520)	(58,993)	-	381,713
Net investment in capital assets	20,710	2,598	2,509	11,164	1,693	27,503	1,273	1,373	5,412	-	1,174	58,993	-	134,402
Restricted for debt service	6,195	-	-	-	-	-	-	-	-	-	-	-	-	6,195
Total net position	549,173	23,628	19,946	(6,855)	8,453	(3,604)	12,489	7,680	(74,142)	(1,112)	(13,346)	-	-	522,310
Total liabilities and net position	$ 1,105,410	$ 4,717	$ 4,727	$ 15,615	$ 3,689	$ 40,556	$ 3,721	$ 3,818	$ 14,087	$ 74	$ 2,499	$ 68,706	$ (185,918)	$ 1,081,701

See accompanying notes.

West Tennessee Healthcare and Related Affiliates
Notes to Financial Statements
(in thousands)

Statement of Net Position
June 30, 2018

	Jackson-Madison County General Hospital	Milan General Hospital	Bolivar General Hospital	Volunteer Martin Hospital	Camden General Hospital	Dyersburg Hospital	Pathways Behavioral Health	LIFT Therapy	West Tennessee Medical Group	Health Partners	Therapy & Learning Center	Eliminations	Total BCUs
ASSETS													
Current assets:													
Cash and cash equivalents	$ 12,186	$ 51	$ 36	$ (80)	$ 8	$ (327)	$ 570	$ 105	$ 1,218	$ 26	$ 55	$ -	$ 13,848
Accounts receivable, net	134,023	1,879	1,294	2,405	1,222	5,812	1,288	1,948	6,456	-	515	-	156,842
Other receivables	65,563	68	157	380	237	803	808	-	429	4	656	(60,851)	8,254
Inventories	8,506	225	192	555	191	2,313	198	-	308	-	-	-	12,488
Prepaid expenses	10,974	-	-	221	-	263	-	-	22	-	-	-	11,480
Assets limited to use - current portion	4,887	-	-	-	-	-	-	-	-	-	-	-	4,887
Total current assets	236,139	2,223	1,679	3,481	1,658	8,864	2,864	2,053	8,433	30	1,226	(60,851)	207,799
Assets limited as to use	363,036	-	-	-	-	-	-	-	-	-	-	-	363,036
Other assets	49,188	-	-	225	-	1,391	-	-	-	-	-	-	50,804
Capital assets, net	380,040	2,829	2,594	9,051	1,695	23,102	1,025	1,574	4,989	-	1,324	-	428,223
Total assets	1,028,403	5,052	4,273	12,757	3,353	33,357	3,889	3,627	13,422	30	2,550	(60,851)	1,049,862
DEFERRED OUTFLOWS OF RESOURCES	60,406	-	-	-	-	-	-	-	-	-	-	-	60,406
Total assets and deferred outflows of resources	$ 1,088,809	$ 5,052	$ 4,273	$ 12,757	$ 3,353	$ 33,357	$ 3,889	$ 3,627	$ 13,422	$ 30	$ 2,550	$ (60,851)	$ 1,110,268
LIABILITIES													
Current liabilities:													
Accounts payable	$ 27,202	$ 308	$ 90	$ 792	$ 153	$ 2,320	$ 86	$ 13	$ 419	$ -	$ 7	$ -	$ 31,390
Accrued compensation and related expenses	24,296	-	-	-	-	-	-	-	1,597	-	-	-	25,893
Accrued interest expense	3,297	-	-	-	-	-	-	-	-	-	-	-	3,297
Other accrued expenses	11,625	(18,509)	(16,563)	11,632	(7,381)	29,522	(13,123)	(3,147)	60,577	670	13,945	(60,851)	8,397
Estimated third-party settlements	531	-	-	-	1,817	-	2,778	-	-	-	-	-	5,126
Long-term debt due within one year	6,355	-	-	-	-	-	-	-	-	-	-	-	6,355
Loan Payable	90,000	-	-	-	-	-	-	-	-	-	-	-	90,000
Total current liabilities	163,306	(18,201)	(16,473)	12,424	(5,411)	31,842	(10,259)	(3,134)	62,593	670	13,952	(60,851)	170,458
Other liabilities:													
Long-term debt, less amounts due within one year	273,637	-	-	-	-	-	-	-	-	-	-	-	273,637
Net pension liability	114,736	-	-	-	-	-	-	-	-	-	-	-	114,736
Total other liabilities	388,373	-	-	-	-	-	-	-	-	-	-	-	388,373
Total liabilities	551,679	(18,201)	(16,473)	12,424	(5,411)	31,842	(10,259)	(3,134)	62,593	670	13,952	(60,851)	558,831
NET POSITION													
Unrestricted	445,287	20,425	18,152	(8,718)	7,069	(21,587)	13,123	5,187	(54,160)	(640)	(12,727)	-	411,411
Net investment in capital assets	81,164	2,828	2,594	9,051	1,695	23,102	1,025	1,574	4,989	-	1,325	-	129,347
Restricted for debt service	10,679	-	-	-	-	-	-	-	-	-	-	-	10,679
Total net position	537,130	23,253	20,746	333	8,764	1,515	14,148	6,761	(49,171)	(640)	(11,402)	-	551,437
Total liabilities and net position	$ 1,088,809	$ 5,052	$ 4,273	$ 12,757	$ 3,353	$ 33,357	$ 3,889	$ 3,627	$ 13,422	$ 30	$ 2,550	$ (60,851)	$ 1,110,268

See accompanying notes.

Statement of Revenues and Expenses and Changes in Net Position
Year Ended June 30, 2019

	Jackson-Madison County General Hospital	Milan General Hospital	Bolivar General Hospital	Volunteer Martin Hospital	Camden General Hospital	Dyersburg Hospital	Pathways Behavioral Health	LIFT Therapy	West Tennessee Medical Group	Health Partners	Therapy & Learning Center	System Support	Total BCUs
Revenue:													
Patient service revenues	$ 2,289,962	$ 44,662	$ 26,662	$ 168,698	$ 26,134	$ 699,095	$ 18,813	$ 31,261	$ 150,194	$ -	$ 8,336	$ -	$ 3,463,817
Deductions from revenue	1,642,518	33,812	20,450	147,635	18,369	640,507	9,779	17,744	96,422	-	5,637	-	2,632,873
Net patient service revenues	647,444	10,850	6,212	21,063	7,765	58,588	9,034	13,517	53,772	-	2,699	-	830,944
Other operating revenues	29,670	150	47	106	80	270	9,196	136	4,670	45	3,360	1,532	49,262
Total revenues	677,114	11,000	6,259	21,169	7,845	58,858	18,230	13,653	58,442	45	6,059	1,532	880,206
Operating expenses:													
Salaries, benefits, supplies and other	579,809	9,109	6,047	25,055	7,092	56,280	17,893	11,324	75,795	474	7,127	59,045	855,050
Depreciation and amortization	40,204	591	385	666	367	1,507	256	306	469	-	167	7,745	52,663
Indirect expense	47,899	753	497	2,089	571	4,905	1,385	893	5,670	35	561	(65,258)	-
Total operating expenses	667,912	10,453	6,929	27,810	8,030	62,692	19,534	12,523	81,934	509	7,855	1,532	907,713
Operating income (loss)	9,202	547	(670)	(6,641)	(185)	(3,834)	(1,304)	1,130	(23,492)	(464)	(1,796)	-	(27,507)
Nonoperating revenues (expenses):													
Investment income	19,338	26	-	1	24	2	8	23	8	1	-	-	19,431
Interest expense	(12,567)	(198)	(130)	(548)	(150)	(1,287)	(363)	(234)	(1,487)	(9)	(148)	-	(17,121)
Contributions to affiliated entities	(2,099)	-	-	-	-	-	-	-	-	-	-	-	(2,099)
Other	(1,831)	-	-	-	-	-	-	-	-	-	-	-	(1,831)
Nonoperating revenues (expenses), net	2,841	(172)	(130)	(547)	(126)	(1,285)	(355)	(211)	(1,479)	(8)	(148)	-	(1,620)
Change in net position	12,043	375	(800)	(7,188)	(311)	(5,119)	(1,659)	919	(24,971)	(472)	(1,944)	-	(29,127)
Net position at beginning of year	537,130	23,253	20,746	333	8,764	1,515	14,148	6,761	(49,171)	(640)	(11,402)	-	551,437
Ending net position	$ 549,173	$ 23,628	$ 19,946	$ (6,855)	$ 8,453	$ (3,604)	$ 12,489	$ 7,680	$ (74,142)	$ (1,112)	$ (13,346)	$ -	$ 522,310

See accompanying notes.

Statement of Revenues and Expenses and Changes in Net Position
Year Ended June 30, 2018

	Jackson-Madison County General Hospital	Milan General Hospital	Bolivar General Hospital	Volunteer Martin Hospital	Camden General Hospital	Dyersburg Hospital	Pathways Behavioral Health	LIFT Therapy	West Tennessee Medical Group	Health Partners	Therapy & Learning Center	Total BCUs
Revenue:												
Patient service revenues	$ 2,103,822	$ 42,377	$ 29,665	$ 16,192	$ 27,988	$ 63,255	$ 18,639	$ 25,601	$ 117,117	$ -	$ 7,492	$ 2,452,148
Deductions from revenue	1,481,052	31,868	23,192	13,787	19,723	57,427	7,811	14,254	73,697	-	4,827	1,727,638
Net patient service revenues	622,770	10,509	6,473	2,405	8,265	5,828	10,828	11,347	43,420	-	2,665	724,510
Other operating revenues	32,684	148	78	385	82	820	8,555	87	3,985	225	2,653	49,702
Total revenues	655,454	10,657	6,551	2,790	8,347	6,648	19,383	11,434	47,405	225	5,318	774,212
Operating expenses:												
Salaries, benefits, supplies and other	589,843	8,996	6,513	2,441	7,671	5,085	16,887	8,852	57,600	1,003	6,081	710,972
Depreciation and amortization	45,831	668	416	16	330	48	449	263	394	1	167	48,583
Total operating expenses	635,674	9,664	6,929	2,457	8,001	5,133	17,336	9,115	57,994	1,004	6,248	759,555
Direct operating income	19,780	993	(378)	333	346	1,515	2,047	2,319	(10,589)	(779)	(930)	14,657
Nonoperating revenues (expenses):												
Investment income	20,673	-	-	-	-	-	17	(3)	7	7	-	20,701
Interest expense	(14,814)	-	-	-	-	-	-	-	-	-	-	(14,814)
Contributions to affiliated entities	(958)	-	-	-	-	-	-	-	-	-	-	(958)
Other changes to net position	(6,104)	-	-	-	-	-	-	-	-	-	-	(6,104)
Nonoperating revenues (expenses), net	(1,203)	-	-	-	-	-	17	(3)	7	7	-	(1,175)
Change in net position	18,577	993	(378)	333	346	1,515	2,064	2,316	(10,582)	(772)	(930)	13,482
Net position at beginning of year	518,553	22,260	21,124	-	8,418	-	12,084	4,445	(38,589)	132	(10,472)	537,955
Ending net position	$ 537,130	$ 23,253	$ 20,746	$ 333	$ 8,764	$ 1,515	$ 14,148	$ 6,761	$ (49,171)	$ (640)	$ (11,402)	$ 551,437

See accompanying notes.

Condensed Statements of Cash Flows
Year Ended June 30, 2019

	Jackson-Madison County General Hospital	Milan General Hospital	Bolivar General Hospital	Volunteer Martin Hospital	Camden General Hospital	Dyersburg Hospital	Pathways Behavioral Health	Lift Therapy	West Tennessee Medical Group	Health Partners	Therapy & Learning Center	System Support	Total BCUs
Net cash provided by (used in) operating activities	$ 32,656	$ 573	$ 427	$ 3,679	$ 522	$ 8,041	$ 884	$ 233	$ 2,354	$ 53	$ 119	$ -	$ 49,541
Net cash used in noncapital financing activities	(2,099)	-	-	-	-	-	-	-	-	-	-	-	(2,099)
Net cash provided by invesing activities	20,647	26	-	1	24	2	8	23	8	1	-	-	20,740
Net cash provided by (used in) capital and related financing activities	(41,979)	(558)	(430)	(3,327)	(515)	(7,195)	(866)	(340)	(2,380)	(9)	(165)	-	(57,764)
Net change in cash and cash equivalents	9,225	41	(3)	353	31	848	26	(84)	(18)	45	(46)	-	10,418
Cash and cash equivalents, beginning of period	12,186	51	36	(80)	8	(327)	570	105	1,218	26	55	-	13,848
Cash and cash equivalents, end of period	$ 21,411	$ 92	$ 33	$ 273	$ 39	$ 521	$ 596	$ 21	$ 1,200	$ 71	$ 9	$ -	$ 24,266

Condensed Statements of Cash Flows
Year Ended June 30, 2018

	Jackson-Madison County General Hospital	Milan General Hospital	Bolivar General Hospital	Volunteer Martin Hospital	Camden General Hospital	Dyersburg Hospital	Pathways Behavioral Health	Lift Therapy	West Tennessee Medical Group	Health Partners	Therapy & Learning Center	Total BCUs
Net cash provided by (used in) operating activities	$ (13,715)	$ 507	$ 27	$ 8,987	$ 758	$ 22,823	$ (231)	$ 1,027	$ 4,213	$ (549)	$ 127	$ 23,974
Net cash used in noncapital financing activities	(958)	-	-	-	-	-	-	-	-	-	-	(958)
Net cash provided by (used in) investing activities	(68,100)	-	-	-	-	-	18	(3)	7	5	-	(68,073)
Net cash provided by (used in) capital and related financing activities	69,072	(675)	(137)	(9,067)	(944)	(23,150)	(237)	(993)	(4,347)	-	(109)	29,413
Net change in cash and cash equivalents	(13,701)	(168)	(110)	(80)	(186)	(327)	(450)	31	(127)	(544)	18	(15,644)
Cash and cash equivalents, beginning of period	25,887	219	146	-	194	-	1,020	74	1,345	570	37	29,492
Cash and cash equivalents, end of period	$ 12,186	$ 51	$ 36	$ (80)	$ 8	$ (327)	$ 570	$ 105	$ 1,218	$ 26	$ 55	$ 13,848

See accompanying notes.

Required Supplementary Information

West Tennessee Healthcare and Related Affiliates
Schedule of Changes in Net Pension and OPEB Liability (Asset) and Related Ratios
(in thousands)

	Pension Plan					415(m) Pension Plan					OPEB Plan	
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015	2019	2018
Total pension and OPEB liability:												
Service cost	$ 6,749	$ 6,815	$ 6,276	$ 7,070	$ 7,026	$ -	$ -	$ -	$ -	$ -	$ 16	$ 35
Interest	22,220	21,309	19,884	19,615	18,956	40	41	42	43	43	100	121
Differences between expected and actual experience	2,376	535	8,735	(5,213)	1,467	90	5	4	4	4	(1,149)	(374)
Benefit payments	(14,657)	(14,501)	(12,540)	(20,419)	(14,387)	(70)	(70)	(70)	(70)	(70)	(41)	(142)
Net change in total pension and OPEB liability	16,688	14,158	22,355	1,053	13,062	60	(24)	(24)	(23)	(23)	(1,074)	(360)
Total pension and OPEB liability - beginning	342,314	328,156	305,801	304,748	291,686	1,032	1,056	1,080	1,103	1,126	1,540	1,900
Total pension and OPEB liability-ending (a)	359,002	342,314	328,156	305,801	304,748	1,092	1,032	1,056	1,080	1,103	466	1,540
Plan fiduciary net position:												
Contributions - employer	12,300	18,000	18,000	17,040	12,992	70	70	70	70	70	-	-
Net investment income	16,378	20,210	(4,453)	1,341	24,480	-	-	-	-	-	266	519
Benefit payments	(14,657)	(14,501)	(12,540)	(20,419)	(14,387)	(70)	(70)	(70)	(70)	(70)	(2,548)	(532)
Administrative expense	-	-	(249)	(440)	(465)	-	-	-	-	-	-	-
Net change in plan fiduciary net position	14,021	23,709	758	(2,478)	22,620	-	-	-	-	-	(2,282)	(13)
Plan fiduciary net position - beginning	228,610	204,901	204,143	206,621	184,000	-	-	-	-	-	5,116	5,129
Plan fiduciary net position-ending (b)	242,631	228,610	204,901	204,143	206,620	-	-	-	-	-	2,834	5,116
Net pension and OPEB liability (asset) (a)-(b)	$ 116,371	$ 113,704	$ 123,255	$ 101,658	$ 98,128	$ 1,092	$ 1,032	$ 1,056	$ 1,080	$ 1,103	$ (2,368)	$ (3,576)
Plan fiduciary net position as a percentage of the total pension and OPEB liability	68%	67%	62%	67%	68%	0%	0%	0%	0%	0%	608%	332%
Covered-employee payroll	$ 144,257	$ 148,645	$ 150,997	$ 141,412	$ 153,252	N/A	N/A	N/A	N/A	N/A	N/A	$ 265,123
Company's net pension liability (asset) as a percentage of covered-employee payroll	81%	76%	82%	72%	64%	N/A	N/A	N/A	N/A	N/A	N/A	-1.35%

Note: Information prior to 2015 for pension and 415(m) plan, and prior to 2018 for OPEB plan, is not available.

See accompanying notes.

West Tennessee Healthcare and Related Affiliates
Schedule of Contributions
(in thousands)

	Pension Plan					415(m) Pension Plan					OPEB Plan	
	2019	2018	2017	2016	2015	2019	2018	2017	2016	2015	2019	2018
Actuarially determined contribution	$ 12,378	$ 12,300	$ 15,427	$ 15,552	$ 13,141	$ 70	$ 70	$ 70	$ 70	$ 70	$ -	$ -
Contributions in relation to the actuarially determined contribution	(13,400)	(12,300)	(18,000)	(18,000)	(17,040)	(70)	(70)	(70)	(70)	(70)	-	-
Contribution deficiency (excess)	$ (1,022)	$ -	$ (2,573)	$ (2,448)	$ (3,899)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 144,257	$ 148,645	$ 150,997	$ 141,412	$ 153,252	N/A	N/A	N/A	N/A	N/A	N/A	$ 265,123
Contributions as a percentage of covered-employee payroll	9%	8%	12%	13%	11%	N/A	N/A	N/A	N/A	N/A	N/A	0%

Notes to the schedule valuation date:

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

	Pension	415(m) Plan	OPEB
Valuation date	June 30, one year prior to the end of the fiscal year	June 30, one year prior to the end of the fiscal year	June 30, one year prior to the end of the fiscal year
Actuarial cost method	Entry Age Normal Cost	Entry Age Normal Cost	Entry Age Normal Cost
Amortization method	Closed amortization	N/A	Closed amortization
Amortization period of initial unfunded AAL	30 years	N/A	N/A
Remaining amortization period	29 years	N/A	N/A
Asset valuation method	Market value	N/A	Market value
CPI	2.5%	N/A	N/A
Salary increases	3.5% average, including inflation	N/A	N/A
Investment rate of return	6.5%, net of pension plan investment expense, including inflation	4%	6.5%, net of pension plan investment expense, including inflation
Mortality	RP-2014 Mortality Table for males and females with generational projections using Scale BB	RP-2014 Mortality Table for males and females with generational projections using Scale BB	RP-2014 Mortality Table for males and females with generational projections using Scale BB
Retirement age	Per the following table:	N/A	N/A

Age	Male	Female
55 - 59	5.0%	5.0%
60 - 61	7.5%	7.5%
62	25.0%	25.0%
63 - 64	20.0%	20.0%
65	40.0%	40.0%
66	30.0%	30.0%
67 - 68	15.0%	15.0%
69	25.0%	25.0%
70+	100.0%	100.0%

Age	Male	Female
55 - 59	5.0%	5.0%
60 - 61	7.5%	7.5%
62	25.0%	25.0%
63 - 64	20.0%	20.0%
65	40.0%	40.0%
66	30.0%	30.0%
67 - 68	15.0%	15.0%
69	25.0%	25.0%
70+	100.0%	100.0%

See accompanying notes.

Other Information

West Tennessee Healthcare and Related Affiliates
Deductions From Gross Patient Service Revenues
(in thousands)

Year Ended June 30, 2019

	Jackson-Madison County General Hospital	Milan General Hospital	Bolivar General Hospital	Volunteer Martin Hospital	Camden General Hospital	Dyersburg Hospital	Pathways Behavioral Health	LIFT Therapy	West Tennessee Medical Group	Health Partners	Therapy & Learning Center	Total BCUs
Medicare	$ 890,682	$ 15,798	$ 6,949	$ 65,034	$ 7,956	$ 361,574	$ 909	$ 8,180	$ 42,682	$ -	$ 5	$ 1,399,769
TennCare	262,390	6,749	5,560	36,024	4,298	144,881	3,217	3,960	17,725	-	3,673	488,477
Other revenue deductions	446,771	9,184	6,079	43,433	4,281	121,024	5,452	4,848	33,214	-	1,879	676,165
Bad debt	42,675	2,081	1,862	3,144	1,834	13,028	201	756	2,801	-	80	68,462
	$ 1,642,518	$ 33,812	$ 20,450	$ 147,635	$ 18,369	$ 640,507	$ 9,779	$ 17,744	$ 96,422	$ -	$ 5,637	$ 2,632,873

Year Ended June 30, 2018

	Jackson-Madison County General Hospital	Milan General Hospital	Bolivar General Hospital	Volunteer Martin Hospital	Camden General Hospital	Dyersburg Hospital	Pathways Behavioral Health	LIFT Therapy	West Tennessee Medical Group	Health Partners	Therapy & Learning Center	Total BCUs
Medicare	$ 805,573	$ 14,834	$ 8,197	$ 5,905	$ 8,754	$ 29,930	$ 781	$ 7,835	$ 37,323	$ -	$ -	$ 919,132
TennCare	236,144	6,338	6,331	3,482	4,798	14,108	3,432	2,214	12,637	-	3,153	292,637
Other revenue deductions	397,280	8,695	6,477	4,400	4,392	13,389	3,341	3,801	20,412	-	1,655	463,842
Bad debt	42,055	2,001	2,187	-	1,779	-	257	404	3,325	-	19	52,027
	$ 1,481,052	$ 31,868	$ 23,192	$ 13,787	$ 19,723	$ 57,427	$ 7,811	$ 14,254	$ 73,697	$ -	$ 4,827	$ 1,727,638

West Tennessee Healthcare and Related Affiliates
Schedule of Changes in Long-term Debt by Individual Issue
(in thousands)

Description of Indebtness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding July 1, 2018	Issued During Period	Paid and/or Matured During Period	Refunded During Period	Outstanding June 30, 2019
Notes Payable									
Bridge loan	$ 90,000	2.31%	May 31, 2018	October 1, 2018	$ 90,000	$ -	$ 90,000	$ -	$ -
Bonds payable									
Hospital Revenue Bonds, Series 2008	318,980	3.5% - 5.75%	August 1, 2008	April 1, 2041	73,425	-	-	73,425	-
Hospital Revenue Bonds, Series 2015	205,965	2.0% - 5.25%	April 5, 2015	April 1, 2041	192,305	-	4,670	-	187,635
Hospital Revenue Bonds, Series 2018A	62,870	5%	November 1, 2018	April 1, 2041	-	62,870	1,890	-	60,980
Hospital Revenue Bonds, Series 2018B	91,025	3.25% - 5.31%	November 1, 2018	April 1, 2048	-	91,025	545	-	90,480
					265,730	153,895	7,105	73,425	339,095
Capital lease obligations									
Equipment lease - March 2019	9,808	4%	March 1, 2019	February 1, 2024	-	9,808	379	-	9,429
Equipment lease - May 2019	627	4%	May 1, 2019	May 1, 2029	-	627	17	-	610
					-	10,435	396	-	10,039
Totals					$ 355,730	$ 164,330	$ 97,501	$ 73,425	$ 349,134

Compliance Information

DHG
DIXON HUGHES GOODMAN LLP

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Board of Trustees
West Tennessee Healthcare and Related Affiliates
Jackson, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of West Tennessee Healthcare and Related Affiliates (the "Company"), which comprise the statement of net position as of June 30, 2019, and the related statements of revenues and expenses, and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 4, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Company's internal control over financial reporting ("internal control") to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

DHG
DIXON HUGHES GOODMAN LLP

Compliance and Other Matters
As part of obtaining reasonable assurance about whether the Company's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Company's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Company's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Dixon Hughes Goodman LLP

Memphis, Tennessee
October 4, 2019

Letter of Authorization--COVID-19 Telehealth Program.docx

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Supplemental 1
July 23, 2020

July 23, 2020

Mr. Phillip Earhart
HSD Examiner
Tennessee Health Services and Development Agency
502 Deaderick Street
Andrew Jackson Building
Nashville, Tennessee 37243

RE: Certificate of Need Application CN2007-020
Jackson Madison Surgery Center

Dear Mr. Earhart,

We are in receipt of your letter with additional questions. Below are our answers.

---

1. **Section A, 3. Executive Summary, Item A, Overview. 1) Description**

   It is noted the purpose of this project is to convert the hospital-based outpatient surgery center located at 700 West Forest Avenue, Suite 100, Jackson, TN to a freestanding ambulatory surgical treatment center. However, the Letter of Intent (LOI) notes the proposed ASTC will be located in the "former location" of the West Tennessee Surgery Center. Should the LOI have stated "current location" of West Tennessee Surgery Center (hospital-based outpatient surgery center)? Please clarify.

   RESPONSE: The Jackson Madison Surgery Center will be located at the current site of the West Tennessee Surgery Center.

   Please clarify why the applicant is willing to decrease from 6,687 surgical cases in 2019 licensed as a hospital-based outpatient surgery center to 3,685 surgical cases in 2022 licensed as freestanding ambulatory surgical treatment center.

   RESPONSE: The decrease in volume is temporary due to changes involved in the conversion from a hospital based outpatient surgery center to a freestanding ambulatory surgical treatment center. The health system will have to make other adjustments to balance the decrease in revenue. Orthopedic volume will be moving from the West Tennessee Surgery Center to the West Tennessee Healthcare North Hospital location to focus on that particular specialty so those cases are shifting to a different location and not necessarily decreasing.

If approved, what will be last date of operations for the existing West Tennessee Surgery Center, and the first day of operations for the proposed freestanding ASTC project?

RESPONSE: The estimated last day of operations at the West Tennessee Surgery Center will be 60 days prior to first day of the Jackson Madison Surgery Center operations

Please clarify if any part of the proposed freestanding ASTC will be physician owned.

RESPONSE: We do not know if the Jackson Madison Surgery Center will be physician owned at this time. Our intent is to evaluate that once the facility is transitioned from the hospital based outpatient surgery center to an ambulatory surgery treatment center.

Please discuss if outpatient surgeries are being currently being performed at West Tennessee Healthcare North Hospital during renovation. In addition, please indicate if any outpatient surgical volumes from West Tennessee Healthcare North Hospital were shifted to the existing West Tennessee Surgery Center.

RESPONSE: No surgeries are currently being performed at West Tennessee Healthcare North Hospital today. Renovations are required to begin operations again.

2. **Section A, 3. Executive Summary, Item A, Overview. 2) Ownership structure**

   What is meant by "manager-managed"?

   RESPONSE: The response should have read owner-managed. Replacement page 2R is attached.

3. **Section A, 3. Executive Summary, Item A, Overview. 3) Existing Similar Service Providers**

   It is noted by the applicant the 18-county service area has six ambulatory surgical treatment centers, and this proposed project will not result in any additional ambulatory surgical center being added to the 18-county service area. However, if this project is approved, an additional licensed ambulatory surgical center will be added to the 18-county service area since the applicant is currently licensed as a hospital based outpatient surgery center. Please clarify. If needed, please correct

and submit a replacement page 2 (labeled as 2R).

RESPONSE: One ambulatory surgery center will be added to the service area. A replacement page 2R is attached.

4. **Section A, 3. Executive Summary, Item A, Overview. 3.C Consent Justification**

Please address the need for Consent Calendar by addressing the following four criteria:

- Need, Economic Feasibility, Contribution to the Orderly Development of Healthcare, and Quality Measures.

RESPONSE: The application concerns the conversion of an existing hospital-based outpatient facility to a freestanding ASTC facility that will located at 700 West Forest Avenue Suite 100, Jackson, Tennessee 38301. While it will add one ASTC to the service area, services will for the most part will remain the same. For an 18 county area and approximately 527,000 residents, the Jackson Madison Surgery Center will offer the most comprehensive surgery specialty services. Funding for the project is from cash reserves and a positive financial margin will begin in year three. The Jackson Madison Surgery Center will be licensed and accredited as an ambulatory surgery treatment center. The Center will enroll with all TennCare MCOs. It will also participate in independent quality measurement programs.

If there is a need for the proposed project to be placed on Consent Calendar, why is the applicant waiting until September 2021 to complete licensure as a freestanding ASTC when there is no construction or renovation involved?

RESPONSE: While there is no renovation needed at the Jackson Madison Surgery Center site, there is renovation need at the West Tennessee Healthcare North Hospital. The West Tennessee Healthcare North Hospital will have to be operational for transitioning cases there while the current West Tennessee Surgery Center at 700 West Forest Avenue is closed for licensure and survey as a new ambulatory surgery treatment center. Because the West Tennessee Surgery Center is operational today as a hospital based outpatient surgery center, the volume of cases currently being performed cannot be stopped for 30-60 days to accommodate the transition to an ambulatory surgical treatment center. The renovation at the West Tennessee Healthcare North Hospital is required prior to the temporary move of cases from the current West Tennessee Surgery Center because the main Operating Rooms at Jackson-Madison County General Hospital (620 Skyline Drive) cannot accommodate the volume currently being performed at the West Tennessee Surgery Center.

5. **Section A, 3. Executive Summary, Item A, Overview. 4) Existing similar service providers**

   Please provide a listing of other healthcare facilities owned or managed by the applicant.

   RESPONSE: Attachment A,3. Executive Summary, Item A, Overview 4) contains the listing.

   Please provide a brief description of the applicant's expertise to operate a freestanding ASTC.

   RESPONSE: While we do not operate an ambulatory surgery treatment center today, we have operated a hospital based outpatient surgery center for over 20 years. We have engaged the ambulatory surgery treatment center experts from ECG Management Consultants, A Siemens Healthineers Company including Naya Kehayes to consult on transition.

6. Section A, 4. Project Details, Item 4.B, Type of Ownership Control

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

   RESPONSE: An organizational chart is attached. The entity is a limited liability corporation (LLC) that is currently 100 owned by the Jackson-Madison County General Hospital District.

7. Section A, 5. Project Details, Item 5, Name of Management/Operating Entity

   It is noted a management company is "not applicable" to the proposed project. However, in the bottom paragraph on page 5 the applicant notes there will be a new management company. Please clarify.

   RESPONSE: The Jackson Madison Surgery Center will be owner managed by the Jackson Madison Surgery Center LLC. There will not be a separate management company.

8. **Section A, Applicant Profile, Item 6A., Legal Interest in the site**

   Please provide documentation, e.g., deed, title, etc., that West Tennessee Investors, LLC owns the building and property site of the proposed project.

   Please provide the referenced master lease.

   RESPONSE: Attached as Section A, Applicant Profile, Item 6A, Legal Interest in the Site are the following:

   Ground Lease between West Tennessee Healthcare, Inc. and West Tennessee Investors, LLC.

   Real Estate Assessment Data indicating property owner West Tennessee Investors LLC

   Tenant Lease Agreement between West Tennessee Investors, LLC and Jackson-Madison County General Hospital District

   Warranty Deed and Plat

9. **Section A, Applicant Profile, Item 6B. (2), Floor Plan**

   The 2019 Jackson Madison County General Hospital Joint Annual Report indicates there are 3 dedicated outpatient procedure rooms. Where are they located?

   RESPONSE: The procedure rooms are located in the hospital based Skyline Endoscopy Center, 27 Medical Center Drive, Jackson, Tennessee 38301.

10. **Section A, Applicant Profile, Item 12 Square Footage and Cost Per Square Footage Chart**

    Please provide a brief description of the office building, including the age, the number of floors, the total square footage of the building, and if the ASTC will be the only service in the building.

    Will the building space be designed for possible future expansion?

    RESPONSE: The Medical Office Building was constructed in 2010. It has five floors. The first floor contains the current West Tennessee Surgery Center. The West Tennessee Neuroscience and Spine Center is located in 19,463 square feet on the second floor. The third floor has Lillibridge Healthcare Services and The Jackson Clinic cardiology, echo lab, laboratory, nuclear medicine, and infusion

clinic. It is 18,801 square feet. West Tennessee Healthcare operates a pharmacy on the third floor in 662 square feet. The fourth floor has The Jackson Clinic departments of infectious disease, internal medicine, nephrology, pulmonary/critical care medicine, pulmonary function testing, radiology, and ultrasound in 19,463 square feet. The fifth floor has The Jackson Clinic departments of audiology, ear/nose/throat, gastroenterology, general/thoracic/vascular surgery, urology, and research in 19,463 square feet. The building space was not designed for expansion.

What is the distance between the proposed ASTC and the hospitals in the PSA? (Please display in a chart format.)

RESPONSE: Below are distances from the proposed Jackson Madison Surgery Center, 700 West Forest Avenue Jackson, Tennessee 38301

Name	Address	Distance in Time	Distance in Miles
Lauderdale Community Hospital	326 Ashbury Avenue Ripley, TN 38063	59 minutes	47.9 miles
West Tennessee Healthcare Milan Hospital	4039 Highland Street Milan, TN 38358	34 minutes	23.0 miles
West Tennessee Healthcare Dyersburg Hospital	400 East Tickle Street, Dyersburg, TN 38024	53 minutes	48.3 miles
West Tennessee Healthcare Volunteer Hospital	161 Mount Pelia Road Martin, TN 38237	1 hour, 10 minutes	54.8 miles
West Tennessee Healthcare Bolivar Hospital	650 Nuckolls Road, Bolivar, TN 38008	41 minutes	30.2 miles
West Tennessee Healthcare Camden Hospital	175 Hospital Drive, Camden, TN 38320	1 hour, 3 minutes	61.9 miles
Hardin Medical Center	935 Wayne Road, Savannah, TN 38372	1 hour, 14 minutes	54.9 miles
Henry County Medical Center	301 Tyson Avenue, Paris, TN 38242	1 hour, 16 minutes	62.4 miles
Baptist Memorial Hospital Carroll County	631 Rb Wilson Drive, Huntingdon, TN 38344	52 minutes	39.7 miles
Baptist Memorial Hospital Union City	709 Reelfoot Avenue, Union City, TN 38261	1 hour, 17 minutes	61.9 miles
Henderson County Community Hospital	200 West Church Street, Lexington, TN 38351	36 minutes	28.7 miles
Jackson-Madison County General Hospital	620 Skyline Drive, Jackson, TN 38301	9 minutes	.4 mile
West Tennessee Healthcare North Hospital	367 Hospital Boulevard, Jackson, TN 38305	12 mintes	4.5 miles

11. Section B, Need, Item 2. (Specific Criteria – ASTC). Need and Economic Efficiencies

What are the proposed operating hours of the project?

RESPONSE: The Center's operating room will operate from 7:30 AM to 3:30 PM Monday through Friday 50 weeks per year. This translates into 120,000 potential surgical minutes per year (60 minutes per hour * 8.0 hours per day * 5 days per week * 50 weeks per year).

Please complete the following chart, once for Year 1 and once for Year 2.

YEAR 1 OPERATING PLAN

Operating Rooms	# Cases	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
OR #1	369	23,985	11,070	120,000	29.2%
OR#2	369	23,985	11,070	120,000	29.2%
OR #3	369	23,985	11,070	120,000	29.2%
OR #4	369	23,985	11,070	120,000	29.2%
OR #5	369	23,985	11,070	120,000	29.2%
OR #6	369	23,985	11,070	120,000	29.2%
OR #7	369	23,985	11,070	120,000	29.2%
OR #8	369	23,985	11,070	120,000	29.2%
OR #9	369	23,985	11,070	120,000	29.2%
OR #10	364	23,660	10,920	120,000	28.8%
Total Operating Rooms	3,685	239,525	110,550	1,200,000	29.2%

* defined as the summation of the minutes by each room available for scheduled cases

Example: 7:30 AM to 4:30 PM, 5 days per week, 50 weeks/ year, equates to 9 hrs/ day X 60 min/hr = 540 minutes/ day X 5 days/week = 2,700 minutes / week X 50 weeks/year=135,000 schedulable minutes/room X the number of rooms=surgical suite schedulable capacity

YEAR 2 OPERATING PLAN

Operating Rooms	# Cases	Minutes Used	Average Turnaround Time	Schedulable minutes*	% of Schedulable Time Used
OR #1	564	36,660	16,920	120,000	44.7%
OR#2	564	36,660	16,920	120,000	44.7%
OR #3	564	36,660	16,920	120,000	44.7%
OR #4	564	36,660	16,920	120,000	44.7%
OR #5	564	36,660	16,920	120,000	44.7%
OR #6	564	36,660	16,920	120,000	44.7%
OR #7	564	36,660	16,920	120,000	44.7%
OR #8	564	36,660	16,920	120,000	44.7%
OR #9	564	36,660	16,920	120,000	44.7%
OR #10	565	36,725	16,950	120,000	44.7%
Total Operating Rooms	5,641	366,665	169,230	1,200,000	44.7%

12. Section B, Need, Item 3. (Specific Criteria – ASTC). Need and Economic Efficiencies; Access

Please complete the following chart for multi- or single-specialty ASTCs in the PSA using 2019 JAR data.

Service Area Operating and Procedure Room ASTC Patient Utilization-2019

ASTC	# ORs	Cases	Cases/ OR	*% of Optimal Capacity	# PRs	Cases	Cases /PR	% of Optimal Capacity
Cape Surgery Center	2	1996	998	113%	1	1285	1285	69%
Van Dyck ASC	2	1631	816	92%	1	0	0	0
DDC Surgery Center	0	0	0	0	2	3520	1760	94%
Summit Endoscopy Center	0	0	0	0	2	3159	1580	85%
Single-Specialty Sub-Total	**4**	**3627**	**907**	**103%**	**6**	**7964**	**1327**	**71%**
Physicians Surgery Center	6	3790	632	71%	1	564	564	30%
Union City Surgery Center	2	442	221	25%	1	0	0	0
Multi-Specialty Sub-Total	**8**	**4232**	**529**	**60%**	**2**	**564**	**282**	**15%**
All ASTC TOTAL	**12**	**7859**	**655**	**74%**	**8**	**8528**	**1066**	**57%**

Source: Tennessee Department of Health, Division of Health Statistics, Joint Annual Reports
**Optimal capacity is 70% of full capacity*

For a dedicated outpatient operating room:

- ***Optimum Capacity is defined as 70% of full capacity, or 884 cases per year.***

For a dedicated outpatient procedure room:

- ***Optimum capacity is defined as 70% of full capacity, or 1,867 cases per year.***

13. **Section B, Need, (Specific Criteria – ASTC).**

Please remove question #2 from page 16 and submit a replacement page 16 (labeled as 16R). Please note question #2 is not part of the ASTC criteria.

RESPONSE: Replacement page 16R is attached

14. **Section B, Need, Item 4. (Specific Criteria – ASTC). Need and Economic Efficiencies**

Does the applicant expect any of the cases at ASTCs in the proposed service area to shift to the applicant? If yes, please provide an estimate by specialty.

RESPONSE: No we do not expect any shift of cases.

Please discuss the impact the proposed project will have on area hospitals in the proposed eighteen county service area. Please complete the following chart using outpatient surgical cases for all hospitals in the proposed eighteen county service area.

Hospital	2016 OP Surgical Cases	2017 OP Surgical Cases	2018 OP Surgical Cases	% Change 2016-2018
Lauderdale Community Hospital	33	130	388	1076%
West Tennessee Healthcare Milan Hospital	1265	1485	1302	2.9%
West Tennessee Healthcare Dyersburg Hospital*	5892	4557	4629	-21.4%
West Tennessee Healthcare Volunteer Hospital*	1511	1509	1426	-5.6%
West Tennessee Healthcare Bolivar Hospital	142	61	0	-100%
West Tennessee Healthcare Camden Hospital	117	108	67	**-42.7%**
Hardin Medical Center	3153	2097	1963	**-37.7%**
Henry County Medical Center	6377	6065	6157	**-3.4%**
Baptist Memorial Hospital Carroll County	219	241	287	**31.1%**
Baptist Memorial Hospital Union City	1286	1706	1418	**10.3%**
Henderson County Community Hospital	664	583	453	**-31.8%**
Jackson-Madison County General Hospital	27456	24767	22725	**-17.2%**
West Tennessee Healthcare North Hospital*	3741	3581	3339	**-10.7%**
Total	55273	46890	44154	**-20.1%**

* were acquired by West Tennessee Healthcare in June 2018.

It is noted in September 2021 the applicant will close the West Tennessee Surgery Center located at West Forest Avenue and will move surgical volumes temporarily to West Tennessee Healthcare North Hospital. In September 2021 it is noted West Tennessee Healthcare North Hospital will complete renovations. Please discuss the impact the proposed project will have on the existing West Tennessee Surgery Center and Jackson-Madison County General Hospital's outpatient surgical volumes.

RESPONSE: There will not be any impact to the outpatient surgery volumes at Jackson-Madison County General Hospital. At the West Tennessee Healthcare North Hospital, the only outpatient surgery specialty that will remain there indefinitely is outpatient orthopedics services. The impact is expected to be 1,430 cases.

What is the distance between West Tennessee Healthcare North Hospital and the applicant?

RESPONSE: The West Tennessee Healthcare North Hospital is located 4.5 miles, 10 minutes from the Applicant.

Please complete the following chart using outpatient surgical cases.

Hospital	Outpatient Surgical Cases						
	Historical			Projected			
	2017	2018	2019	2020	2021	2022	2023
Jackson Madison	14,292	14,085	13,292	14,212	14,147	8,375	8,500
# OP ORs	#	#	#	#	#	#	#
# of cases to be shifted from West Tennessee Surgery Center	0	0	0	0	0	3,300	3,300
# of cases to be shifted to the proposed ASTC	0	0	0	0	0	385	2,341
West Tennessee North	*	191	1,138	0	0	4,045	4,450
# OP ORs**	8	8	8	8	8	8	8
# of cases to be shifted from West Tennessee Surgery Center	0	0	0	0	1,430	3,685	5,641
# of cases to be shifted to the proposed ASTC	0	0	0	0	0	3,685	5,641

#Jackson-Madison County General Hospital, 620 Skyline Drive, does not have dedicated outpatient operating rooms.
*Not owned by West Tennessee Healthcare
**current North Hospital has 7 Operating Rooms and one shell space for 8 total

Please discuss the outpatient surgical renovations at West Tennessee Health North Hospital that will be completed in September of 2021. In your response, please indicate the current number of outpatient ORs and the number planned in September 2021.

RESPONSE: The West Tennessee Healthcare North Hospital currently has seven (7) Operating Rooms, with shell space for an eighth (8th). Upon completion of renovations the Hospital will have eight (8) Operating Rooms. Renovations include the following:

1st Floor

- Renovating space add prep and recovery rooms adjacent to surgery– there will be 26 total with 11 in pre-op and 15 in recovery.
- Renovating the main patient registration and admitting spaces
  Renovating the main cafeteria area
- Updating the finishes in the main corridors leading to surgery
- Upgrading elevator controls for building
- Replacing three HVAC units

2nd Floor

- Updating Finishes for 8 existing LDRP rooms that will be used for overnight total joint patients
- Updating Finishes for 5 existing Older LDRP rooms that could also be used for overnight joint patients

15. Section **B, Need, Item 5. (Specific Criteria – ASTC). Need and Economic Efficiencies**

Please complete the following chart to show the projected number of cases for the first two years of operation.

	Year 1	**Year 2**
Cases	3,685	5,641
# of operating Rooms	10	10
Cases per operating Room	368.5	564.1
Optimum Utilization (70%)	884	884
Percentage of Optimal Utilization	41.7%	63.8%

16. Section B, Need, Item 6. (Specific Criteria – ASTC). Access to ASTCs

Please complete the following chart with the mileage and drive times from each county in the PSA to the proposed ASTC.

County	Travel to Jackson Madison Surgery Center		Projected Patients in Year Two	% of total Patients
From	**Miles**	**Drive Time**		
Madison	2.3	5 minutes	1658	**29.4**
Gibson	32.6	44 minutes	925	16.4
Carroll	43.0	45 minutes	254	4.5
Henderson	29.6	36 minutes	384	6.8
Hardeman	42.8	57 minutes	254	4.5
Haywood	26.4	31 minutes	164	2.9
Crockett	20.9	23 minutes	237	4.2
Chester	18.9	28 minutes	220	3.9
McNairy	43.7	50 minutes	310	5.5
Hardin	62.2	1 hour 20 minutes	192	3.4
Lake	69.4	1 hour 13 minutes	34	.6
Decatur	48.8	59 minutes	130	2.3
Henry	66.8	1 hour 22 minutes	107	1.9
Weakley	56.1	1 hour 12 minutes	135	2.4
Benton	68.2	1 hour 13 minutes	51	.9
Dyer	48.0	51 minutes	265	4.7
Obion	69.2	1 hour 7 minutes	135	2.4
Lauderdale	55.0	1 hour 5 minutes	11	.2

17. Section B, Need, Item 8. (Specific Criteria – ASTC). Access to ASTCs

Please explain how why the applicant included seven counties in the proposed service area that individually had less than 3% of the total West Tennessee Surgery Center cases in 2019.

RESPONSE: The service area of the hospital based West Tennessee Surgery Center is 18 counties in rural West Tennessee. We believe this is the same service area for the new ambulatory surgery treatment center, Jackson Madison Surgery Center.

How did the applicant determine which counties to include in the proposed service area?

RESPONSE: The service area of the hospital based West Tennessee Surgery Center is 18 counties in rural West Tennessee. We believe this is the same service area for the new ambulatory surgery treatment center, Jackson Madison Surgery Center.

18. Section B., Need, Items 2-6

It is noted items 2-6 in the need section are incorrectly numbered and do not match the numbering in the CON application. Please correct and submit replacement pages.

RESPONSE: Replacement pages 10R-30R are attached.

19. Section B, Need, Item 4.A., Demographics

Please clarify why there is not a target population for the proposed project.

RESPONSE: We did not identify a target population for this project in order to ensure the broadest portion of our community has access to the care that will be provided at this center. Furthermore, as an existing center, we believe we will have the same population use this site for ASC-eligible cases. That said, going forward, we will not provide pediatric or orthopedic services as there are more appropriate options for those patient populations.

What percentage of the projected patients in Year 2 will be 65+ in age?

RESPONSE: Approximately 37% of the projected patients in Year 2 will be 65+ in age.

20. Section B, Need, Item 5 (Existing Services)

Please complete the following table:

Utilization of ASTCs in Proposed Service Area

ASTC	County	2017 Cases		2018 Cases		2019 Cases		% Change 2017-2019	
		PR	OR	PR	OR	PR	OR	PR	OR
Cape Surgery Center S	Dyer	699	1950	1055	1876	1285	1998	83.8%	2.5%
Van Dyck ASC S	Henry	1	2	0	2546	0	1631	-100%	81450%
DDC Surgery Center S	Madison	6668	0	4452	0	3520	0	-47.2%	0

Summit Endoscopy Center S	Obion	3097	0	3710	0	3159	0	2.0%	0
Physicians Surgery Center M	Madison	809	4477	838	4372	564	3790	-30.2%	-15.3%
Union City Surgery Center M	Obion	0	19	0	301	0	4472	0	23436%
Total		11274	6448	10055	9095	8528	11891	-24.3%	84.4%

*Identify if the ASTC is multi- or single-specialty with an 'M' or 'S'.

21. Section B, Need, Item 6 (Applicant)

Please explain why having a new electronic medical record, new administration, new management company, and new policies and procedures would cause surgery cases to drop 42.7% from 6,687 in 2019 to 3,685 cases in 2022?

RESPONSE: The current configuration of services performed within the Jackson Madison Surgery Center will vary from what is currently being performed at the hospital based West Tennessee Surgery Center. Of the current 6,687 cases performed at the current West Tennessee Surgery Center, approximately 1,430 cases are orthopedic and 831 are pediatric related both services that will not be delivered at the new center. When removing those from the starting number of cases, we arrive at a potential year 1 case volume of 4,426. Our projected cases in year 1 of 3,685 represents roughly 83-84% of the potential year 1 case volume.

Given the accreditation and credentialing process for the Jackson Madison Surgery Center, we believe it will take approximately 2 to 3 months to finalize the process and begin performing case volumes in earnest. As such, we have factored in a conservative lag time for commercial payers that are contingent upon Medicare certification and state licensure. It has been reported to Ambulatory Surgery Center Association (ASCA) that hospital based to ambulatory surgery treatment center conversions have experienced longer times (up to 6 months) to receive new Medicare provider numbers than de novo ASCs.

What are the projected cases for West Tennessee Surgery Center for 2020 and 2021?

RESPONSE: Actual cases for 2020 are 6,115. Projected cases for 2021 are 7,050.

Where are the approximate 3,000 surgery cases (actual 2019-6,687 cases minus projected 2022-3,685 cases) in Year 2022 projected to receive their services?

RESPONSE: These cases will be performed in a combination of locations, including, but not limited to, West Tennessee North Hospital and Jackson-Madison County General Hospital.

Please complete the following charts for the applicant facility:

	Year 1 (2022)	Year 2 (2023)
OR Cases	3,685	5,641
#ORs	10	10
Cases/OR	368.5	564.1
OR Utl. (884) %	41.7%	63.8%
PR Cases	0	0
#PRs	0	0
Cases/PR	0	0
PR Utl. (1,867)%	0	0

Please complete the following surgical case projections by specialty for Year 1 and Year 2 of the proposed project.

Specialty	# of Surgeons	Year 1 OR Cases	Year 2 OR Cases
Ophthalmology	7	865	1,322
General Surgery	11	972	1,488
Urology	8	692	1,061
Gynecology	27	686	1,051
Otolaryngology	4	262	401
Pain Management	2	56	86
Spine	2	48	73
Plastic Surgery	3	104	159
Total	64	**3,685**	**5,641**

22. Section B, Economic Feasibility, Item 3. (Historical Data Chart).

Please explain why there are inpatient charges included in the historical data chart for a licensed hospital outpatient surgery center.

RESPONSE: The inpatient charges are patients that were unable to be discharged from the West Tennessee Surgery Center and had to spend the night at Jackson-Madison County General Hospital. There is an enclosed bridge across West Forest Avenue from the West Tennessee Surgery Center to Jackson-Madison County General Hospital. Patients are transported to Jackson-Madison County General Hospital using this enclosed bridge.

23. Section B, Economic Feasibility, Item 5.A

The gross charge, deduction from revenue, and average net charge chat on page 39 is noted. However, please use the most recent years from the historical data chart for the previous year and most recent year. Also, please place a footnote under the chart noting those two years are from West Tennessee Surgery Center (licensed as a hospital based outpatient surgery center). Please correct and submit a replacement page 39 (labeled as 39R).

RESPONSE: Replacement page 39R is attached.

24. Section B, Economic Feasibility, Item 6.B Net Operating Margin Ratio

The Net Operating Margin Ratio chart is noted. However, the projected Year 2 net operating margin ratio is incorrect. In addition, please use the historical data chart for the most recent year, 1st previous and 2nd previous years. Please place a footnote under the chart noting the three previous years are from West Tennessee Surgery Center (licensed as a hospital based outpatient surgery center).

RESPONSE: Replacement pages 41R and 42R are attached.

25. Section B, Economic Feasibility, Item 6.C, Capitalization Ratio

Please provide a capitalization ratio per application instructions.

RESPONSE: The capitalization ratio from the West Tennessee Healthcare and Related Affiliates Financial Statement and Supplementary Information Year Ended June 30, 2019 is 41.6 percent.

26. Section B, Economic Feasibility, Item 8 Staffing

Please clarify if existing staff of the West Tennessee Surgery Center will be

transitioned to the proposed free-standing ASTC. If not, how will the proposed ASTC be staffed?

RESPONSE: It is our intent that the current staff at the WTSC will comprise the staff within the proposed free-standing ASTC as well as West Tennessee North. As we continue to grow our volumes, we will increase staff with appropriately trained and qualified individuals.

27. Quality Measures. Item 2.c.2

Will the applicant accept a condition placed on the certificate of need relating obtain to obtaining/maintaining licensing, certification, and accreditation as noted in the table on page 47 of the application?

RESPONSE: Yes

28. Section B. Contribution to Orderly Development Item 2.a and 2.b

What impact will the proposed project have on outpatient surgical services at Physician's Surgery Center and Jackson-Madison County General Hospital located in Madison County?

RESPONSE: There will be no impact on outpatient surgery volumes at Jackson-Madison County General Hospital. We anticipate no changes in volumes of the Physician's Surgery Center.

Under the heading negative effects, it is noted by the applicant this certificate of need is to convert a hospital-based outpatient surgery center to an ambulatory surgical treatment center that will continue to serve residents of rural West Tennessee at a lower cost. Is the applicant noting this is a negative or positive effect?

RESPONSE: This is a positive effect.

29. Proof of Publication

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

RESPONSE: Proof of publication is attached.

Let me know if you need further information. I may be reached at vicki.lake@wth.org or (731) 984-2160

Sincerely,

Victoria S. Lake
Director, Community Development

Enclosure

Supplemental 1
July 23, 2020

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Madison

NAME OF FACILITY: Jackson Madison Surgery Center

I, VICTORIA S. LAKE, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title
Director, Community Development

Sworn to and subscribed before me, a Notary Public, this the 23 day of July, 2020, witness my hand at office in the County of Madison, State of Tennessee.

NOTARY PUBLIC

My commission expires April 21, 2021.

AMY MALLETTE
STATE OF TENNESSEE NOTARY PUBLIC
MADISON COUNTY

HF-0043

Revised 7/02

3. EXECUTIVE SUMMARY

A. Overview

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

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

RESPONSE: This purpose of this certificate of need request is to convert the *hospital-based outpatient surgery center* located at 700 West Forest Avenue Suite 100 (CN0808-055), Jackson, Tennessee, to a *freestanding ambulatory surgical treatment center* that will continue to serve residents of rural West Tennessee at the same location. This CON initiates and establishes the Jackson Madison Surgery Center located at 700 West Forest Avenue, Suite 100, Jackson, Tennessee. The proposed conversion ot a freestanding facility will assist with cost savings and improvements to patient care. There are no beds associated with this certificate of need. The facility is located on the first floor of a Medical Office Building across the street from the Jackson-Madison County General Hospital in 31,543 square feet. There is no construction proposed with this project, nor would there be an increase in operating rooms or procedure rooms to the service area. If approved, Jackson Madison Surgery Center would convert the space currently operated as West Tennessee Surgery Center to a freestanding surgery center with 10 operating rooms, 30 bed pre-and post-anesthesia care unit (PACU), nurses station, staff offices, medical records, admitting area, lobby, and waiting area.

2) Ownership structure;

RESPONSE: The Jackson Madison Surgery Center is owned by the Jackson Madison Surgery Center LLC. The company will be owner-managed.

3) Service area;

RESPONSE: The primary service area of the Jackson Madison Surgery Center defined by Madison, Gibson, Carroll, Henderson, Hardeman, Haywood, Crockett, and Chester counties. The secondary service area is composed of McNairy, Hardin, Lake, Decatur, Henry, Weakley, Benton, Dyer, Obion, and Lauderdale counties. These counties will supply 96.8 percent of the projected cases.

4) Existing similar service providers;

RESPONSE: The 18-county service area has six ambulatory surgical treatment centers. As this project involves the conversion of an existing facility to freestanding only, this project add one ambulatory surgical centers to the 18-county service area.

Cape Surgery Center, LLC 401 E Tickle Street, Dyersburg 38024

Van Dyck ASC, LLC 1024 Kelly Drive Paris 38242

DDC Surgery Center 9 Physicians Drive Jackson 38305

Physicians Surgery Center 207 Stonebridge Boulevard Jackson 38305

Summit Endoscopy Center 1109 East Reelfoot Avenue Union City 38261

Union City Surgery Center 1722 East Reelfoot Drive Union City 38261

Supplemental 1
July 23, 2020

Attachment A,3. Listing of Healthcare Facilities

Jackson-Madison County General Hospital District System Information	Address
Jackson-Madison County General Hospital - Acute	620 Skyline Drive, Jackson, TN 38301
Jackson-Madison County General Hospital - Pharmacy	620 Skyline Drive, Jackson, TN 38301

Provider Based Department (ON CAMPUS)

"A Service of Jackson-Madison County General Hospital"

Alice and Carl Kirkland Cancer Center (Kirkland Cancer Center)	720 West Forest Avenue, Jackson Tn 38301
Anesthesiology	620 Skyline Drive, Jackson, TN 38301
Cardiology	620 Skyline Drive, Jackson, TN 38301
Clinical Hematology	620 Skyline Drive, Jackson, TN 38301
Dermatology	620 Skyline Drive, Jackson, TN 38301
Emergency	620 Skyline Drive, Jackson, TN 38301
Family Practice	620 Skyline Drive, Jackson, TN 38301
Gastroenterology	620 Skyline Drive, Jackson, TN 38301
Infectious Disease	620 Skyline Drive, Jackson, TN 38301
Internal Medicine	620 Skyline Drive, Jackson, TN 38301
Medical Oncology	620 Skyline Drive, Jackson, TN 38301
Medicine	620 Skyline Drive, Jackson, TN 38301
Nephrology	620 Skyline Drive, Jackson, TN 38301
Neurology	620 Skyline Drive, Jackson, TN 38301
Neurophysiology	620 Skyline Drive, Jackson, TN 38301
Obstetrics & Gynecology	620 Skyline Drive, Jackson, TN 38301
Oncology	620 Skyline Drive, Jackson, TN 38301
Ophthalmology and Otolarnology	620 Skyline Drive, Jackson, TN 38301
Orthopedic Surgery	620 Skyline Drive, Jackson, TN 38301
Pain Clinic	620 Skyline Drive, Jackson, TN 38301
Pathology	620 Skyline Drive, Jackson, TN 38301
Pediatrics/NeonatologyPediatric Subspecialties	620 Skyline Drive, Jackson, TN 38301
Pulmonary Disease	620 Skyline Drive, Jackson, TN 38301
Radiation Oncology	620 Skyline Drive, Jackson, TN 38301
Radiology	620 Skyline Drive, Jackson, TN 38301
Skyline Endoscopy	27 Medical Center Drive, Jackson Tn 38301
Sleep Disorders Center	620 Skyline Drive, Jackson, TN 38301
Surgery, 620 Skyline Drive	620 Skyline Drive, Jackson, TN 38301
Urology, 620 Skyline Drive	620 Skyline Drive, Jackson, TN 38301
West Tennessee Surgery Center	700 Forest Avenue Jackson TN 38301
Wound Care, 620 Skyline Drive	620 Skyline Drive, Jackson, TN 38301
West Tennessee Imaging Center	300 Coastsland Drive, Jackson TN 38301

Provider Based Department (OFF CAMPUS)

"A Service of Jackson-Madison County General Hospital"

Alice and Carl Kirkland Cancer Center,	29 Wayne Rd Savannah TN 38372
Emergency Department, CLOSED 10/25/19	3525 Chere Carol Road Humboldt TN 38343
Outpatient Services,	200 Hospital Drive Trenton, TN 38382
Outpatient Services, CLOSED 10/25/19	3525 Chere Carol Road Humboldt TN 38343
West Tennessee Healthcare North Hospital (satellite)	367 Hospital Boulevard Jackson TN 38305
West Tennessee Healthcare Sleep Center North CLOSED 05/17/19	174 Murray Guard Drive Jackson TN 38305

Other

LIFT Wellness Center (LIFT Health)	101 Jackson Walk Plaza, Jackson TN 38301
Medical Center Anesthesia Inc.	620 Skyline Drive, Jackson Tn 38301

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Camden Cardiology Outreach Clinic	186 Hospital Drive, Camden TN 38320
Dyersburg Cardiology Outreach Clinic	1700 Woodlawn Drive Dyersburg TN 38012
Lexington Cardiology Outreach Clinic	9550 Highway 412 West Lexington TN 38351
Martin Cardiology Outreach Clinic	215 Hawks Road, Suite 4 Martin TN 38237
Paris Cardiology Outreach Clinic	1006 B Cornerstone Drive Paris TN 38242
Brownsville Cardiology Outreach Clinic	71 Medical Center Drive Brownsville TN 38012

Sleep Center	27 Medical Center Drive Suite A, Jackson, TN 38301
Sleep Lab	175 Hospital Drive Camden Tennessee 38320
Sleep Lab	650 Nuckolls Road Bolivar TN 38008
Sleep Lab	4039 S Highland Street Milan Tennessee 38358
Sleep Lab	620 Skyline Drive Jackson, Tennessee 38301
Infusion Clinic	620 Skyline Drive Jackson, Tennessee 38301
Wellness Clinic	620 Skyline Drive Jackson, Tennessee 38301
Wellness Clinic	101 Jackson Walk Plaza Jackson, Tennessee 38301
Lung Nodule Clinic	620 Skyline Drive Jackson, Tennessee 38301
West TN Heart and Vascular	1700 Woodlawn Dyersburg Tennessee 38024
Pediatric Neurodevelopmental Clinic	620 Skyline Drive Jackson, Tennessee 38301
Pediatric Hospitalists	620 Skyline Drive Jackson, Tennessee 38301

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Pathways of Tennessee, Inc.	Address
Pathways - mental health hospital	367 Hospital Boulevard 4th Floor Jackson, TN 38305
Pathways - Adult Psychiatric Outpatient Office	238 Summar Drive, Jackson TN 38301
Pathways-Alcohol & Drug Residential Detoxification	4039 South Highland 3rd Floor, Milan TN 38358
Pathways - Pharmacy	238 Summar Drive, Jackson TN 38301
Pathways - Day Treatment	905 East Chester Street, Jackson Tn 38301
Pathways - Dyer County Office	1720 Woodlawn Avenue Dyersburg, TN 38024
Pathways - Employee Assistance Program	33 Directors Row, Jackson Tn 38305
Pathways - Gibson County Office	4039 South Highland St, Suite 2 Milan TN 38358
Pathways - Henderson County Office	9550 Hwy 412 West, Ste B, Lexington, TN 38351
Pathways - Lake County Office	223 South Court Street, Tiptonville, TN 38079
Pathways - Obion County	930 Mt. Zion Road, Union City TN 38261
Pathways - Haywood County Office	1120 Tammbell Street, Brownsville, TN 38012

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Legal Name	Address
Hospitals	
BOLIVAR GENERAL HOSPITAL, INC.	
Bolivar General Hospital -Critical Access 06-22-18 (Acute former)	650 Nuckolls Road, Bolivar, TN 38008
Bolivar General Hospital - Swing Bed	650 Nuckolls Road, Bolivar, TN 38008
Bolivar General Hospital - Pharmacy	650 Nuckolls Road, Bolivar, TN 38008
CAMDEN GENERAL HOSPITAL, INC.	
Camden General Hospital - Critical Access	175 Hospital Drive, Camden, TN 38320
Camden General Hospital - Swing Bed	175 Hospital Drive, Camden, TN 38320
Camden General Hospital - Pharmacy	175 Hospital Drive, Camden, TN 38320
MILAN GENERAL HOSPITAL, INC.	
Milan General Hospital - Acute Beds	4039 South Highland, Milan, TN 38358
Milan General Hospital - Swing Bed	4039 South Highland, Milan, TN 38358
Milan General Hospital -Pharmacy	4039 South Highland, Milan, TN 38358
WEST TENNESSEE HEALTHCARE DYERSBURG HOSPITAL	400 East Tickle Street, Dyersburg TN 38024
West Tennessee Healthcare Dyersburg Hospital Acute Beds	400 East Tickle Street, Dyersburg TN 38024
West Tennessee Healthcare Outpatient Surgical Services	420 Wilkinson Drive, Dyersburg, TN 38024
West Tennessee Healthcare Dyersburg Hospital Swing Beds	400 East Tickle Street, Dyersburg TN 38024
WEST TENNESSEE HEALTHCARE VOLUNTEER HOSPITAL	161 Mount Pelia Road, Martin, TN 38237
West Tennessee Healthcare Volunteer Hospital Acute Beds	161 Mount Pelia Road, Martin, TN 38237
West Tennesssee Healthcare Hillview Diagnostic Center	1135 Broadway Street Suite A, South Fulton TN
West Tennessee Healthcare Volunteer Hospital Swing Beds	161 Mount Pelia Road, Martin, TN 38237
Other	
Health Partners	1804 Highway 45 ByPass, Jackson, TN 38305
Hospice of West Tennessee	1804 Highway 45 ByPass, Jackson, TN 38305
Medical Center EMS	620 Skyline Drive, Jackson TN 38301
	TennCare
Medical Center Laboratory	620 Skyline Drive, Jackson TN 38301
	TennCare
Medical Center Medical Products	1061 West Forest Avenue, Jackson TN 38301
Medical Center Medical Products Infusion Services	1061 West Forest Avenue, Jackson TN 38301
Medical Center Medical Products inside Kirkland Cancer Center	720 West Forest Avenue Jackson TN 38301
Medical Center Medical Products inside Jackson General Lower Level	620 Skyline Drive Jackson, TN 38301
Therapy and Learning Center Inc.	34 Garland Drive, Jackson, TN 38305
Therapy and Learning Center Inc. (Adult Day Care)	32 Conrad Drive Jackson TN 38301
Child Care Resource and Referral	1804 Hwy 45 ByPass 2nd FL Jackson TN 38305
KIDS Program	32 Garland Drive Bldg B Jackson TN 38305
Pediatric Therapy	32 Garland Drive Jackson TN 38305
	10 Garland Drive Jackson TN 38305
Rein-Bow Riding Academy	150 Frays Lane Huron TN 38345
Trenton Medical Center	200 Hospital Drive, Trenton TN38382
Lexington Medical Center	9550 Highway 412 West Lexington TN 38351

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Jackson Madison Surgery Center LLC	700 West Forest Av Suite 100 Avenue Jackson TN 38301

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West Tennessee Medical Group, Inc. Facilities

WEST TN MEDICAL GROUP	Address
Camden Family Medical Clinic CLOSED MAY 1 2020	186 Hospital Drive, Camden TN 38320
Cardiothoracic Surgery Center	27A Medical Center Drive, Jackson TN 38301
Bolivar General Hospitalist	650 Nuckolls Road Bolivar TN 38008
Camden General Hospitalist	175 Hospital Drive, Camden TN 38320
Heart Rhythm Clinic	27A Medical Center Drive, Jackson TN 38301
Hospitalists	616 W Forest Avenue Jackson TN 38301
GYN Specialists	379 Hospital Boulevard, Jackson, Tennessee 38305
Jackson Surgical Associates	395 Hospital Boulevard, Jackson TN 38305
Medical Clinic of Jackson CLOSED 11/1/19	587 Skyline Drive, Jackson Tn 38301
Medical Clinic of Jackson	616 W Forest Avenue Jackson TN 38301
Medical Clinic of Jackson	101 Jackson Walk Plaza Jackson TN 38301
MedSouth Medical Center, Dyersburg Moved to WT Medical Assoc 10/1/19	1700 Woodlawn Avenue, Dyersburg TN 38024
Milan General Hospitalist	4039 S Highland Avene Milan TN 38358
Milan General Hospitalist	616 W Forest Avenue Jackson TN 38301
School Clinic Milan	1100 Middle School Road, Milan Tn 38358
West TN Neurosciences	700 West Forest Avenue Suite 200, Jackson TN 38301
West TN Neurosciences	27 Medical Center Drive Suite A, Jackson TN 38301
West TN OBGYN was located at 657 Skyline until December 1, 2019	587 Skyline Drive, Jackson Tn 38301
West TN Neurosciences	1006 B Cornerstone Drive Paris, TN 38242
West TN Neurosceinces	616 W Forest Avenue Jackson TN 38301
West TN Neurosciences	1700 Woodlawn Avenue, Dyersburg TN 38024
Pallative Care	620 Skyline Drive Jackson TN 38301
Pallative Care	720 West Forest Avenue Jackson TN 38301
Primecare Medical Center	710 East Main Street, Adamsville, TN 38310
Primecare Medical Center	426 White Avenue, Henderson, Tn 38340
Primecare Medical Center	270 East Court Avenue Suite B, Selmer, Tn 38375
Primecare Medical Center	155 Hamlett Avenue Henderson, TN 38340
Primecare Medical Center	650 Nuckolls Road Bolivar TN 38008
Primecare Medical Center	9550 Highway 412 West Lexington TN 38351
Mid Town Pharmacy	270 E Court Avenue Suite C, Selmer, Tn 38375
West TN Medical Group Lexington	9550 Highway 412 West Lexington TN 38351
School Health Clinic	668 Lexington Avenue Jackson TN 38301
West TN Gastro	27 Medical Center Drive Jackson TN 38301
West TN Gastro	935 Wayne Road Savannah TN 38372
West TN Gastro	650 Nuckolls Road Bolivar TN 38008
West TN Gastro	71 Medical Center Drive, Brownsville, TN 38012
West TN Gastro	175 Hospital Drive Camden TN 38320
West TN Gastro	1006 Cornerstone Drive Suite B, Paris TN 38242
West TN Gastro	1700 Woodlawn Drive Dyersburg TN 38024
West TN Gastro	9550 Highway 412 West Lexington TN 38351
Industry Clinics	
Marvin Windows (7161)	101 Marvin Drive, Ripley, TN 38063
TBDN (7163)	1410 US Highway 70 ByPass Jackson, TN 38301

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Cceo (7164)	9159 Telecom Drive Milan TN 38358
Delta Faucet (7165)	3441 Ridegcrest Road Extened, Jackson, TN 38305
ThyssenKrupp (7166)	600 S Main St Middleton, TN 38052
MARTIN HEALTH	
West Tennessee Medical Group Primary Care Martin	143 Kennedy Drive Martin TN 38237
West Tennessee Medical Group Hillview South Clinic	1135 Broadway South Fulton TN 38257
WT REGIONAL MEDICAL ASSOCIATES	
West Tennessee Medical Group Primary Care Caruthersville	108 West 15th Street Caruthersville MO
WT MEDICAL ASSOCIATES	
West Tennessee Medical Group Primary Care Dyersburg	1716 Parr Avenue Suite B Dyersburg TN 38024
West Tennessee Medical Group Primary Care Halls	320 South Church Street Halls TN 38040
West Tennessee Medical Group Women's Care Dyersburg	455 East Parkview Street Dyersburg TN 38024
West Tennessee Medical Group Surgery Group Dyersburg	503 East Tickle Street Suite A Dyersburg TN 38024
West Tennessee Medical Group Orthopedics Dyersburg	1718 Parr Avenue Suite C Dyersburg TN 38024
West Tennessee Medical Group Digestive Health Dyersburg	420 Wilkinson Drive 2nd Floor Dyersburg TN 38024
West Tennessee Medical Group Internal Medicine Dyersburg	1629 Woodlawn Avenue, Dyersburg TN 38024
West Tennessee Medical Group Family Medicine Dyersburg	1716 Parr Avenue Suite C Dyersburg TN 38024
West Tenenssee Medical Group Urology Jackson	379 Hosptial Blvd Jackson TN 38305
West Tennessee Medical Group Endocrinology Dyersburg	1716 Parr Avenue Suite F, Dyersburg TN 38024
West Tennessee Medical Group Urology Dyersburg	1716 Parr Avenue Suite A, Dyersburg TN 38024
West Tennessee Medical Group Primary Care Jackson	31 Physicians Drive Jackson TN 38305
West Tennessee Medical Group Walk-In Clinic Thomson Farms	1270 Union University Drive Unit A Jackson TN 38305
West Tennessee Medical Group Walk-In Clinic Meridan Springs	21 Meridan Springs Jackson TN 38301
West Tennessee Medical Group Specialty Clinic Martin	215 Hawks Road Suite 4 Martin TN 38237
West Tennessee Medical Group Primary Care Martin- Hawks	215 Hawks Road Suite 6 Martin TN 38237
West Tennessee Medical Group ENT Dyersburg	1718 Parr Avenue Suite E Dyersburg TN 38024
MedSouth Medical Center, Dyersburg Beginning 10/1/19 from WTMG	**1700 Woodlawn Avenue, Dyersburg TN 38024**
BOLIVAR GENERAL HOSPITAL INC	
West Tennessee Medical Group Bolivar	640 Nuckolls Road Bolivar TN 38008

WT University Medical Associates Inc.	294 Summar Drive Jackson TN 38301
dba West Tennessee Healthcare UT Medicine	
West Tennessee Healthcare Hospitalists Inc.	
Hospitalists	620 Skyline Drive Jackson TN 38301

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Lift Therapy, Inc.	Address
Lift Therapy, Inc.	101 Jackson Walk Plaza, Jackson Tn 38301
Sports Plus Aqua Therapies,	614 E. Carriage House Drive, Jackson TN 38305
Sports Plus Rehab Center North	1378 Union University Drive Jackson Tn 38305
Sports Plus Rehab Center South	1725 D South Highland Jackson Tn 38301
Sports Plus Rehab Center Dyersburg	1700 Woodlawn Dyersburg TN 38024
Sports Plus Rehab Center Henderson	123 Front Street, Henderson TN 38340
Sports Plus Rehab Center Lexington	9550 Highway 412 West Lexington Tn 38351
Sports Plus Rehab Center Medina	29 Garrett Drive Medina, TN 38355
Sports Plus Rehab Center Alamo	300 Climer Loop Alamo Tennessee 38001
Sports Plus Rehab Center Brownsville	38 Medical Center Drive Brownsville TN 38012
Sports Plus Rehab Center Humboldt	3525 Chere Carol Road Humboldt, Tn 38343
Sports Plus Rehab Center Milan	14075 South 1st Street #R Milan TN 38358
Sports Plus Rehab Center Trenton	2017 South College Street Suite A, Trenton Tn 38382
Work Plus Rehab Center	343 Vann Drive Jackson TN 38305

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Medical Center EMS Licenses and Locations

	License No	Station No	Address	
Madison County	EMS0000005702	1	44 Forest Cove, Jackson TN 38301	
		2	60 Auditorium Drive, Jackson TN 38301	
		3	3550 North Highland Avenue, Jackson TN 38305	
		3 Fleet	3550 North Highland Avenue, Jackson TN 38305	
		8	105 Watson Road, Jackson TN 38305	
		9	57 Quinn Drive Jackson TN 38301	
Chester County	EMS0000010067	4	320 Quinco Drive Henderson TN 38340	
Benton County	EMS0000010066	5	187 Hospital Drive, Camden TN 38320	
		6	7264 Cedar Grove Road Big Sandy TN 38221	
		7	10698 Highway 192 Holladay TN 38341	
McNairy County	EMS0000010220	10	100 Industrial Park Drive Selmer TN 38375	new address effective
		11	113 Enterprise Dr Adamsville TN 38310	
Dyer County	EMS0000010248	12	1012 Forrest St Dyersburg TN 38024	
		14	718 Sharps Ferry Road Newbern TN 38059	

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07/12/19

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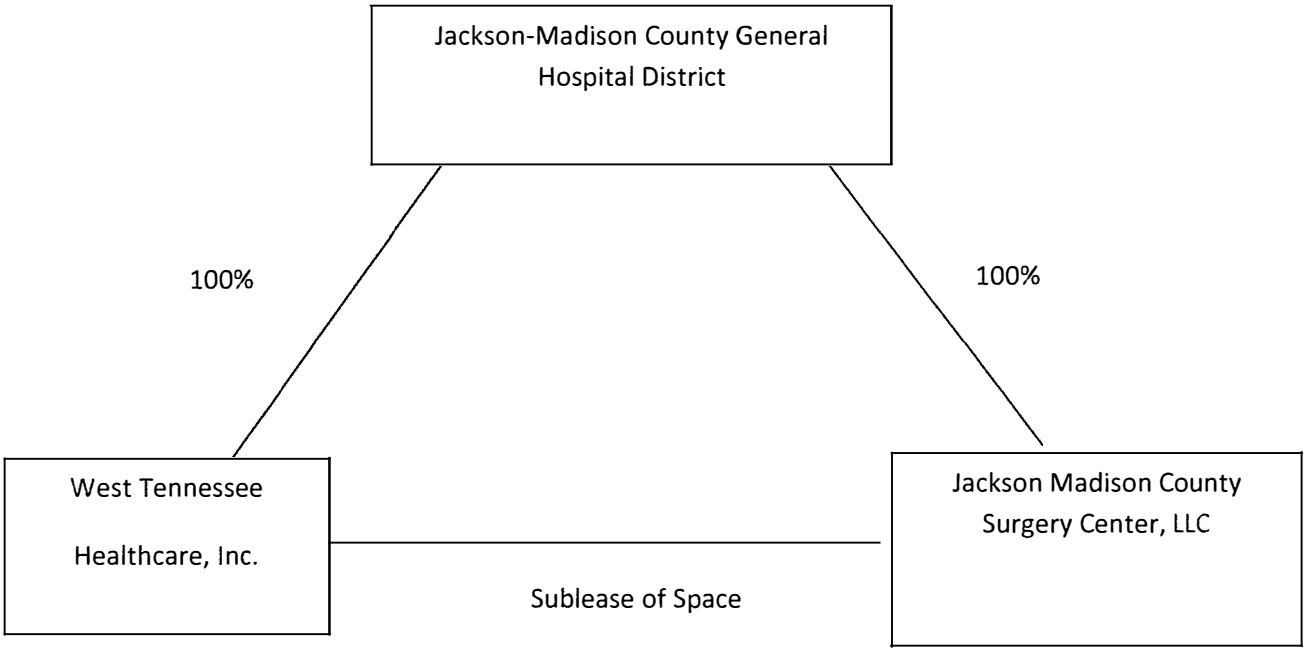
Jackson Madison Surgery Center, LLC



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STATE OF TENNESSEE

COUNTY OF MADISON

GROUND LEASE

This **GROUND LEASE** (this "Lease") is made and entered into effective as of the 19th day of December, 2008, by and between **WEST TENNESSEE HEALTHCARE, INC.**, a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District ("Landlord"), and **WEST TENNESSEE INVESTORS, LLC**, a Tennessee limited liability company ("Tenant").

WITNESSETH:

WHEREAS, Landlord owns that certain tract or parcel of land containing approximately four and 15/100ths (4.15) acres fronting on West Forest Avenue in Jackson, Madison County, Tennessee, which land is depicted as "Lot 1" on the plat entitled "Final Plat of Lot 1 Medical Office Center Forest Avenue" prepared by Professional Land Services Inc. dated October 17, 2008 and recorded in Plat Book 10, Page 639 in the Register's Office of Madison County, Tennessee (the "Plat") and more particularly described on Exhibit A attached hereto and incorporated herein by this reference (the "Land"); and

WHEREAS, Landlord has developed a long-range plan to meet the growing need for patient care services and ancillary facilities consistent therewith in the Jackson-Madison County General Hospital District's hospital facility (the "Hospital") service area; and

WHEREAS, having ancillary facilities relating to the provision of medical services will improve the delivery of patient care services in the Hospital's service area; and

WHEREAS, patients and physicians may be required to expend their time and consume scarce energy resources traveling between the Hospital and offices maintained by physicians at various locations; and

WHEREAS, having the offices of physicians providing medical services to patients being treated at the Hospital physically near such facility will improve the delivery of patient care services by making such physicians more readily available to perform services in the Hospital; and

WHEREAS, the public will benefit from the enhanced delivery of patient care services to be expected from having physicians more readily available in the Hospital's service area; and

WHEREAS, insufficient office facilities have been constructed in the Hospital's service area to provide such benefits to the full extent desirable to serve the public good; and

WHEREAS, Landlord desires (i) to encourage the location of physicians on or near the Hospital's campus (the "Campus") to enhance delivery of patient care services and provide other benefits to Landlord and (ii) to increase health care services on the Campus; and

WHEREAS, as part of Landlord's long range expansion plans, Landlord and Tenant have entered into an Amended and Restated Development Agreement dated as of September 24, 2008 (the "Development Agreement") pursuant to which a building containing approximately 106,772 rentable square feet to be known as the "Medical Center Physicians Tower" (the "Building"), to be constructed and owned by Tenant and used as a "Class A" medical office building and ambulatory surgery center, is planned for that certain area of the Land containing approximately ninety three one hundredths (0.93) acres and depicted as "Lease Parcel" (the "Leased Premises") on the site plan attached hereto as Exhibit B and incorporated herein by this reference (the "Site Plan").

NOW, THEREFORE, In consideration of the rent to be paid, the mutual covenants and agreements herein contained, and for other good and valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

I.

PREMISES

Landlord hereby demises and rents unto Tenant, and Tenant hereby rents and hires from Landlord, the Leased Premises, together with any and all improvements located thereon and appurtenances thereto (collectively, the "Demised Premises"); together with: (i) the non-exclusive right to utilize, subject to reasonable controls and restrictions imposed by Landlord from time to time for safety and traffic control, all sidewalks, walkways, driveways, roads and streets located from time-to-time on the portion of the Campus located to the south of West Forest Avenue which are reasonably necessary for the development, construction and operation of the Building; (ii) the non-exclusive right of ingress and egress for pedestrian traffic to and from the Building over all sidewalks and walkways located between and/or connecting the Hospital facilities and buildings on the Campus to the Building; and (iii) the non-exclusive right of ingress and egress for vehicular and pedestrian traffic to and from the Building and parking areas located upon the Land over those areas labeled "Ingress-Egress Easement" on the Plat.

The foregoing rights and easements shall be appurtenant to the Demised Premises and are hereinafter included in the definition of the Demised Premises. On or before the Commencement Date (hereinafter defined), Landlord and Tenant shall enter into an easement agreement, reasonably acceptable to both parties and which shall be recorded in the Register's Office of Madison County, Tennessee, pursuant to which Landlord shall grant the foregoing rights and easements to Tenant for the Term (hereinafter defined) of this Lease.

The following additional stipulations, hereby declared to be conditions of this Lease, shall, unless otherwise expressly stated, be applicable at all times throughout the term of this Lease.

II.

TERM OF LEASE AND RENTAL

The initial term of this Lease shall be for a period of fifty (50) years (the "Initial Tenn"), commencing on the earlier of (i) the date of closing of the loan to be obtained by Tenant for the construction of the Building and (ii) commencement of site work on the Demised Premises by Tenant (the earlier of such dates being the "Commencement Date"), and ending on the last day of the month during which the fiftieth (50th) anniversary of the Commencement Date occurs (the "Expiration Date"). On or about the Commencement Date, Landlord and Tenant shall execute a written agreement establishing the Commencement Date.

Tenant shall have three (3) consecutive options to extend the term of this Lease (the "Renewal Options"), each for a period of ten (10) years (each, a "Renewal Term"). Tenant may exercise each of the Renewal Options by providing written notice thereof to Landlord at least one year (1) prior to expiration of the Initial Term or then-current Renewal Term, as applicable. The Initial Term, together with all exercised Renewal Terms, shall hereinafter be referred to as the "Term".

Beginning on the Commencement Date and continuing until the Rent Commencement Date (hereinafter defined) (the "Preliminary Term"), Tenant shall pay to Landlord the amount of Nine Thousand Seven Hundred and No/100 Dollars ($9,700.) per annum, one-twelfth (1/12th) of which shall be paid in advance on the first day of each month during the Preliminary Term and shall be prorated for any portion of a month at the beginning or end of the Preliminary Term.

Beginning on the date a temporary or final certificate of occupancy is first issued for any portion of the Building (the "Rent Commencement Date"), Tenant shall pay to Landlord, annually in advance, and, except as otherwise set forth herein, without demand, offset or deduction, annual rent of Thirty One Thousand and No/100 Dollars ($31,000.00) ("Rent"). Rent shall be increased on each anniversary of the Rent Commencement Date by the greater of (i) one-half (½) of the percentage increase in the Consumer Price Index for All Urban Consumers published by the Bureau of Labor, U.S. City Average (1982-1984 = 100) (the "CPI") from the Rent Commencement Date or the immediately preceding anniversary of the Rent Commencement Date, as applicable, to the date of the adjustment in Rent and (ii) two percent (2%). If the CPI is no longer prepared and published, then the percentage increase in Rent shall be determined by the percentage increase in any comparable index then prepared for such time period and published by an agency of the Government of the United States, appropriately adjusted for changes in the manner in which such index is prepared and/or the year upon which such index is based.

Any Rent not paid by Tenant within fifteen (15) days following the date when due shall bear interest at the Prime Rate of Interest of Bank of America, N.A. (or its successor, if applicable) in effect on such date (the "Prime Rate") from the date due until paid. Additionally, if Tenant is delinquent in the payment of any Rent for more than ten (10) days following the date when due, Tenant shall pay Landlord, without demand, a late charge equal to five percent (5%) of such delinquent sum as liquidated damages to compensate Landlord for Landlord's costs, expenses and other damages which it will incur as a result of such late payment, but which are not readily quantifiable. The foregoing interest and late charges shall be in addition to all of Landlord's other rights and remedies hereunder or at law.

In addition to Rent, beginning as of the Rent Commencement Date, Tenant shall pay to Landlord such amounts as are necessary to reimburse Landlord for Tenant's Pro Rata Share of common area maintenance expenses ("CAM Charges"). For purposes hereof, "Tenant's Pro Rata Share" shall mean a percentage to be negotiated reasonably and in good faith and agreed upon by Landlord and Tenant on or before December 1, 2009. On or before December 1st of each year during the Term, beginning with December 1, 2009, Landlord and Tenant shall negotiate reasonably, diligently and in good faith to reach agreement upon a budget of CAM Charges for the immediately following calendar year of the Term (each, a "CAM Budget"). Upon reaching agreement on the CAM Budget, beginning on January 1st and continuing on the first day of each month of the immediately following calendar year, Tenant shall pay to Landlord one-twelfth (1/12th) of Tenant's Pro Rata Share of the CAM Charges identified in the CAM Budget for such year. In the event Tenant's Pro Rata Share of the actual CAM Charges for such year exceeds the payments collected by Landlord from Tenant, Tenant shall pay such excess within twenty (20) days after receipt of notice from Landlord of the amount of the excess. In the event Tenant's Pro Rata Share of the actual CAM Charges for such year is less than the payments collected by Landlord from Tenant, Landlord shall, at Tenant's option, either return the difference to Tenant or credit the difference to future payments of Lessee's Pro Rata Share of CAM Charges.

Upon request by Tenant, and at Tenant's cost and expense, noting that Landlord will not charge any fees for said request, Landlord shall furnish to Tenant such information as may be reasonably necessary for Tenant to verify the CAM Charges and shall cooperate with Tenant in verifying the CAM Charges. The calculation of the CAM Charges shall be rendered by Landlord to Tenant within one (1) month after calculation of the same by Landlord (the "Statement of CAM Charges"). Tenant shall have ninety (90) days after receipt of the Statement of CAM

Charges to dispute the correctness or completeness thereof, after which time the Statement of CAM Charges shall be deemed to be complete and correct and conclusive and binding on Landlord and Tenant. Tenant shall not be entitled to withhold payment of CAM Charges for any reason, but payment of any CAM Charges shall not preclude Tenant from thereafter disputing the correctness or completeness of the Statement of CAM Charges. In the event Tenant shall dispute the Statement of CAM Charges, and Landlord and Tenant cannot resolve the dispute within four (4) months after Landlord renders the Statement of CAM Charges, then the matter may be submitted to arbitration conducted under the commercial arbitration rules of the American Arbitration Association in Madison County, Tennessee.

The term "CAM Charges" shall include ad valorem real property taxes, if any, and all normal costs of operating, maintaining and insuring those portions of the Land and the improvements thereon that are used by Tenant in common with others, including, without limitation, the driveways, parking areas, parking garage, sidewalks, walkways, lighting and landscaping; provided however, "CAM Charges" shall not include the cost of any capital improvements, replacements nor reserve amounts.

III.

LANDLORD IMPROVEMENTS

Prior to the Commencement Date, Landlord, at its sole cost and expense, shall make available, or cause to be made available, to the Demised Premises, all utilities and similar services (together "Utilities"), including without limitation, water, sewer, gas, electricity, telephone and telecommunications. Such Utilities shall be made available to the Demised Premises at or prior to the Commencement Date or at such other time as shall be acceptable to Tenant and shall be made available in such quantities or having such capabilities and capacities as are consistent with the

intended use of the Demised Premises. No other Landlord improvements to the Demised Premises are required as a condition of this Lease. All other improvements are the responsibility of Tenant.

IV.

IMPROVEMENTS AND ALTERATIONS

Tenant shall develop, construct and operate upon the Demised Premises, at its sole cost and expense, the Building. The Building will be constructed substantially in accordance with the plans and specifications prepared by RPA Design, P.C. of Charlotte, North Carolina and more fully described in Exhibit C attached hereto (the "Plans and Specifications") and in compliance with applicable laws, ordinances and regulations. Tenant shall submit the Plans and Specifications for the Building to a person designated by Landlord for Landlord's approval. The review and approval of Landlord will not be unreasonably withheld, conditioned nor delayed. If Landlord does not notify Tenant of any disapproval or request any changes within thirty (30) days after submission by Tenant of the Plans and Specifications, approval by Landlord shall be deemed granted. If Landlord disapproves any portion of the Plans and Specifications or requests any amendments thereto, written disapproval specifically describing the items to which objection is registered, or written request for amendments, shall be delivered to Tenant within such thirty (30) day period. It is understood and agreed that Landlord and Tenant will work together in submitting and responding to requests for approvals in a reasonable, expeditious manner.

Subject to the provisions below, construction of the Building will begin at the time Tenant gives to its contractor the notice to proceed pursuant to the term of the Development Agreement and will be completed not later than fifteen (15) months after the date of commencement of construction. It is agreed that the commencement and completion dates shall be extended as a result

of any delays resulting from changes requested by Landlord in the Plans and Specifications for the Building.

There shall be excluded from the computation for the period of time allowed herein for the completion of the construction of the Building, any delays due to strikes, riots, acts of God, acts of war or terrorism, shortages of labor or materials, war, governmental laws, regulations or restrictions or any other causes of any kind whatsoever which render Tenant physically incapable of performing and which with the exercise of due diligence by Tenant cannot reasonably be prevented or overcome. Any event which may delay performance under the terms and provisions of this paragraph shall be herein called an "unavoidable delay". Tenant, in order to rely on an unavoidable delay, shall send written notice to Landlord within ten (10) business days after the occurrence of any unavoidable delay upon which it is relying to delay performance hereunder. The occurrence of an unavoidable delay shall not excuse the obligation of Tenant to construct the Building as required by this Lease, and the Tenant in relying on such unavoidable delay shall be excused from performance hereunder only during such time as such unavoidable delay persists. Tenant shall exercise commercially reasonable efforts to remedy such unavoidable delay and to perform its delayed obligation with all reasonable dispatch.

After the Plans and Specifications described in Exhibit C are approved by Landlord, Tenant shall make no material structural changes or alterations in the Building or other improvements as may be constructed upon the Demised Premises nor material changes in the external decor of the Building or other improvements without the prior written consent of Landlord. Tenant may make such interior decorative and functional configurations as are consistent with the operation of a medical office building, provided the same may be in compliance with the other terms of this Lease.

Landlord agrees that during the entire Term of this Lease, Landlord shall grant Tenant such easements as reasonably requested to permit Tenant, at Tenant's cost and expense, to relocate and/or tie into and utilize sewer lines or other Utilities which run through or across the Landlord's adjacent properties. Such easements shall include the right of reasonable ingress and egress and the right to maintain, repair or tap into, at Tenant's expense, such sewer lines or other utilities. Any utility line located in the immediate construction area of the Building may be relocated by Tenant, at its cost; provided, however, that such relocation shall be undertaken only with proper consents and approvals from the City of Jackson, Tennessee and all governmental and non-governmental entities having jurisdiction over such utility lines and easement areas. All buildings (including the Building) and other improvements constructed on the Demised Premises shall remain upon the Demised Premises at the termination of the Lease and shall, at that time and without compensation to Tenant, become the property of the Landlord. No improvements shall be constructed so as to subject the Demised Premises, or permit the Demised Premises to be subjected to liens of any laborer, contractor, mechanic or materialman or to any other liens arising out of or connected with the development, construction or maintenance of any improvements, alterations or additions to existing improvements (except for statutory liens arising in the ordinary course which are promptly discharged), unless Landlord expressly consents to such liens in writing.

Except for any liens arising in connection with a Leasehold Deed of Trust (hereinafter defined) or otherwise permitted under this Lease, Tenant shall keep all of the Demised Premises free and clear of all liens arising out of or claimed by reason of any work performed, materials furnished or obligations incurred by or at the instance of Tenant. Upon completion of the Building and any other improvements constructed from time to time by Tenant, Tenant shall record, or cause to be recorded, a notice of completion of the Building in the Madison County, Tennessee's

Register's office and shall furnish promptly to Landlord final sworn owner's and contractor's affidavits and final lien waivers covering all labor and materials included in the Building and other improvements. Should Tenant fail to either (i) fully discharge any liens against the Building or the Demised Premises or (ii) contest such liens, and in connection with such contest insure or bond over such liens by title endorsement or bond reasonably satisfactory to Landlord (which endorsement or bond shall also cover costs of defense), within thirty (30) days following receipt of written notice from Landlord to do so, then Landlord may, at its option and without limitation of any other rights or remedies, pay the same or any part thereof, and the amount of any such payments shall be due and owning to Landlord from Tenant with interest thereon at the Prime Rate from the date incurred until paid in full. No lien of any character whatsoever created or suffered by Tenant, including, without limitation, the lien of any Leasehold Deed of Trust, shall in any way or to any extent attach to Landlord's fee simple ownership of the Demised Premises.

Tenant shall at all times during the Term keep the Building and any related improvements in "Class A" condition and repair (provided, however, that the term "Class A" shall not include a requirement that the Building be LEED-certified at any level, except to the extent required by law); and Tenant shall keep the Demised Premises in a clean and sightly condition.

V.

FIXTURES AND PERSONAL PROPERTY FURNISHED BY TENANT

Tenant shall have the right at the termination of the Lease to remove any and all personal property, medical equipment and trade fixtures which it may have stored or installed in the Building or upon the Demised Premises, provided Tenant repairs any damage to the Building or Demised Premises resulting from removal of such personal property, medical equipment or trade fixtures.

VI.

TITLE AND OWNERSHIP

Landlord represents and warrants that Landlord is authorized to execute this Lease for the Term herein granted under the terms and conditions provided herein and that said Lease is enforceable against Landlord in accordance with its terms. Landlord agrees to provide an opinion of counsel acceptable to Tenant that proper action has been taken by its Board of Directors to enter into this Lease.

VII.

QUIET ENJOYMENT

Landlord covenants that Tenant, on the performance of the terms and conditions of this Lease, shall and may peaceably and quietly have, hold and enjoy the Demised Premises for the full term of this Lease, subject to Article XVII.

VIII.

NO PARTNERSHIP OR JOINT VENTURE

Under no circumstances as a result of this Lease shall Landlord and Tenant be deemed or held to be partners or joint venturers in or concerning the Building to be developed, constructed, and operated under this Lease.

IX.

UTILITIES

Tenant shall be responsible for contracting for utility and other services to the Demised Premises throughout the Term. Except for Landlord obligations under Article III hereof, Tenant shall pay all charges for utility services furnished to the Demised Premises during the Term. In addition, Tenant shall be responsible for contracting with reputable service contractors pursuant to

customary service contracts to service, on a regular basis, the heating, ventilating, air conditioning and other systems located at the Building, as well as all freight and passenger elevators and janitorial service. Tenant shall provide Landlord, upon request, true, correct and complete copies of all such service contracts.

Except to the extent caused by the negligence or willful misconduct of Landlord, its employees, contractors or agents, no interruption of services or utilities caused by repairs, replacements or alterations to any service systems, or by any other cause, shall be deemed an eviction or disturbance of Tenant's use or possession of any part of the Demised Premises nor render Landlord liable to Tenant for damages, nor otherwise affect the rights and obligations of Landlord and Tenant under this Lease.

X.

PAYMENT OF TAXES OR ASSESSMENTS

Landlord represents that at the time of execution of this Lease there are no taxes due and owing on the Demised Premises, except for taxes owed for the current year; provided, however, that ad valorem property taxes on the Demised Premises shall be prorated as of the Commencement Date for the year in which the Commencement Date occurs. If at any time during the Term of this Lease any ad valorem property taxes or other assessments are made against the Demised Premises or the Building, Tenant shall be liable for payment of any and all such taxes and assessments applicable to the Term. If Landlord receives notice of any such taxes or assessments, Landlord agrees to forward same to Tenant. Tenant will, at all times during the Term of this Lease, save harmless Landlord from all such taxes, assessments and charges against the Demised Premises and the Building applicable to the Term and from all liens and penalties in conjunction therewith.

Nothing herein shall be construed as preventing or interfering with the contestation by Tenant, at its own expense, of any tax, assessment, charge, lien or claim of any kind in respect to the Demised Premises or the Building, and Tenant shall not be considered in default with respect to payment thereof for so long as the matter shall remain undetermined by final judgment.

XI.

LEASEHOLD FINANCING

Subject to the express conditions contained herein, Tenant shall have the right, at any time and on one or more occasions, to grant a deed of trust encumbering its interest in this Lease and the Demised Premises and the Building (collectively, the "Leasehold Interest") on such terms, conditions, and for such duration (not to exceed the Expiration Date of this Lease) as Tenant shall determine, and to enter into any and all extensions, modifications, amendments, replacements, and refinancing of any such deed of trust (the "Leasehold Deed of Trust") as Tenant may desire, without the consent of Landlord if the Leasehold Mortgagee (hereinafter defined) acknowledges (a) the unsubordinated nature of the Landlord's fee simple interest in the Demised Premises, (b) the requirement that all leasing and use obligations be honored for the entire Term of the Lease, notwithstanding any foreclosure of the Leasehold Deed of Trust or other action of any nature undertaken by the Leasehold Mortgagee with respect to the Demised Premises; and (c) upon termination of this Lease, whether by expiration of the Term or default by Tenant, except as expressly provided herein, the Leasehold Deed of Trust shall be rendered null and void, with the Leasehold Mortgagee having no further interest of any nature to the Demised Premises or the improvements located thereon.

Tenant acknowledges that the fee interest in the Demised Premises is owned by Landlord and that Landlord's title to the Demised Premises and its interest in this Lease cannot and shall not be subordinated to any Leasehold Mortgagee or any other person or entity whomsoever.

If Tenant shall encumber the Leasehold Interest with a Leasehold Deed of Trust, then, as long as any such Leasehold Deed of Trust shall remain unsatisfied of record, the following provisions shall apply, notwithstanding anything to the contrary contained in this Lease, and any pertinent provisions of this Lease shall be deemed to be amended and modified to the extent necessary so as to provide as follows:

(i) If the holder of any Leasehold Deed of Trust (the "Leasehold Mortgagee") on the Leasehold Interest, but only the holder of a first Leasehold Deed of Trust if there is more than one Leasehold Deed of Trust, shall register with Landlord its name and address in writing, Landlord, on serving Tenant any notice of default, notice of a matter on which Landlord may predicate or claim a default, or any other notice pursuant to the provisions of, or with respect to, this Lease, shall at the same time serve a duplicate counterpart of such notice on the then-existing Leasehold Mortgagee by certified mail, return receipt requested, addressed to the Leasehold Mortgagee at the address registered with Landlord, and no notice by Landlord to Tenant hereunder shall be deemed to have been given to Tenant unless and until such duplicate counterpart thereof has been so served on such Leasehold Mortgagee.

(ii) Tenant agrees to provide the Leasehold Mortgagee (but only the holder of the first Leasehold Deed of Trust if there is more than one Leasehold Deed of Trust) with notice of any default hereunder by Landlord by certified mail, return receipt requested, addressed to the Leasehold Mortgagee at the address provided in any Leasehold Deed of Trust granted by Tenant, and Tenant agrees not to terminate this Lease as a result of a default by Landlord hereunder without the prior written consent of such Leasehold Mortgagee, which consent shall not be unreasonably withheld, conditioned nor delayed.

(iii) The Leasehold Mortgagee shall have the right, within the period provided and otherwise as herein specified, provided it acts expeditiously and so notifies Landlord of its intended actions, to remedy or cause to be remedied any default or matter on which Landlord may predicate or claim a default noticed by Landlord, and Landlord shall accept such performance by or at the instigation of the Leasehold Mortgagee as if the same had been performed by Tenant. Tenant constitutes and appoints Leasehold Mortgagee as Tenant's agent and attorney-in-fact with full power, in Tenant's name, place and stead, and at Tenant's cost and expense, to perform any of Tenant's obligations according to the provisions of this Lease. In this regard, upon reasonable prior notice from the Leasehold Mortgagee to Landlord and Tenant (except in the event of emergency requiring immediate action, in which case no prior notice shall be required), the Leasehold Mortgagee is irrevocably granted full and complete access and right of entry to the Demised Premises by Landlord and Tenant for purposes of curing any non-monetary default of Tenant declared to exist by Landlord under the terms of this Lease.

(iv) During such time as the Leasehold Trust Interest of any Leasehold Mortgagee remains unsatisfied of record, Landlord shall not terminate this Lease or evict the Tenant as a result of any default by Tenant hereunder if before the expiration of ninety (90) days after the date of service of

notice of default under Article XVIII of this Lease, the Leasehold Mortgagee shall have cured or caused to be cured such event of default; provided, however, that:

(A) in the event any non-monetary default is not cured or caused to be cured by the Leasehold Mortgagee prior to the expiration of the ninety (90) day period specified herein, the default shall nevertheless be deemed cured if within said ninety (90) day period the Leasehold Mortgagee commences or causes to commence curative action and the same is continued to completion with reasonable diligence;

(B) if any default is not reasonably susceptible of being cured by the Leasehold Mortgagee and before the expiration of the above referenced ninety (90) day period, the Leasehold Mortgagee or its designee shall deliver to Landlord its agreement and obligation to perform and observe the covenants and conditions to be performed by Tenant in this Lease so long as it remains the Leasehold Mortgagee, excluding any covenant related to a default not reasonably susceptible of being cured by the Leasehold Mortgagee, then, any default not reasonably susceptible of being cured by the Leasehold Mortgagee shall be deemed to be cured;

(C) nothing herein contained shall in any way affect, diminish, or impair Landlord's right during said ninety (90) day period to pursue any remedy specified herein other than termination of this Lease or eviction of the Tenant, subject, however, to all of the provisions hereof;

(D) no covenant related to the use and leasing obligations of the Tenant under this Lease shall be deemed to create a "default not reasonably susceptible of being cured by the Leasehold Mortgagee"; and

(E) if the Leasehold Mortgagee, after use of its commercially reasonable, good faith efforts, is unable to cure any default which exists under this Lease within the aforesaid ninety (90) day period as a result of any bankruptcy proceeding, court order or the unenforceability or potential unenforceability of any self-help provisions provided for in this Lease or in the Leasehold Mortgagee's respective loan documents, Landlord shall not terminate this Lease or seek to evict Tenant even after the ninety (90) day period otherwise specified herein has expired so long as: (1) the Leasehold Mortgagee provides Landlord with a written undertaking to promptly cure the subject default as soon as the Leasehold Mortgagee is permitted to do so; (2) a letter of credit, surety bond or financial guarantee acceptable to Landlord is deposited in trust with Landlord to assure Landlord that the subject default will be so cured; (3) the Leasehold Mortgagee diligently and continuously seeks to obtain appropriate legal relief to permit it to cure the subject default, including proceeding with foreclosure to the extent permitted to do so; and (4) the Leasehold Mortgagee promptly proceeds to cure the subject default as soon as it is permitted to do so.

(v) On the written request of the Leasehold Mortgagee given within ninety (90) days following termination of this Lease, Landlord shall enter into a new or direct lease of the Demised Premises with the Leasehold Mortgagee or its designee (which designee shall be approved by Landlord, such approval not to be unreasonably withheld, conditioned nor delayed) (the "New Tenant"), upon any termination of this Lease. Such new or direct lease shall be effective as of the date of termination of this Lease, and shall be for the remainder of the Term of this Lease and at the Annual Rent and on all the agreements, terms, covenants, and conditions of this Lease; provided, however, that no provision shall be contained in the new lease which relates to any default under this Lease not reasonably susceptible of being cured by the Leasehold Mortgagee. To the extent

Landlord acquires any interest related to the Building as a result of the termination of this Lease, Landlord shall undertake all such action as reasonably requested by the New Tenant to place said New Tenant in the same position that the Tenant would have enjoyed had no termination of this Lease occurred. On the execution of such new or direct lease, the New Tenant shall pay any and all sums, including all past due Rent, which would at the time of the execution thereof be due under this Lease but for its termination and shall otherwise fully remedy or agree in writing to timely remedy any non-monetary defaults existing under this Lease, other than a default which is not reasonably susceptible of being cured, which defaults shall be, and shall be deemed to be, waived. The New Tenant shall pay all necessary and reasonable expenses, including reasonable counsel fees and court costs incurred by Landlord in terminating this Lease and in recovering possession of the Demised Premises and the Building as well as in the preparation, execution and delivery of such new or direct lease. In addition, nothing contained herein shall release Tenant from any of its obligations under this Lease which may not have been discharged or fully performed by any Leasehold Mortgagee, or its designees.

(vi) The parties hereto shall give the Leasehold Mortgagee written notice of any condemnation proceedings affecting the Demised Premises. The Leasehold Mortgagee shall have the right to intervene and be made a party to any such condemnation proceedings and the parties hereto hereby consent that the Leasehold Mortgagee may be made such party or intervenor.

(vii) If the Leasehold Mortgagee, in good faith, shall desire to contest the validity or amount of any tax, levy, special or general assessment, water and sewer rent, or other governmental imposition or charge payable by it on the Demised Premises or the Building, the Leasehold Mortgagee shall so notify Landlord and Tenant in writing, and the Leasehold Mortgagee shall be entitled, in good faith, to contest the same in appropriate proceedings in the name of Landlord or

Tenant if necessary; provided, however, that upon reasonable request of Landlord, the Leasehold Mortgagee shall post a bond or make payment under protest to stay any action commenced against the Demised Premises or the Building or Landlord to collect any past due taxes, levies, special or general assessments, water and sewer rent, or other governmental imposition, charge, or penalty which may accrue.

(viii) Except as otherwise expressly provided herein, no Leasehold Mortgagee shall be liable to perform any of Tenant's obligations under this Lease unless and until the Leasehold Mortgagee shall become the owner of the Leasehold Interest, and then only for as long as it remains the owner of the Leasehold Interest, except that if Leasehold Mortgagee undertakes any actions under subparagraph (iii) above, it shall be deemed to have obligated itself to perform such actions of remedying any defaults notwithstanding other provisions in this subparagraph (viii). On any assignment of this Lease by any Leasehold Mortgagee or any owner of the Leasehold Interest whose interest shall have been acquired by, through, or under any Leasehold Mortgagee or shall have been derived immediately from any Leasehold Mortgagee, the assignor shall be relieved of any further liability which may accrue hereunder from and after the date of such assignment; provided, however, that the foregoing release of liability shall be effective only if Landlord consents to such assignment in writing, such consent not to be unreasonably withheld, conditioned or delayed.

(ix) This Lease shall not be modified or surrendered to Landlord or canceled by Tenant (whether pursuant to the terms of this Lease or otherwise), nor shall the Landlord accept a surrender of this Lease, without the prior written consent of the Leasehold Mortgagee, nor shall any merger result from the acquisition by, or devolution upon, any one entity of the fee and leasehold estates in the Demised Premises so long as any Leasehold Deed of Trust remains in existence; provided,

however, that nothing contained in this paragraph shall diminish the rights otherwise expressly provided to Landlord herein upon the occurrence of any event of default.

(x) Notwithstanding anything contained in this Lease to the contrary, Landlord agrees, in the event of a foreclosure by the Leasehold Mortgagee of its Leasehold Deed of Trust, that it will permit the assignment of the Leasehold Interest by the Leasehold Mortgagee to such persons or entities as the Leasehold Mortgagee may select and consistent with applicable law, so long as such assignment or transfer shall not adversely affect the Landlord in any material respect.

(xi) Notwithstanding any other provision contained in this Article XI, Landlord agrees to enter into reasonable modifications which are requested to this Article XI by any Leasehold Mortgagee from time to time to enable the Tenant to obtain financing or refinancing for the Leasehold Interest, so long as (i) the Leasehold Deed of Trust conforms to the requirements of this Article XI; (ii) the Leasehold Mortgagee is a bank, savings and loan association, insurance company, pension plan, real estate investment trust or other institutional form of lender with assets of at least $500,000,000; (iii) the modifications requested in this Article XI are consistent with leasehold deed of trust provisions generally required by institutional lenders with respect to unsubordinated ground leases; and (iv) Landlord's rights and obligations under this Lease are not altered in any material way.

(xii) Landlord further agrees that for the sole purpose of obtaining financing or refinancing for the Leasehold Interest, Tenant may, with prior approval of Landlord, which approval shall not be unreasonably withheld, conditioned nor delayed, assign this Lease to an affiliate of Tenant, provided that Tenant continues and remains liable under each and every provision hereof and guarantees that the affiliate will comply with the terms of the Lease and will assume all of Tenant's obligations hereunder. Such affiliate shall have no right to further assign

this Lease, other than to another affiliate of Tenant, without the approval of Landlord. Tenant and the members of Tenant may sell, assign, transfer or convey membership interests in Tenant without the consent of Landlord. For purposes of this paragraph, an "affiliate" of Tenant means any individual, corporation, limited liability company, trust or other entity which directly or indirectly controls or is directly or indirectly controlled by, or is under common control with the designated entity. For purposes of this definition, "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, limited liability company or other entity, whether through the ownership of voting securities or by contract or otherwise or a 50% or more ownership in such entity.

(xiii) In the event Tenant acquires fee simple title to the Demised Premises, Landlord agrees that the lien of the Leasehold Deed of Trust shall extend to such fee simple interest, and no merger of the Leasehold Interest into the fee simple interest in the Demised Premises shall occur. (xiv) In the event of any monetary default by Tenant under the Leasehold Deed of Trust, the Leasehold Mortgagee agrees to provide to Landlord written notice of such default by certified mail, return receipt requested, and the right to cure such default within fifteen (15) days following Landlord's receipt of such notice. In the event of any non-monetary default by Tenant under the Leasehold Deed of Trust, the Leasehold Mortgagee agrees to provide to Landlord written notice of such default by certified mail, return receipt requested, and the right to cure such default within thirty (30) days (or such longer period of time, not to exceed ninety (90) days, as may be reasonably necessary to effectuate such cure, provided Landlord commences to cure such non-monetary default within thirty (30) days following receipt of notice of the default and thereafter diligently prosecutes such cure to completion) following Landlord's receipt of such notice.

XII.

ESTOPPEL CERTIFICATE

Landlord and Tenant shall each, without charge, at any time and from time to time hereafter within twenty (20) days after written request of the other, certify by written instrument duly executed and acknowledged to the other, to any existing or proposed Leasehold Mortgagee or to any other person, firm or corporation specified in such request: (a) as to whether this Lease has been supplemented or amended, and if so, the substance and manner of such supplement or amendment; (b) as to the validity and force and effect of this Lease in accordance with its terms; (c) as to the existence of any default hereunder; (d) as to the existence of any offsets, counterclaims or defenses thereto on the part of either party to this Lease; (e) as to the commencement and expiration dates of the Term of this Lease; (f) as to any other matters as may be reasonably requested.

Any such certificate may be relied upon by the party who requested it and any other person, firm or corporation to whom the same may be exhibited or delivered, and the contents of such certificate shall be binding on the party executing the same.

XIII.

INSURANCE

Before commencement of any demolition or construction on the Demised Premises, Tenant shall procure and maintain in force and effect until the completion thereof, "all risks" builder's risk insurance, including vandalism and malicious mischief, covering the construction of the Building or other improvements and all material and equipment at the job site furnished under contract for such construction, with limits not less than the cost of the completed construction, including increased costs resulting from change orders or other increased costs of construction.

During the Term of this Lease, Tenant shall maintain in effect insurance on all structures erected from time to time on the Demised Premises providing one hundred percent (100%) replacement cost coverage, with an All Other Peril deductible not to exceed fifty thousand dollars ($50,000) unless mutually agreed upon by Landlord and Tenant, for fire and such other hazards as are readily available in the marketplace and normally insured by commercial property owners and operators with similar portfolios and exposures to loss in the immediate area in which the Demised Premises are located.

Tenant shall also carry and maintain earthquake insurance coverage in an amount equal to the lesser of (i) the 250-year Probable Maximum Loss, as calculated by Tenant's insurer, with respect to the Building and (ii) coverage that is readily available at a reasonable cost to Tenant, as determined in Tenant's reasonable discretion, with a deductible not to exceed those commonly carried by commercial property owners and operators with similar portfolios and exposures to loss in the immediate area in which the Demised Premises are located.

In addition, Tenant will carry and maintain public liability insurance with respect to the Demised Premises and Building to afford protection with limits for each occurrence of not less than Three Million Dollars ($3,000,000) with respect to personal injury and death, and One Million Dollars ($1,000,000) with respect to property damage, with adjustments to such limits equal to or greater than adjustments in the U.S. Department of Labor Cost of Living Index. Landlord shall be named as an additional insured in all such liability insurance policies.

Landlord shall be named as an additional loss payee on all such policies of insurance, but all rights of Landlord shall be: (i) junior and subordinate to the rights and interests of all Leasehold Mortgagees; and (ii) limited to requiring reasonable assurances that all available insurance

proceeds, after required reduction of any indebtedness secured by a Leasehold Mortgage, are appropriately escrowed for completion of all obligations of Tenant under this Lease.

Tenant shall provide Landlord with copies of all insurance policies specified herein promptly upon receipt thereof from its insurer and shall provide Landlord with such further evidence of insurance as reasonably requested from time to time. If at any time during the Term of this Lease Tenant fails to maintain the aforesaid insurance, Landlord shall be entitled, at its option, to obtain any or all such insurance. In such event, Landlord shall be reimbursed by Tenant for all costs and expenses associated with obtaining such insurance upon written demand from Landlord to Tenant.

XIV.

INDEMNIFICATION

Tenant shall indemnify, defend and save harmless Landlord from and against any and all claims, causes of action, debts, demands or obligations, including costs and attorney's fees, which may be made against Landlord or against Landlord's title to the Demised Premises arising by reason of or in connection with any alleged act or omission of Tenant or any person claiming under, by or through Tenant resulting from the development, construction or operation of the Building or from the breach by Tenant of any covenant required to be performed by Tenant under this Lease; provided, however, Tenant shall not be required to indemnify, defend and save harmless Landlord from or against any and all claims, debts, demands or obligations which may be made against Landlord or against Landlord's title to the Demised Premises arising by reason of or in connection with any act or omission of Landlord.

XV.

RECONSTRUCTION

In the event of damage to or destruction of the Building or other improvements erected on the Demised Premises, the insurance proceeds, if any, shall be applied as required by any Leasehold Mortgagee. If a Leasehold Mortgagee requires the insurance proceeds to be applied other than to reconstruction of the Building or other improvements, Tenant shall nevertheless be required to restore the Building or other improvements, within a reasonable time and in a reasonable manner, as nearly as possible to such condition as existed immediately prior to such damage or destruction. Any reconstruction or repair undertaken by Tenant pursuant to this Article XV shall be subject to the same terms and conditions contained in this Lease related to the initial construction of the Building or other improvements, as applicable.

XVI.

PRIOR APPROVAL OF OCCUPANTS

During the Term of this Lease, Tenant shall use reasonable efforts to promote occupancy of the Building for use as office space by private practicing physicians who compliment the then-existing mix of tenants in the Building. Tenant shall have the right to enter into leases for space in the Building only with respect to (i) physicians who are private practicing physician members of the active or associate medical staff of the Hospital as set forth in the Bylaws of the medical staff of the Hospital ("Staff Members"); (ii) partnerships, professional associations or other business entities in which at least seventy percent (70%) of the physicians practicing at the respective premises are Staff Members; (iii) Landlord; or (iv) any other person or entity approved by Landlord in its sole and absolute and absolute discretion. Except as hereinafter provided, Landlord shall have the right of prior approval of all occupants of the Building. In addition, Tenant shall not consent to the assignment of any lease or the sublease of any space in the Building without the prior written consent of Landlord, with such consent not to be unreasonably

withheld so long as the provisions set forth herein regarding the occupancy and leasing of the Building are satisfied.

Notwithstanding anything contained in this Article XVI to the contrary, if a space in the Building has been vacant for at least one hundred twenty (120) consecutive days and Tenant obtains a prospective tenant for such space which meets one (1) of the criteria set forth in (i) or (ii) above and who also agrees to comply with the use restrictions hereinafter set forth with respect to the space, then, regardless of whether such tenant is readily acceptable to Landlord for occupancy in the Building, Landlord shall either (a) approve such prospective tenant for occupancy in the Building or (b) disapprove of such prospective tenant but agree to lease such space from Tenant at the rent and for the term to which the prospective tenant had agreed to lease the space, and upon such other terms as are contained in Tenant's standard lease for space in the Building.

All leases and instruments of any other nature entered into regarding occupancy of office space in the Building shall not be valid unless the following legend is placed therein:

> THIS INSTRUMENT IS SUBJECT TO THE TERMS AND CONDITIONS OF THAT CERTAIN GROUND LEASE BETWEEN LESSOR AND WEST TENNESSEE HEALTHCARE, INC. ("GROUND LESSOR") DATED DECEMBER 19, 2008, AS MAY BE AMENDED, AND MUST BE APPROVED BY THE GROUND LESSOR. IN ADDITION, ALL SUBLEASES AND ASSIGNMENTS REQUIRE THE PRIOR APPROVAL OF BOTH LESSOR AND GROUND LESSOR. ANY LEASE, SUBLEASE OR ASSIGNMENT MADE WITHOUT OBTAINING NECESSARY APPROVALS SHALL BE ABSOLUTELY NULL AND VOID AND ANY PARTY TO THE GROUND LEASE (INCLUDING MORTGAGEES) MAY ENJOIN ANY VIOLATION THEREOF.

Notwithstanding the foregoing, if (i) membership to the active or courtesy medical staff of Landlord ("Staff Membership"), as referenced above, is materially reduced or limited, (ii) Landlord does not continue to operate the Campus as a full service, medical facility, or (iii) other

extraordinary or catastrophic events relative to the Hospital occur which make it impracticable to fully lease the Building after diligent efforts in accordance with the provisions of this Article, then Landlord and Tenant shall be obligated to act reasonably and in good faith to obtain occupants for otherwise unoccupied space in the Building. In addition, so long as Tenant otherwise complies with the express provisions of this Lease, no default shall be deemed to have occurred hereunder by reason of an occupant ceasing to maintain Staff Membership.

Without Landlord's prior written consent (which consent may be withheld in Landlord's sole discretion), occupants of the Building shall not provide any commercial or proprietary health-care or medical services or facilities (including, but not by way of limitation, central labs, optical dispensaries, surgery suites, imaging facilities, cardiac catheterization or other cardiac facilities, x-rays and audiology facilities, pharmacy, physical therapy, commercial biological laboratory, surgical, radiological or pathological facilities, or any other services for which a Certificate of Need is required by the State of Tennessee) which are or in the future may be operated in competition with the Hospital or any affiliate of the Hospital, except with respect to facilities and services which are for the individual, exclusive benefit of the patients of the occupants' professional practice.

Without the prior written consent of Landlord (which consent may be withheld in Landlord's sole discretion), no principal, member, manager, shareholder, partner, director nor officer of Tenant nor any enterprise comprising Tenant shall at any time during the Term of the Lease obtain an ownership interest in a general or specialty acute care hospital facility located in Madison County, Tennessee.

XVII.

CONDEMNATION

If the Demised Premises or the Building shall be taken in whole or in part by or pursuant to governmental authority, or through exercise of the right of eminent domain or sold under threat thereof, subject to such provision as may be contained in a Leasehold Deed of Trust, any and all awards or sums granted in consideration or settlement for the Land and the improvements taken and/or damaged shall be equitably apportioned between Landlord and Tenant based on the relative values of the leasehold estate and the remainder interest with proper credit being given to the parties for any prior disbursements of such awards or sums including payments to the holder of a Leasehold Deed of Trust.

If the entire Demised Premises (inclusive of the Building) should be so taken or sold, this Lease shall terminate on the date that such taking or sale becomes final. If only a portion of the Demised Premises (including, without limitation, the parking areas) is so taken or sold, and the balance of the Demised Premises is not suitable for the operation of a medical office building, or if by deprivation or limitation of any access thereto or therefrom the Demised Premises are rendered unsuitable for the operation of a medical office building, Tenant may either elect to terminate this Lease by giving ninety (90) days advance notice to Landlord or to continue in possession of the remaining portion of the Demised Premises.

Nothing contained herein shall be deemed a waiver of Tenant's exclusive right to any and all awards for damages to, or taking of, improvements placed on the Demised Premises by Tenant and nothing herein shall be deemed as a waiver of the Landlord's exclusive right to any award for any portion of the Land taken or damaged.

XVIII.

DEFAULT BY TENANT

In the event Tenant shall fail to keep or violates any condition or agreement in this Lease on the part of Tenant to be performed and if such failure or violation shall have continued for a period of thirty (30) days after Tenant shall have received written notice of default by certified or registered mail from Landlord specifying the event of default, then, except as hereinafter specified, Tenant shall be deemed to be in default hereunder, and Landlord shall, in addition to and not in lieu of all of the rights to which it may be entitled to hereunder and by law but subject to Article XI hereof, at its option without election, be entitled to: (a) cure such default and be reimbursed for all costs and expenses incurred with respect thereto, together with interest at the prime rate as announced by Landlord's primary depository, promptly upon written demand from Landlord to Tenant; (b) seek monetary damages from Tenant and/or injunctive or other equitable relief; and (c) subject to the provisions of Article XI, terminate this Lease and re-enter and repossess all and singular the Demised Premises together with all improvements thereon. Anything to the contrary contained herein notwithstanding, if Tenant defaults under the terms of this Lease and Landlord exercises its remedy to terminate the Lease, Tenant shall receive a credit toward sums which it would otherwise owe to Landlord hereunder for the then-current fair market value of any improvements which may revert to Landlord upon termination of the Lease. By way of example only, if the then-current fair market value of Tenant's interest in the improvements is ten million dollars ($10,000,000) and the damages owed to Landlord by Tenant due to Tenant's default under this Lease is one million dollars ($1,000,000), Landlord shall pay to Tenant the sum of nine million dollars ($9,000,000) for Tenant's interest in the improvements. Notwithstanding the foregoing, in the event any non-monetary default is not cured within said thirty (30) day period, the default shall

nevertheless be deemed cured if within said thirty (30) day period Tenant commences curative action and continues the same to completion with reasonable diligence. Neither the exercise by Landlord of any or all of its rights under this Lease or at law nor the default by Tenant of any of its obligations to Landlord shall in any way relieve Tenant of Tenant's obligation to any lender or any third party to whom Tenant may be obligated and shall in no event impose on Landlord any obligations to any lender or other party to whom Tenant may be or may have been obligated; provided, however, that Landlord agrees that in the event Landlord acquires the Leasehold Interest of Tenant, through default hereunder or otherwise, Landlord will accept all tenants which have leased space in the Building from Tenant as Landlord's tenants for a period equal to the full, unelapsed portion of the term of any such tenant leases, including any extensions and renewals thereof, and upon the same covenants and conditions as are contained therein, and Landlord thereafter shall become the "Lessor" under any such tenant leases; provided, however, Landlord at its option may refuse to accept any such tenant if any default has occurred under the terms of any such tenant lease.

XIX.

DEFAULT BY LANDLORD

If Landlord shall fail to pay, within a reasonable time after the due date for same, any obligation paramount to this Lease or affecting the Demised Premises or shall fail promptly to remove any other lien, charge or costs incurred by Landlord which could jeopardize the Tenant's right to possession of the Demised Premises as hereby granted, Tenant may pay the items in question after first giving Landlord written notice of such failure by certified mail and Landlord shall not have made such payment or removed such lien or other charge with thirty (30) days following receipt of notice thereof from Tenant. Any such payment shall entitle Tenant to be

subrogated to the lien or charge of the item so paid. Landlord shall have an opportunity to contest the validity of any obligation paramount to this Lease or affecting the Demised Premises. If any payment is made by Tenant pursuant to this Article XIX, Landlord shall be liable for reimbursement to Tenant, together with interest at the prime rate as announced by Tenant's primary depository, promptly upon written demand to Landlord from Tenant.

XX.

TERMINATION

Upon termination of this Lease, either by default of Tenant or expiration of the Term (subject to the provisions of Articles V, XI, XV and XVIII hereof), the improvements on the Demised Premises will be and become the property of the Landlord, and Tenant shall peaceably leave and surrender the Demised Premises to Landlord, free of all liens and encumbrances (other than leases for space within the Building entered into pursuant to the terms permitted in this Lease, and utility and other easements entered into in the ordinary course of business), broom clean and otherwise in the condition in which the Demised Premises and Building are required to be maintained by the terms of this Lease, reasonable wear and tear excepted. Tenant shall surrender all keys for the Building to Landlord at the place then fixed for the payment of Rent hereunder. Tenant shall, at its expense, remove from the Demised Premises on or before the expiration or earlier termination of this Lease all furnishings, fixtures and equipment situated thereon that are the personal property of Tenant and are required by the terms of this Lease to be removed; however, Tenant shall not remove any equipment, conduits, fixtures, Utilities, HVAC systems lighting, life safety systems or sprinkler systems within or serving the Building and required for the use, operation and/or maintenance of the Building as a medical office building, regardless of whether the same were installed by or on behalf of Landlord or Tenant, all of which, together with all other

furnishings, fixtures and equipment not removed by Tenant as provided above, shall become the Property of Landlord upon the expiration or earlier termination of this Lease and shall conclusively be presumed to have been conveyed to Landlord under this Lease via a bill of sale without further payment or credit by Landlord to Tenant. In addition, Tenant shall, at is expense, on or prior to the expiration or earlier termination of this Lease, repair any damage caused by the removal of any personal property of Tenant.

XXI.

LANDLORD'S RIGHT OF FIRST REFUSAL

Tenant may assign or otherwise convey its Leasehold Interest to Cogdell Spencer LP, Cogdell Spencer Inc. or an affiliate of either of Cogdell Spencer LP or Cogdell Spencer Inc. without the prior consent of Landlord. For purposes of this Article XXI and Article XXXIII hereof, "affiliate" shall mean any individual, corporation, limited liability company, trust or other entity which directly or indirectly controls or is directly or indirectly controlled by, or is under common control with the designated entity. For purposes of this definition, "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, limited liability company or other entity, whether through the ownership of voting securities or by contract or otherwise or a 50% or more ownership in such entity.

In the event any proposed bona fide assignment by Tenant of its Leasehold Interest, either directly, by operation of law or by transfer of control of Tenant (each referred to herein as an "assignment"), other than to an affiliate of Tenant or as provided in Article XI hereof, Tenant shall so notify Landlord in writing by registered or certified mail specifying the proposed assignment price and all other material terms and conditions of the proposed assignment, together with the

name and address of the party to whom the proposed assignment will be made (the "Proposed Assignee"). For a period of forty five (45) days after such notice is given by Tenant to Landlord, Landlord shall have the option to purchase the Leasehold Interest on the terms contained in the notice by providing written notice of such election to Tenant prior to expiration of such forty five (45) day period, time being of the essence. In the event Landlord does not exercise such option within the forty five (45) day time period specified above, Tenant shall be free to convey the Leasehold Interest to the Proposed Assignee on terms not materially less favorable than those specified in the notice given by Tenant to Landlord; provided, however, that in the event the Tenant desires to convey the Leasehold Interest on terms materially less favorable to Tenant than those set forth in the foregoing notice, it shall first notify Landlord in writing and Landlord shall have thirty forty five (45) days from the date of receipt thereof, time being of the essence, within which to elect to acquire the Leasehold Interest in accordance with the revised terms and conditions. Notwithstanding the foregoing, to the extent a reduction in the purchase price for the Leasehold Interest or a material modification in any of the terms of the assignment is due to the discovery by the Proposed Assignee of deficiencies in the Leasehold Interest, such reduction or modification shall not constitute a material change in the terms or conditions of the proposed assignment if the reduction or modification is reasonably related to the deficiencies so discovered. In the event Tenant does not consummate a sale of the Leasehold Interest to the Proposed Assignee within one (1) year following expiration of the initial forty five (45) day period set forth above in this Article XXI, the procedures set forth above shall be repeated in the event Tenant desires to continue with the assignment to the Proposed Assignee or to enter into a new assignment of the Leasehold Interest with any other assignee.

If Tenant desires to make a charitable contribution or engage in a conveyance of any other nature wherein cash or cash equivalent consideration is not being received, any right of first refusal of Landlord under this Article shall be based on the fair market value of the Leasehold Interest. The parties shall attempt in good faith to agree upon the fair market value of the Leasehold Interest, but if agreement cannot promptly be reached, the fair market value shall be established for the Leasehold Interest by appraisal as follows: each party shall select and pay for an M.A.I. appraiser having at least five (5) years experience in appraising properties similar to the Building in the Madison County, Tennessee area. The two appraisers shall then independently determine the fair market value of the Leasehold Interest. If the lower determination is within ten percent (10%) of the higher, the two shall be averaged, and the average shall be deemed the fair market value. If the lower determination is not within ten percent (10%) of the higher, the two appraisers shall then select a third M.A.I. appraiser having at least five (5) years experience in appraising properties similar to the Building in the Madison County, Tennessee area. The two determinations of value that are closest shall be averaged and that average shall be deemed the fair market value of the Leasehold Interest. The cost of the third appraiser shall be borne equally by Landlord and Tenant. Once the fair market value of the Leasehold Interest has been established, Tenant shall be entitled to give the notice of the proposed assignment or conveyance to Landlord as set forth hereinabove utilizing the fair market value of the Leasehold Interest as the proposed consideration. In the event Landlord elects to purchase the Leasehold Interest for its fair market value, the transaction shall be closed as an all-cash transaction.

XXII.

TENANT'S RIGHT OF FIRST REFUSAL

In the event Landlord, in good faith, elects to assign or otherwise convey its interest in this Lease or in the Demised Premises or the Building (individually or collectively, as applicable, the "Fee Interest"), Landlord shall so notify Tenant in writing specifying the proposed conveyance price and all other material terms and conditions of the proposed conveyance, together with the name and address of the party to whom the proposed conveyance will be made (the "Proposed Transferee"). For a period of thirty (30) days after such notice is given by Landlord to Tenant, time being of the essence, Tenant shall have the option to purchase the Fee Interest on the terms contained in the notice by providing written notice of such election to Landlord. In the event Tenant does not exercise such option within the thirty (30) day time period specified above, Landlord shall be free for a period of one (1) year thereafter to convey the Fee Interest to the Proposed Transferee on monetary terms no less favorable and non-monetary terms not materially less favorable than those specified in the notice given by Landlord to Tenant; provided, however, that in the event Landlord desires to convey the Fee Interest to the Proposed Transferee on monetary terms less favorable or non-monetary terms materially less favorable to Landlord than those set forth in the foregoing notice, it shall first notify Tenant in writing, and Tenant shall have thirty (30) days from the date of receipt thereof, time being of the essence, within which to elect to acquire the Fee Interest in accordance with the revised terms and conditions. Notwithstanding the foregoing, to the extent a reduction in the purchase price for the Fee Interest or a material modification in any of the terms of the proposed conveyance is due to the discovery by the Proposed Transferee of deficiencies in the Fee Interest, such reduction or modification shall not constitute a material change in the terms or conditions of the proposed conveyance if the reduction or modification is reasonably related to the

deficiencies so discovered. In the event Landlord does not consummate a sale of the Fee Interest to the Proposed Transferee within said one (1) year time period, the procedures set forth above shall be repeated in the event Landlord desires to continue to seek a conveyance of the Fee Interest to the Proposed Transferee or to any other transferee.

If Landlord desires to make a charitable contribution or engage in a conveyance of any other nature wherein cash or cash equivalent consideration is not being received, any offer made under this Article XXII shall be based on the fair market value of the Fee Interest being conveyed. The parties shall attempt in good faith to agree upon the fair market value of the Fee Interest, but if agreement cannot promptly be reached, the fair market value shall be established by appraisal as set forth in Article XXI hereof. Once the fair market value of the Fee Interest being conveyed has been established, Landlord shall be entitled to give the notice of the proposed conveyance to the other party as set forth hereinabove utilizing the fair market value of the Fee Interest as the proposed consideration. In the event Tenant elects to purchase the Fee Interest for its fair market value, the transaction shall be closed as an all-cash transaction.

The following conveyances shall be exempt from the provisions of this Article XXII: a conveyance by Landlord of its Fee Interest in conjunction with: (a) the sale or transfer of the Fee Interest to an affiliate of Landlord; (b) the sale or other transfer of all or substantially all of Landlord's assets; (c) a merger or reorganization by Landlord; or (d) a sale or other transfer of the entire Campus by Landlord to a single transferee. For purposes of this paragraph, "affiliate of Landlord" shall mean any individual, corporation, limited liability company, partnership, trust or other entity which directly or indirectly controls or is directly or indirectly controlled by, or is under common control with Landlord. For purposes of the foregoing definition, "control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management

and policies of such corporation, limited liability company or other entity, whether through the ownership of voting securities or by contract or otherwise.

XXIII.

ADJACENT AREAS

Landlord shall maintain its property adjacent to the Demised Premises in a reasonable manner and in a good and sightly condition to provide visually attractive surroundings to the Building. Subject to all easements granted or to be granted to Tenant in connection with this Lease, Landlord may use or improve the property owned by Landlord adjacent to the Demised Premises, provided that Tenant's use and enjoyment of the Demised Premises is not impaired as a result thereof.

XXIV.

NOTICES

All notices and communications hereunder shall be in writing and shall be deemed given: (a) on the date of delivery if delivered in person; (b) on the date placed with a nationally recognized overnight delivery service, such as FedEx or UPS; (c) on the date deposited in the United States mail if sent by registered or certified mail, postage prepaid; or (d) on the date sent by electronically-confirmed facsimile transmission. All such notices and communications shall be properly addressed as follows:

Tenant: West Tennessee Investors, LLC
c/o Cogdell Spencer Inc.
4401 Barclay Downs Drive, Suite 300
Charlotte, North Carolina 28209
Attn: Chief Financial Officer
Telephone: (704) 940-2900
Facsimile: (704) 940- 2959

With a copy to:	Powell Goldstein LLP One Wachovia Center 301 South College Street, Suite 3700 Charlotte, North Carolina 28202 Attn: Bryan P. Durrett, Esq. Telephone: (704) 749-8938 Facsimile: (704) 749-8990
Landlord:	West Tennessee Healthcare, Inc. c/o Jackson-Madison County General Hospital 620 Skyline Drive Jackson, Tennessee 38301 Attn: Chief Financial Officer and General Counsel Telephone: (731) 541-5000 (Chief Financial Officer) Telephone: (731) 660-8717 (General Counsel) Facsimile: (731) 541-6802 (Chief Financial Officer) Facsimile: (731) 660-8714 (General Counsel)
With a copy to:	Rainey, Kizer, Riviere & Bell, PLC 105 South Highland Avenue Jackson, Tennessee 38301 Attn: Will Bell, Esq. Telephone: (731) 426-8113 Facsimile: (731) 426-8156

If sent by one of the herein-described means, notices shall be deemed received: (w) on the date delivered if given by personal delivery; (x) one (1) business day after being placed with a nationally recognized overnight delivery service; (y) two (2) business days after being deposited in the United States mail service; or (z) on the following business day if sent by electronically-confirmed facsimile transmission. Either party may at any time change its Notice Address (including its facsimile number) by sending a written notice to that effect by one of the above-described means to the other party stating the change and setting forth the new address or number.

XXV.

SUCCESSORS AND ASSIGNS

The covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of Landlord and Tenant and their respective successors and permitted assigns; provided, however, that, subject to the terms of Article XXI hereof, Tenant shall not assign or otherwise transfer its Leasehold Interest without the prior written consent of Landlord. Upon a transfer by Landlord or Tenant of its respective estate or interest in the Demised Premises or the Building, the transferring party (the "Transferring Party") shall notify the other party in writing of such transfer. The Transferring Party shall be and is hereby relieved from any breach of covenants or obligations under the Lease arising or occurring after the date of transfer of the Transferring Party's estate or interest in the Demised Premises or the Building. The provisions of this Article XXV shall apply to each successive transfer of Landlord's or Tenant's interest or estate.

XXVI.

DISPUTES

Anything to the contrary contained herein notwithstanding, if any bona fide dispute arises concerning the performance by Tenant (or any other party on behalf of Tenant) of the obligations imposed upon Tenant under the terms of this Lease, the Tenant or any other party having an interest in this Lease, including the Leasehold Mortgagee, shall be entitled to have such dispute resolved by the Circuit Court of Madison County, Tennessee. During the pendency of any such court proceeding, the grace periods otherwise specified herein for curing defaults shall be tolled if an appropriate bond acceptable to Landlord is posted with the court to assure reasonable performance of Tenant's obligation if the matter is resolved in favor of Landlord; provided, however, that this provision shall not be applicable if Landlord is materially prejudiced pending resolution of the

dispute; provided further, however, that such tolling provision shall be applicable only to non-monetary defaults and shall not toll any grace period otherwise specified herein with respect to the payment of monetary defaults, which (unless otherwise ordered by a court of competent jurisdiction) shall be paid under protest in the event Tenant or any other party with an interest in this Lease disputes the propriety of any such payment.

If any action, suit, arbitration or other proceeding is instituted to remedy, prevent or obtain relief from a default in the performance by any party to this Lease of its obligations hereunder, the prevailing party shall be reimbursed by the other party hereto for all of such party's attorneys' fees incurred in each and every such action, suit, arbitration or other proceeding, including any and all appeals or petitions therefrom. As used in this Paragraph, attorneys' fees shall be deemed to mean the full and actual costs of any legal services actually performed in connection with the matters involved, calculated on the basis of the usual fee charged by the attorney performing such service.

XXVII.

HAZARDOUS MATERIALS

Landlord shall be responsible for the cost and expense of any and all penalties, fines, claims, liens, suits, liabilities, costs, judgments and expenses (including, without limitation, attorneys' fees) of every kind and nature (each, a "Claim") as a result of any hazardous or toxic materials, substances or wastes ("Hazardous Materials") now or hereunder regulated under federal, state and local environmental laws and regulations, including but not limited to, the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA"), Public Law No. 96-510, 94 Stat. 2767, 42 USC 7601 et seq. and the Superfund Amendments and Reauthorization Act of 1986 (SARA), Public Law No. 99-499, 100 Stat. 1613, the Toxic Substances Control Act,

as amended, (15 U.S.C. § 2601 et seq.); the Hazardous Materials Transportation Act, as amended (49 U.S.C. § 1801 et seq.); the Clean Air Act, as amended, (42 U.S.C. § 7401 et seq.); the Clean Water Act, as amended (33 U.S.C. § 1251 et seq.); the Oil Pollution Act of 1990, as amended (33 U.S.C. § 2701 et seq.); and the Safe Drinking Water Act, as amended (42 U.S.C. § 1251 et seq.), as any of the foregoing may hereinafter be amended; any rule or regulation promulgated pursuant thereto, and any other present or future law, ordinance, rule, regulation, permit or permit condition, order or directive addressing environmental, health, or safety issues of or by the federal government or any state or other political subdivision thereof, or any agency, court or body of the federal government, or any state or political subdivision thereof, exercising executive, legislative, judicial, regulatory or administrative functions (collectively, the "Environmental Laws") with respect to Hazardous Materials located on, in, above or under the Demised Premises as of the Commencement Date or, following the Commencement Date, emanating from the Campus onto the Demised Premises.

Tenant shall construct the Building and conduct all of its operations on the Demised Premises in accordance with all applicable laws, codes and regulations, including, without limitation, Environmental Laws. Tenant hereby covenants and agrees during the Term of this Lease not to bring, release, use or store Hazardous Materials in, on or above the Demised Premises, except in compliance with the Environmental Laws and permits required thereby. Tenant shall be responsible for the cost and expense of any and all Claims resulting from any Hazardous Materials that Tenant or any of Tenant's lessees (other than a lessee that is an affiliate of Landlord), employees, members, managers, property managers, contractors or agents brings, releases or uses on, in, above or under the Demised Premises in violation of the Environmental Laws or permits required thereby.

XXVIII.

SIGNAGE

Landlord retains the right from time to time to prescribe reasonable standards governing the size, shape, number, location, material and content of all exterior signs, decorations, fixtures and advertising devices on the Building or Demised Premises. Tenant shall not decorate, paint, or in any other manner alter the exterior of the Building, and shall not install, affix or maintain any sign, decoration, fixture or other advertising device, on the exterior of the Building without first obtaining Landlord's written consent (which consent shall not be unreasonably withheld, conditioned nor delayed) and complying in all respects with the aforesaid standards.

All signs installed by or on behalf of Tenant shall be removed by Tenant at the expiration or earlier termination of this Lease, and Tenant shall repair any damage caused by such removal and restore the Demised Premises and/or the exterior of the Building to its original order and condition.

XXIX.

MEMORANDUM OF LEASE

Upon execution of this Lease, the parties hereby agree to execute, acknowledge and deliver for recording purposes a memorandum of lease in substantially the form attached hereto as Exhibit D. No such memorandum shall include any financial terms of this Lease. Recording, filing and like charges and any stamp, charge for recording, transfer or other tax shall be paid by Tenant. In the event of termination of this Lease, within thirty (30) days after written request from Landlord, Tenant agrees to execute, acknowledge and deliver to Landlord an agreement terminating such memorandum of lease of record. If Tenant fails to execute such agreement within the thirty (30) day period or fails to notify Landlord within the thirty (30) day period of its

reasons for refusing to execute such agreement, Landlord is hereby authorized to execute and record such agreement for the sole purpose of terminating the memorandum of lease of record. This provision shall survive any termination of the Lease.

XXX.

NET LEASE

The Rent payable under Article II of this Lease shall be absolutely net to Landlord so as to yield to Landlord in each year during the Term the Rent so specified, free of any charges, assessments, impositions or deductions of any kind charged, assessed, or imposed on or against the Demised Premises. Except as otherwise specifically provided for by any provision of this Lease, all costs, expenses and obligations of any kind which may arise or become due during the Lease Term relating to the maintenance and operation of the Demised Premises, including all alterations, repairs, reconstruction and replacements as provided in this Lease, shall be paid by Tenant, and Landlord shall be indemnified and saved harmless by Tenant from and against such costs, expenses and obligations.

XXXI.

LEASE CONDITIONED UPON APPROVALS AND RE-ZONING

Notwithstanding anything contained in this Lease or elsewhere to the contrary, Tenant's obligations under this Lease shall be conditioned upon Tenant's attainment of all governmental, quasi-governmental and other approvals and permits necessary, in Tenant's sole discretion, for construction of the Building and its use thereof as a medical office building and ambulatory surgery center (collectively, the "Approvals") as follows: (a) Tenant shall have obtained all governmental approvals necessary to commence grading and erosion control activities for the Building not later than December 19, 2008; (b) Tenant shall have obtained all

governmental approvals necessary to commence installation of utilities to service the Building not later than December 31, 2008; and (c) Tenant shall have obtained all governmental approvals necessary to commence construction of the Building not later than January 30 2009. Denial of one or more Approvals or the failure of Tenant to obtain an Approval by the applicable deadline shall entitle Tenant on each occasion to terminate this Lease upon written notice to Landlord, given within thirty (30) days after a denial or the applicable deadline. Upon such termination, neither Landlord nor Tenant shall have any further obligations hereunder. Notwithstanding the foregoing, Tenant shall have the right, in its sole discretion, to extend an applicable deadline one (1) or more times, not to exceed a total of one hundred twenty (120) days, by providing written notice to Landlord of each such extension at least ten (10) days prior to the then-current applicable deadline.

XXXII.

LIMITATION OF LANDLORD'S LIABILITY

Except as otherwise provided in Article XXVII hereof, with respect to the liability of Landlord under this Lease, in no event shall recourse be had against Landlord or any partner, shareholder, trustee, officer or director of Landlord, nor any property or assets of Landlord or any partner, shareholder, trustee, officer or director of Landlord. If Landlord shall at any time transfer its Fee Interests, Landlord shall be released of any obligations under this Lease arising following the date of such transfer, provided that (i) the transferee agrees to assume all such obligations as of the date of transfer, and (ii) the proceeds received from such transfer shall be subject to the provisions of this Article XXXII.

XXXIII.

FINANCIAL STATEMENTS, RENT ROLLS, BOOKS AND RECORDS

Tenant agrees to provide its most recent financial statements and a current rent roll for the Building to Lessor within fifteen (15) days following request by Lessor therefore; provided, however, that Tenant shall not be obligated to provide financial statements or rent rolls more than one (1) time in any twelve (12) consecutive month period unless it is in default under this Lease.

Landlord shall have the right to review the books and records of Tenant pertaining to the Building and leasing thereof (the "Books and Records"), subject to the following conditions: (i) Landlord shall have the right to review the Books and Records no more frequently than once per year; (ii) Landlord shall give Tenant not less than ten (10) days' prior written notice of Landlord's desire to review the Books and Records; (iii) the review shall be conducted in Tenant's offices during normal business hours or, at the written request of Landlord, Tenant shall provide true and complete copies of the Books and Records to Landlord pursuant to one of the methods described in Article XXIV above or by electronic mail delivery; (iv) Tenant, its employees, agents and managers shall cooperate fully in connection with the review and make available to Landlord all information as it may reasonably request, and (v) Landlord shall bear the entire cost of the review.

XXXIV.

COVENANT NOT TO COMPETE; NO EXCLUSIVE RIGHT TO DEVELOP

Each of Tenant, Cogdell Spencer LP and Cogdell Spencer Inc. hereby agrees that, except for the Building, neither it nor any of its affiliates will own, manage or operate a medical office building within a twenty five (25) mile radius of the Building without first obtaining the express, written consent of Landlord, which consent may be withheld in Landlord's sole discretion.

Each of Tenant, Cogdell Spencer LP and Cogdell Spencer Inc. acknowledges and agrees that nothing contained in this Lease shall be construed to grant to Tenant, Cogdell Spencer LP or Cogdell Spencer Inc. any rights to develop or coordinate the development of any other improvements on Landlord's Campus.

XXXV.

MISCELLANEOUS

This Lease shall be subject to the following:

(i) The liability of the members of Tenant under this Lease shall be and is hereby limited to such members' interest in Tenant, and no other assets of the members of Tenant shall be affected by reason of any liability which Tenant or said members may have to Landlord or any other person by reason of this Lease, the obligations of Tenant contained herein or the execution hereof.

(ii) This Lease contains the entire agreement of the parties and supersedes all prior agreements, whether written or oral. This Lease may not be modified in any manner other than by agreement in writing signed by all parties hereto, or their successors in interest or permitted assigns.

(iii) Tenant shall conform to and observe all lawful ordinances, rules and regulations of the United States of America, State of Tennessee and all public authorities, boards or offices, relating to the Demised Premises or the improvements thereon or the use thereof; provided, however, that nothing herein contained shall be construed as preventing or interfering with the contestation by Tenant, at its own expense, of any such ordinance, rule or regulation that it may consider unlawful or oppressive, and Tenant shall not be considered in default with respect to such contested matter so long as the matter shall remain undetermined by final judgment.

(iv) No waiver of any condition or covenant in this Lease, or of any breach thereof, shall be taken to constitute a waiver of any subsequent breach. No payment by Landlord, in case of

default on the part of Tenant in that respect, of any taxes, assessments, public charges, or premiums of insurance, or the payment of any amount herein provided to be paid other than Rent, or in the procuring of insurance as hereinabove provided, shall constitute or be construed as a waiver or covenant by Landlord of the default of Tenant in that respect.

(v) Whenever Tenant requests any consent, permission or approval which may be required or desired by Tenant pursuant to the provisions hereof, Landlord shall not unreasonably withhold, condition nor delay the granting of such consent, permission or approval.

(vi) Only Tenant shall have the right to take deductions on its tax returns with respect to the buildings (including the Building), structures, improvements, changes, alterations, additions, repairs and installations which are located upon the Demised Premises and depreciation thereof.

(vii) All covenants, promises, conditions and obligations herein contained or implied by law are covenants running with the land and shall attach and bind and inure to the benefit of the Landlord and Tenant and their respective heirs, legal representatives, successors and assigns, except as otherwise provided herein.

(viii) This Lease shall be governed by and construed in accordance with the laws of the State of Tennessee.

(ix) There are no oral or verbal understandings among Landlord and Tenant concerning the subject matter of this Lease, and any amendment, modification or supplement to this Lease must be in writing.

(x) Landlord's or Tenant's failure to exercise any rights or options provided herein under or by law does not constitute a permanent waiver of that right or option.

(xi) Should Tenant, or any of Tenant's successors in interest, hold over on the Demised Premises, or any part thereof, after the expiration of the Term of this Lease with the permission of

Landlord, unless otherwise agreed in writing, such holding over shall constitute and be construed as a tenancy from month-to-month only, subject to all the terms and provisions of this Lease (to the extent applicable to a month-to-month tenancy) and shall not be an extension of the Term of this Lease. Rent for such month-to-month tenancy shall be one-twelfth ($1/12^{th}$) of 125% of the annual Rent payable during the immediately preceding year of the Term, payable in advance on the first day of each calendar month during the term of such month-to-month tenancy, with all other monetary obligations being due and payable as herein provided. The inclusion of this Paragraph shall not be construed as Landlord's consent for Tenant to hold over. Any such month-to-month tenancy may be terminated by either party hereto giving the other party thirty (30) days prior written notice of such termination.

(xii) It is the intention of Landlord and Tenant to conform strictly to applicable usury laws. Accordingly, if the transaction contemplated hereby would be usurious in any respect under applicable law, then, in that event, notwithstanding anything contained herein or in any agreement entered into in connection with or as-security for this Lease to the contrary, it is agreed that the aggregate of all consideration which constitutes interest under applicable law that is taken, reserved, contracted for, charged, or received by Landlord under this Lease or under any of the aforesaid agreements securing this Lease or otherwise entered into in connection with this Lease shall under no circumstances exceed the maximum amount of interest allowed by applicable law, and any excess shall be credited on this Lease by the Landlord to any rent or other sum which is not interest under applicable law owing by Tenant to Landlord hereunder or, at the option of Landlord, refunded to Tenant, and in no event shall any consideration paid by Tenant to Landlord hereunder that constitutes interest ever include more than the maximum amount allowed by applicable law.

(xiii) If any clause or provision of this Lease is illegal, invalid, or unenforceable under any present or future laws effective during the Term of this Lease, then and in that event, it is the intention of the parties hereto that the remainder of this Lease shall not be affected thereby, and it is also the intention of the parties to this Lease that in lieu of each clause or provision of this Lease that is illegal, invalid or unenforceable, there be added as a part of this Lease a clause or provision as close in meaning to such stricken clause or provision as will be legal, valid and enforceable.

(xiv) Words of any gender used in this Lease shall be held and construed to include any other gender, and words in the singular number shall be held to include the plural, unless the context otherwise requires.

(xv) Except as otherwise herein expressly provided, time is of the essence with respect to each provision of this Lease.

[Signature Page Follows]

Supplemental 1
July 23, 2020

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

LANDLORD:

WEST TENNESSEE HEALTHCARE, INC.,
a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District

By: _____
Name RICHARD PARKS
Title: CEO

By: _____
Name: Bobby Andrews
Title: VP/CFO

TENANT:

WEST TENNESSEE INVESTORS, LLC,
a Tennessee limited liability company

By: Cogdell Spencer Advisors LLC,
a Delaware limited liability company
its Manager

By: _____
Name: _____
Title: _____

5098715-7

Supplemental 1
July 23, 2020

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

LANDLORD:

WEST TENNESSEE HEALTHCARE, INC.,
a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

TENANT:

WEST TENNESSEE INVESTORS, LLC,
a Tennessee limited liability company

By: Cogdell Spencer Advisors LLC,
a Delaware limited liability company
its Manager

By: _____
Name: Charles M. Handy
Title: Manager

5098715-7

EXHIBIT A

[Legal Description of the Land]

Lying and being located in the City of Jackson, Madison County, Tennessee and more particularly described as follows:

Being within the boundaries of the West Tennessee Health Care, Inc. properties as conveyed by Warranty Deeds of record in Deed Book 567, Page 832; Deed Book 593, Page 448; and Deed Book 567, Page 747, as recorded in the Register's Office of Madison County, Tennessee, and described as follows:

Commence at a set ½-inch iron rod with aluminum identification cap stamped "PLS INC" and being located in the proposed south right-of-way line of Forest Avenue (45 feet from centerline, at a right angle), said iron rod being set in the east line of the West Tennessee Health Care, Inc. property (Deed Book 555, Page 721) and having a Northing of 486,147.62 feet and an Easting of 1,127,023.30 feet in the Tennessee Coordinate System of 1983; thence, with said proposed south right-of-way line of Forest Avenue and the grid of said coordinate system, South 86 degrees 46 minutes 48 seconds East, 15.94 feet, to a point; thence, leaving said proposed south right-of-way line, South 03 degrees 13 minutes 12 seconds West, 15.00 feet, to the point of beginning; thence, South 86 degrees 46 minutes 48 seconds East, 207.01 feet, to a point; thence, South 03 degrees 13 minutes 12 seconds West, 53.35 feet, to a point; thence, South 86 degrees 46 minutes 48 seconds East, 19.42 feet, to a point; thence, South 03 degrees 13 minutes 12 seconds West, 54.31 feet, to a point; thence, North 86 degrees 46 minutes 48 seconds West, 19.42 feet, to a point; thence, South 03 degrees 13 minutes 12 seconds West, 83.01 feet, to a point; thence, North 86 degrees 46 minutes 48 seconds West, 207.01 feet, to a point; thence, North 03 degrees 13 minutes 12 seconds East, 190.67 feet, to the point of beginning and containing 0.93 acres, within these bounds, as surveyed by PLS, Inc. on October 17, 2008.

Being all of the property shown as "Lot 1" on the plat entitled "Final Plat of Lot 1 Medical Office Center Forest Avenue" prepared by Professional Land Services Inc. dated October 17, 2008 and recorded in Book _____, Page _____ in the Register's Office of Madison County, Tennessee.

EXHIBIT B

[Site Plan depicting the location of the Building]

Supplemental 1
July 23, 2020

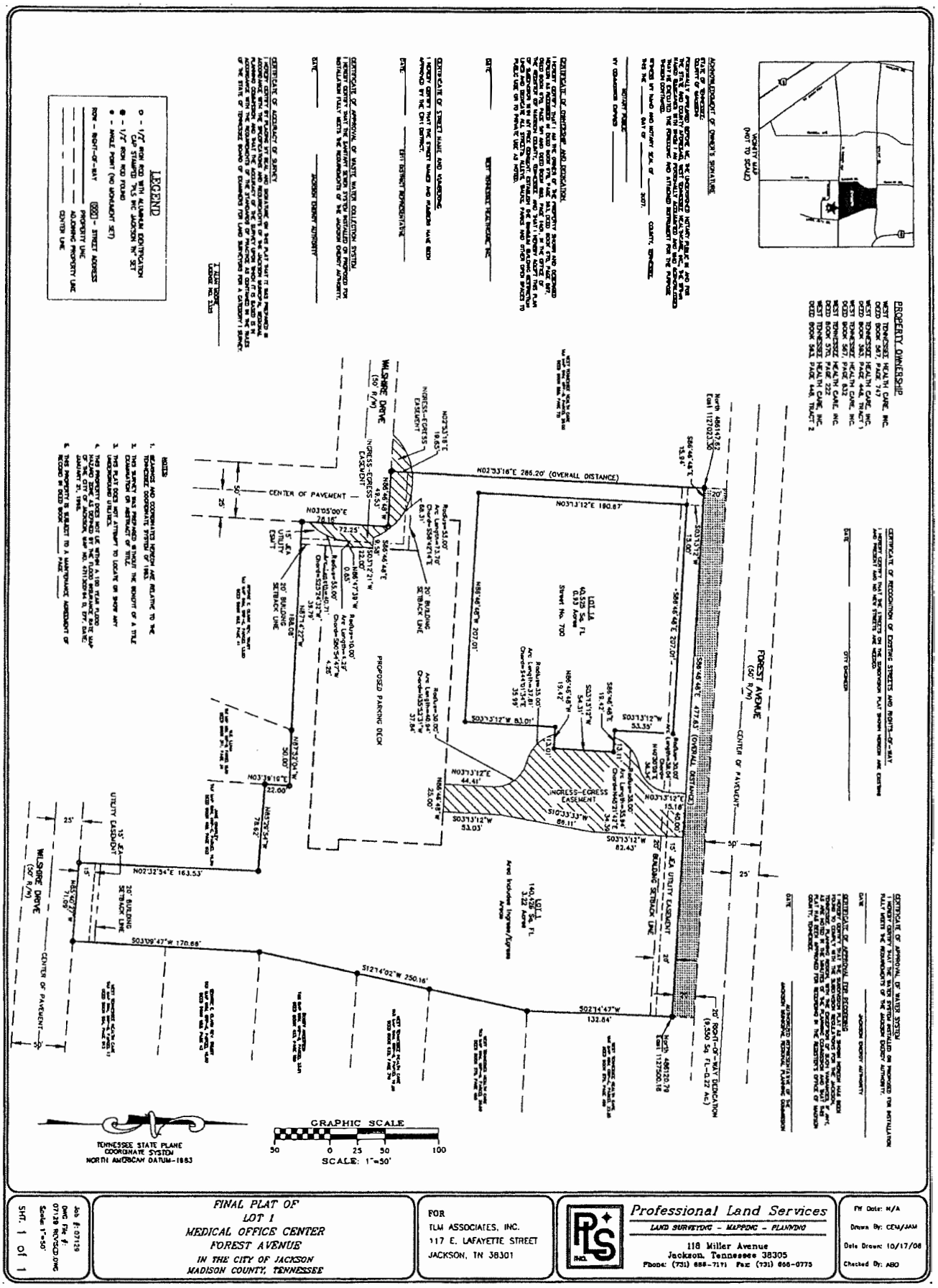

EXHIBIT C

[Description of Plans and Specifications]

Plans and specifications entitled "West Tennessee Healthcare Medical Center Physicians Tower" dated October 17, 2008 and prepared by RPA Design, P.C. of Charlotte, North Carolina.

Supplemental 1
July 23, 2020

EXHIBIT D

[Form of Memorandum of Lease]

THIS INSTRUMENT PREPARED BY:
RAINEY, KIZER, REVIERE & BELL, PLC
Attorneys at Law (WCB-36737)
105 South Highland Avenue
Jackson, TN 38305

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE is executed this the 19th day of December, 2008, by and between **WEST TENNESSEE HEALTHCARE, INC.**, a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District ("Landlord") and **WEST TENNESSEE INVESTORS, LLC**, a Tennessee limited liability company ("Tenant").

1. **Leased Premises.** The parties have executed a Ground Lease dated December ___, 2008, whereby Landlord has agreed to lease certain real property to Tenant, which property is more particularly described on **Exhibit A** to this Memorandum of Lease and on which Tenant will construct improvements (the "Building").

2. **Term.** The term of the Ground Lease shall be for a period of fifty (50) years beginning _____, 200__, and terminating at midnight on _____, 205__.

3. **Option Terms.** The Ground Lease provides for three (3) consecutive ten (10) year option terms in favor of the Tenant.

4. **Leasehold Financing.** Rights of Leasehold Mortgagees are set forth in the Ground Lease.

5. **Building Tenants.** Building Tenants must be: (i) Physicians who are private practicing physician members on the active or associate medical staff of Jackson-Madison County General Hospital (the "Hospital") as set froth in the Bylaws of the Medical Staff of the Hospital ("Staff Members"); or (ii) partnerships, professional associations, or other business entities in which at least 70% of physicians practicing at the respective premises are Staff Members of the Hospital; or (iii) West Tennessee Healthcare, Inc.; or (iv) the Hospital; or (v) any other person or entity approved by Landlord in its sole and absolute discretion.

Without prior written consent of the Hospital (which consent may be withheld in the Hospital's sole discretion) no principal, member, manager, shareholder, partner, director, nor officer of Tenant nor any enterprise comprising Tenant shall at any time during the term of the

Ground Lease or Option Term obtain an ownership interest in a general or specialty acute care hospital facility located in Madison County, Tennessee.

Without Landlord's prior written consent (which consent may be withheld at Landlord's sole discretion), occupants of the Building shall not provide any commercial or proprietary healthcare or medical services or facilities (including, but not by way of limitation, central labs, optical dispensaries, surgery suites, imaging facilities, cardiac catheterization or other cardiac facilities, x-rays and audiology facilities, pharmacy, physical therapy, commercial biological laboratory, surgical, radiological or pathological facilities, or any other services for which a Certificate of Need is required by the State of Tennessee) which are or in the future may be operated in competition with the Hospital or any affiliate of the Hospital, except with respect of facilities and services which are for the individual, exclusive benefit of the patients of the occupant's professional practice.

6. **Landlord's Right of First Refusal.** The Ground Lease provides for the Landlord to have a right of first refusal to purchase the Building. Such terms are set forth in the Ground Lease.

7. **Tenant's Right of First Refusal.** The Ground Lease provides for the Tenant to have a right of first refusal to purchase the Leased Premises. Such terms are set forth in the Ground Lease.

8. **Notices.** All notices and communications hereunder shall be writing and shall be deemed given: (a) on the date of delivery if delivered in person; (b) on the date placed with a nationally recognized overnight delivery services, such as FedEx or UPS; (c) on the date deposited in the United States mail if sent by registered or certified mail, postage prepaid; or (d) on the date sent by electronically-confirmed facsimile transmission. All such notices and communications shall be properly addressed as follows:

Tenant:
West Tennessee Investors, LLC
c/o Cogdell Spencer Inc.
4401 Barclay Downs Drive, Suite 300
Charlotte, North Carolina 28209
Attn: Chief Financial Officer
Telephone: (704) 940-2900
Facsimile: (704) 940-2959

With a copy to:
Powell Goldstein LLP
One Wachovia Center
301 South College Street, Suite 3700
Charlotte, North Carolina 28202
Attn: Bryan P. Durrett, Esq.
Telephone: (704) 749-8938
Facsimile: (704) 749-8990

Landlord: West Tennessee Healthcare, Inc.
c/o Jackson-Madison County General Hospital
620 Skyline Drive
Jackson, Tennessee 38301
Attn: Chief Financial Officer and General Counsel
Telephone: (731) 425-5000 (Chief Financial Officer)
Telephone: (731) 660-8717 (General Counsel)
Facsimile: (731) 425-6802 (Chief Financial Officer)
Facsimile: (731) 660-8714 (General Counsel)

With a copy to: Rainey, Kizer, Reviere & Bell, PLC
105 South Highland Avenue
Jackson, TN 38301
Attn: Will Bell, Esq.
Telephone: (731) 426-8113
Facsimile: (731) 426-8156

If sent by one of the herein-described means, notices shall be deemed received: (w) on the date delivered if given by personal delivery; (x) one (1) business day after being placed with a nationally recognized overnight delivery service; (y) two (2) business days after being deposited in the United States mail service; or (z) on the following business day if sent by electronically-confirmed facsimile transmission. Either party may at any time change its Notice Address (including its facsimile number) by sending a written notice to that effect by one of the above-described means to the other party stating the change and setting forth the new address or number.

This Memorandum of Lease is being recorded to provide public notice of certain lease terms between Landlord and Tenant and the terms of the Ground Lease controlling in the event of any discrepancy between the Ground Lease and this Memorandum.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease on this the 19th day of December, 2008.

SEPARATE SIGNATURE PAGES

SIGNATURE PAGE 1 OF 2

LANDLORD:

WEST TENNESSEE HEALTHCARE, INC.

BY:_____
Title:_____

BY:_____
Title:_____

STATE OF TENNESSEE :
COUNTY OF MADISON :

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared _____, with whom I am personally acquainted, and who, upon oath, acknowledged himself or herself to be the _____ of WEST TENNESSEE HEALTHCARE, INC. a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District, the within named bargainor, a corporation, and that he or she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself or herself as such officer.

Witness my hand and official seal at office this _____ day of December, 2008.

_____
Notary Public

My Commission Expires: _____

STATE OF TENNESSEE :
COUNTY OF MADISON :

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared _____, with whom I am personally acquainted, and who, upon oath, acknowledged himself or herself to be the _____ of WEST TENNESSEE HEALTHCARE, INC. a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District, the within named bargainor, a corporation, and that he or she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself or herself as such officer.

Witness my hand and official seal at office this _____ day of December, 2008.

_____
Notary Public

My Commission Expires: _____

SIGNATURE PAGE 2 OF 2

TENANT:

WEST TENNESSEE INVESTORS, LLC

By: Cogdell Spencer Advisors, LLC,
its Manager

BY:_____
Title:_____

STATE OF _____ :
COUNTY OF _____ :

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared _____, with whom I am personally acquainted, and who, upon oath, acknowledged himself or herself to be the _____ of Cogdell Spencer Advisors, LLC, which is the manager of WEST TENNESSEE INVESTORS, LLC, the within named bargainor, a limited liability company, and that he or she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the manager by himself or herself as such officer.

Witness my hand and official seal at office this _____ day of December, 2008.

_____
Notary Public

My Commission Expires: _____

EXHIBIT A
LEGAL DESCRIPTION

Lying and being located in the City of Jackson, Madison County, Tennessee and more particularly described as follows:

Being within the boundaries of the West Tennessee Health Care, Inc. properties as conveyed by Warranty Deeds of record in Deed Book 567, Page 832; Deed Book 593, Page 448; and Deed Book 567, Page 747, as recorded in the Register's Office of Madison County, Tennessee, and described as follows:

Commence at a set ½-inch iron rod with aluminum identification cap stamped "PLS INC" and being located in the proposed south right-of-way line of Forest Avenue (45 feet from centerline, at a right angle), said iron rod being set in the east line of the West Tennessee Health Care, Inc. property (Deed Book 555, Page 721) and having a Northing of 486,147.62 feet and an Easting of 1,127,023.30 feet in the Tennessee Coordinate System of 1983; thence, with said proposed south right-of-way line of Forest Avenue and the grid of said coordinate system, South 86 degrees 46 minutes 48 seconds East, 15.94 feet, to a 86 degrees 46 minutes 48 seconds East, 207.01 feet, to a point; thence, South point; thence, leaving said proposed south right-of-way line, South 03 degrees 13 minutes 12 seconds West, 15.00 feet, to the point of beginning; thence, South 03 degrees 13 minutes 12 seconds West, 53.35 feet, to a point; thence, South 86 degrees 46 minutes 48 seconds East, 19.42 feet, to a point; thence, South 03 degrees 13 minutes 12 seconds West, 54.31 feet, to a point; thence, North 86 degrees 46 minutes 48 seconds West, 19.42 feet, to a point; thence, South 03 degrees 13 minutes 12 seconds West, 83.01 feet, to a point; thence, North 86 degrees 46 minutes 48 seconds West, 207.01 feet, to a point; thence, North 03 degrees 13 minutes 12 seconds East, 190.67 feet, to the point of beginning and containing 0.93 acres, within these bounds, as surveyed by PLS, Inc. on October 17, 2008.

Being all of the property shown as "Lot 1" on the plat entitled "Final Plat of Lot 1 Medical Office Center Forest Avenue" prepared by Professional Land Services Inc. dated October 17, 2008 and recorded in Plat Book 10, Page 639 in the Register's Office of Madison County, Tennessee.

Together with (i) the non-exclusive right to utilize, subject to reasonable controls and restrictions imposed by landlord from time to time for safety and traffic control, all sidewalks, walkways, driveways, roads and streets located from time to time on a portion of the campus located to the south of West Forest Avenue, which are reasonably necessary for the development, construction, and operation of the building as shown on the recorded plat in Plat Book 10, Page 639; and (ii) the non-exclusive right of ingress and egress for pedestrian traffic to and from the Building over all sideways and walkways located between and/or connecting the Hospital facilities and buildings on the campus to the Building.

Supplemental 1
July 23, 2020

State of Tennessee Comptroller of the Treasury

Real Estate Assessment Data

Home | About | New Search | Return to List

County Number: 057 **County Name: MADISON** **Tax Year: 2020**

Property Owner and Mailing Address

Jan 1 Owner:
WEST TN INVESTORS LLC
%ALTUS GROUP US INC # 6642
21001 N TATUM BLVD STE 1630-1630
PHOENIX, AZ 85050

Property Location

Address: W FOREST AVE 700

Map: 066M **Grp:** G **Ctrl Map:** 066M **Parcel:** 024.00 **PI:** L **S/I:** 000

Value Information

Reappraisal Year: 2018

Land Mkt Value:	$0
Improvement Value:	$12,032,100
Total Market Appraisal:	$12,032,100
Assessment %:	40
Assessment:	$4,812,840

General Information

Class:	08 - COMMERCIAL		
City #:	359	**City:**	JACKSON
SSD1:	000	**SSD2:**	000
District:	05	**Mkt Area:**	J48
# Bldgs:	1	**# Mobile Homes:**	0
Utilities - Water / Sewer:	01 - PUBLIC / PUBLIC	**Utilities - Electricity:**	01 - PUBLIC
Utilities - Gas / Gas Type:	01 - PUBLIC - NATURAL GAS	**Zoning:**	B1

Subdivision Data

Subdivision: MEDICAL OFC CTR

Plat Bk: 10 **Plat Pg:** 639 **Block:** 1 **Lot:** 1A

Additional Description

Building Information

Extra Features

Bldg/Card#	Type	Description	Units
1	LEASEHOLD		1

Sale Information

Land Information

Supplemental 1
July 23, 2020

Deed Acres: **Calc Acres:** **Total Land Units:**

New Search | Return to List | View GIS Map for this Parcel

Glossary of Terms | How to Search | Fact Sheet

Division of Property Assessments Home Page | Comptroller of the Treasury Home Page | State of Tennessee Home Page

Supplemental 1
July 23, 2020

THIS INSTRUMENT IS SUBJECT TO THE TERMS AND CONDITIONS OF THAT CERTAIN GROUND LEASE (THE "GROUND LEASE") BETWEEN WEST TENNESSEE HEALTHCARE, INC., AS GROUND LESSOR, AND WEST TENNESSEE INVESTORS, LLC, AS GROUND LESSEE, DATED DECEMBER 19, 2008, AS MAY BE AMENDED FROM TIME TO TIME, AND MUST BE APPROVED BY WEST TENNESSEE HEALTHCARE, INC. ALL SUBLEASES AND ASSIGNMENTS ALSO REQUIRE THE APPROVAL OF BOTH THE GROUND LESSOR AND GROUND LESSEE. ANY LEASE, SUBLEASE OR ASSIGNMENT MADE WITHOUT OBTAINING NECESSARY APPROVALS SHALL BE ABSOLUTELY NULL AND VOID, AND ANY PARTY TO THE GROUND LEASE (INCLUDING ANY MORTGAGEE) MAY ENJOIN ANY VIOLATION THEREOF.

STATE OF TENNESSEE

COUNTY OF MADISON

TENANT LEASE AGREEMENT
(Medical Center Physicians Tower)

This **TENANT LEASE AGREEMENT** (this "Lease") is made and entered into as of the 19th day of December, 2008, by and between **WEST TENNESSEE INVESTORS, LLC**, a Tennessee limited liability company ("Lessor"), and **JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT**, a Tennessee governmental instrumentality ("Lessee").

W I T N E S S E T H:

1. Premises. Lessor hereby leases unto Lessee, and Lessee hereby leases from Lessor, upon the terms and conditions hereinafter set forth, approximately thirty one thousand five hundred forty three (31,543) usable square feet of space on the first floor of the medical office building to be known as "Medical Center Physicians Tower" (the "Building") to be constructed by Lessor on Lessee's hospital campus in Jackson, Madison County, Tennessee and described in more particular on Exhibit A-1 attached hereto, together with the non-exclusive right in common with the other lessees of the Building, to use and occupy the "Common Areas" (as hereinafter defined) on and subject to the terms and conditions hereinafter set forth. A sketch of the approximate location of the space leased by Lessee within the Building is shown on Exhibit A-2 attached hereto and is hereinafter called the "Premises." In order to take into account Lessee's obligations with respect to Common Areas of the Building, the factor to be applied to the usable square footage of the Premises for determining the rentable square footage thereof for all purposes of this Lease shall be 106.04%. Accordingly, the term "rentable square footage" of the Premises shall mean approximately thirty three thousand four hundred forty eight (33,448) square feet. As used in this Lease, the term "Common Areas" shall mean and include all entrances, lobbies, corridors, stairways, stairwells, public restrooms, elevators, parking areas, loading and unloading areas, trash areas, roadways, walkways, sidewalks, driveways, and landscaped areas, located in, on, adjacent to or under the Building or the land appurtenant

thereto. Lessor shall construct the Building, the Premises and all other improvements, including, but not limited to, the Common Areas, in accordance with the Work Letter (the "Work Letter") of even date herewith between Lessor and Lessee, the form of which is attached hereto as Exhibit B. The Work Letter is incorporated herein, and the respective obligations of Lessor and Lessee thereunder shall be obligations of Lessor and Lessee under this Lease. Lessee acknowledges that the Building has not been constructed, but that completion of the Building is not a condition to the effectiveness or enforceability of this Lease.

2. Acceptance of Premises. Lessor has made no representations or promises with respect to the Building, the Premises or this Lease except as expressly set forth herein.

3. Term. The initial term of this Lease (the "Initial Term") shall commence upon the execution hereof and shall continue in force for a period of twenty (20) years after the Rent Commencement Date (defined in Section 4 hereof). Provided Lessee is not in default under the terms of this Lease at either the time of exercise of the applicable Renewal Option (hereinafter defined) or at the commencement of the applicable Renewal Term (hereinafter defined), Lessee shall have the option to extend the term of this Lease up to six (6) times (each, a "Renewal Option" and collectively, the "Renewal Options") for a period of five (5) years each time (each, a "Renewal Term" and collectively, the "Renewal Terms") by providing written notice to Lessor of the exercise of the applicable Renewal Option (each, a "Renewal Notice") at least eighteen (18) months prior to expiration of the Initial Term or then-current Renewal Term, as applicable, time being of the essence. The Initial Term, together with each properly exercised Renewal Term, is hereinafter referred to as the "Term". All of the terms of this Lease shall apply during each Renewal Term, except that there shall be no further Tenant Improvement Allowance (hereinafter defined) provided to Lessee unless otherwise agreed in writing by Lessor.

4. Commencement and Determination of Exact Area Rented. Lessee shall not be required to take possession of the Premises prior to the date of issuance of a certificate of occupancy therefor (the "CO Issuance Date"). The CO Issuance Date shall be the Rent Commencement Date; provided, however, that a delay in the CO Issuance Date resulting from the unavailability of or delay in delivery of tenant improvements specifically selected by Lessee, or any other delay caused by Lessee, shall not be deemed a delay extending the Rent Commencement Date.

The Premises layout and rentable and usable square footage thereof shall be determined by final architectural drawings (which shall be prepared in consultation with Lessee) delivered to Lessee at least ninety (90) days before the anticipated Rent Commencement Date. Nothing herein contained shall be deemed to limit or qualify Lessee's obligation to pay Rent on the Premises for the full Term of this Lease, unless modified pursuant to Section 13 of this Lease. On or about the Rent Commencement Date, Lessor and Lessee shall execute a declaration setting forth the actual rentable and usable square feet of the Premises and the Rent Commencement Date, the form of which is attached hereto as Exhibit D and incorporated herein by reference (the "Declaration"); provided, however, execution of such Declaration shall not be a condition to the commencement of Rent hereunder.

5. Surrender of the Premises. Lessee shall keep the Premises in good order and repair, and upon the expiration or other termination of this Lease, quit and surrender the Premises to Lessor in the same condition as at the commencement of the Term, ordinary wear and tear only excepted. If Lessee retains possession of the Premises or any part thereof after such expiration or termination, then Lessor may, at its option, serve written notice upon Lessee that such holding over constitutes a month-to-month tenancy, not to exceed six (6) months. During any holdover period, the monthly Rent shall, in addition to all other sums which are to be paid by Lessee hereunder, whether or not as Additional Rental (hereinafter defined), be equal to one hundred twenty-five percent (125%) of the Rent payable under this Lease immediately prior to such expiration or termination. If no such notice is served, then a tenancy at sufferance shall be deemed created at the Rent in the immediately preceding sentence. Lessee shall also pay to Lessor as Additional Rental all damages sustained by Lessor resulting from retention of possession of the Premises by Lessee, including, without limitation, the loss of any proposed subsequent tenant for any portion of the Premises, together with interest thereon at the Default Rate (hereinafter defined) from the date such damages are incurred until paid in full. The provisions of this Section shall not constitute a waiver by Lessor of any right of re-entry as herein set forth; nor shall receipt and/or acceptance of any Rent or any other act in apparent affirmation of the tenancy operate as a waiver of Lessor's right to terminate this Lease for a breach of any of the terms, covenants, or obligations herein on Lessee's part to be performed.

6. Rent. Lessee shall pay Lessor at Lessor's office or at such other place as Lessor may from time to time designate in writing, Base Rental, as described herein, and Common Area Expenses, as described herein, (individually or collectively referred to from time to time as "Rent") during the Lease Term as follows:

(a) Base Rental. Beginning upon the Rent Commencement Date and continuing for the full Term of this Lease, an amount of Twenty and 88/100 Dollars ($20.88) per rentable square foot of space per annum (as it may be increased pursuant hereto, the "Base Rental"), one-twelfth (1/12th) of which shall be paid in advance on the first day of each month and shall be prorated for any portion of a month at the beginning or end of the Term.

(b) CPI Increase. Beginning on January 1 of 2011 and continuing on January 1st of each year thereafter during the Term, Base Rental shall increase by the CPI Adjustment, which shall be determined as follows:

(i) For purposes hereof, the term "CPI Base" shall mean the Base Rental due hereunder during the previous year. The term "Price Index" shall mean the "Consumer Price Index for All Urban Consumers published by the Bureau of Labor, U.S. City Average, (1982–84=100). In the event that said index is no longer published or discontinued, Lessor shall have the right to designate any comparable, generally-accepted cost of living index as the Price Index for purposes hereof.

(ii) Beginning on January 1, 2011 and continuing on January 1st of each year thereafter during the Term, the Base Rental due hereunder shall be increased by multiplying

the CPI Base by the percentage increase in the Price Index over the last annual period from September 1st to September 1st (the "Percentage Increase").

For example and by way of illustration only, if the Price Index for September 1, 2009 is 204.1, and the Price Index for September 1, 2010 is 209.5, the CPI Base shall be increased as of January 1, 2011 by 209.5, divided by 204.1, which equals 1.0265, less 1, which equals .0265 or 2.65%. Lessee covenants and agrees that said escalated Base Rental shall thereafter be payable hereunder until the next escalation pursuant to the terms of this Lease.

(iii) Notwithstanding the foregoing, if the Rent Commencement Date occurred in the previous year, the CPI Adjustment shall be prorated based on the number of days the Premises was rented prior during the prior year, divided by 365.

(iv) In calculating the Base Rental and the CPI Base, no effect shall be given to existing rent concessions or abatement, if any.

(v) No subsequent adjustments or re-computations, retroactive or otherwise, shall be made to the Price Index due to any revisions that may later be made to the first published figure of the Price Index.

(vi) In no event shall the annual Base Rental in a given year be less than the annual Base Rental for the immediately preceding year.

(vii) Any delay or failure of Lessor in computing or billing Lessee for the escalation of Base Rental as provided herein shall not constitute a waiver of or in any way impair the continuing obligation of Lessee to pay such escalation of Base Rental hereunder.

(viii) Lessee's obligation to pay the escalated Base Rental pursuant hereto shall continue and shall cover all periods up to the date that this Lease is to expire and shall survive any expiration, termination or renewal of this Lease.

(c) Common Area Expenses. In addition to the foregoing Base Rental, Lessee shall pay such amounts as may be necessary to reimburse Lessor for Lessee's pro rata share of Common Area Expenses (defined below), annualized if less than a full year. For purposes hereof, Lessee's pro rata share of Common Area Expenses shall be based on the relationship of the square feet of floor space contained in the Premises to that contained in the Building; provided, however, that if the Building's occupancy shall be below ninety-five percent (95%) at any time during any year of the Lease Term, Common Area Expenses shall be computed for such year as though ninety-five percent (95%) of the space leased or held for lease in the Building had been so occupied, and any increase in the cost of Variable Expenses (defined below) shall be equitably apportioned among all existing tenants, based on square footage leased. The Common Area Expenses shall be paid within ten (10) days after receipt of notice of the amount from Lessor. At the option of Lessor, Lessee may be billed monthly for one-twelfth (1/12th) of the estimated Common Area Expenses, as estimated by Lessor on a calendar year projection basis. In the event

Lessee's share of the actual Common Area Expenses exceeds the prior estimated Common Area Expenses payments collected by Lessor from Lessee, Lessee shall pay such excess within ten (10) days after receipt of notice from Lessor. In the event Lessee's share of the actual Common Area Expenses is less than the estimated Common Area Expenses payments collected by Lessor from Lessee, Lessor shall return the difference to Lessee.

Upon request by Lessee, and at Lessee's cost and expense, noting that Lessor will not charge any fees for said request, Lessor shall furnish to Lessee such information as may be reasonably necessary for Lessee to verify the Common Area Expenses and shall cooperate with Lessee in verifying the Common Area Expenses. The calculation of the Common Area Expenses shall be rendered by Lessor to Lessee within one (1) month after calculation of the same by Lessor (the "Statement of Common Area Expenses"). Lessee shall have ninety (90) days after receipt of the Statement of Common Area Expenses to dispute the correctness or completeness thereof, after which time the Statement of Common Area Expenses shall be deemed to be complete and correct and conclusive and binding on Lessor and Lessee. Lessee shall not be entitled to withhold payment of Common Area Expenses for any reason, but payment of any Common Area Expenses shall not preclude Lessee from thereafter disputing the correctness or completeness of the Statement of Common Area Expenses. In the event Lessee shall dispute the Statement of Common Area Expenses, and Lessor and Lessee cannot resolve the dispute within four (4) months after Lessor renders the Statement of Common Area Expenses, then the matter may be submitted to arbitration conducted under the commercial arbitration rules of the American Arbitration Association in Madison County, Tennessee.

The term "Common Area Expenses" shall include (to the extent not separately metered or allocated to and paid by Lessee) all normal costs of operation and maintenance of the Building's foundation, exterior, roof and systems and the Common Areas (and the costs of capital improvements specified below), including, but not limited to, all ad valorem taxes, premiums for insurance, management costs, utility charges, Building and parking lot security expense, parking lot and grounds maintenance, ground lease payments, janitorial and routine maintenance expenses, garbage and waste removal, and other expenses incurred related to Lessor's obligations with respect to the operation and maintenance of the Building's foundation, exterior, roof and systems and the Common Areas, but shall not include the cost of capital improvements other than the current amortized portion of the cost of capital improvements purchased for the purpose of reducing Lessor's expenses of operating and maintaining the Building's foundation, exterior, roof and systems and the Common Areas. Of such Common Area Expenses, all of the following shall constitute Variable Expenses: management costs, utility charges, janitorial and routine maintenance expenses, and garbage and waste removal. The cost of all generators and HVAC systems dedicated solely to the Premises and the operation, use, maintenance, repair, replacement and insurance thereof and the service contracts related thereto shall be charged to Lessee.

(d) Additional Rental. In addition to the foregoing Base Rental and Common Area Expenses, Lessee shall pay all other amounts for which it may become liable under this Lease ("Additional Rental").

Anything to the contrary contained in this Lease notwithstanding, in the event any payment of Base Rental, Common Area Expenses or Additional Rental is more than ten (10) days past due, an administrative charge equal to five percent (5%) of such past due sum shall be due and payable by Lessee to Lessor immediately upon written demand therefor. In addition, any Base Rental or Common Area Expenses more than thirty (30) days past due shall bear interest at the rate of eighteen percent (18%) per annum (or the highest lawful rate allowable if less than 18%) (the "Default Rate") until paid in full, with said interest to be due and payable by Lessee to Lessor upon written demand.

7. Improvements and Alterations. Lessee shall have the right, from time to time, to make improvements or alterations to the Premises, subject to the following conditions:

(a) No improvement or alteration shall at any time be made which shall impair or alter the structural soundness or diminish the value of the Premises or the Building.

(b) No improvement or alteration requiring an inspection or approval by any municipal or any other governmental authority having jurisdiction over such improvements or alterations shall be made at any time without first obtaining Lessor's written approval therefor; provided, however, such approval shall not be unreasonably withheld by Lessor. No structural improvement or alteration involving an expenditure in excess of $5,000 shall be made without first obtaining Lessor's written approval of the plans therefor; provided, however, such approval shall not be unreasonably withheld by Lessor. Lessee shall furthermore first obtain Lessor's written approval before any modification or changes are made in such plans after Lessor's approval thereof.

(c) No improvement or alteration shall be undertaken until Lessee shall have procured and paid for all required municipal and other governmental permits and authorizations of the various municipal departments and governmental subdivisions having jurisdiction.

(d) All work done in connection with any improvements or alterations shall be done in a good and workmanlike manner and in compliance with all building and zoning laws, and with all other laws, ordinances, rules and requirements of any Federal, state or municipal government or agency having jurisdiction and shall be completed free of all mechanics and materialmen's liens.

(e) Lessee shall keep the Premises and the Building free from any liens arising out of work performed, materials furnished or obligations incurred by Lessee, and Lessee shall indemnify, hold harmless and defend Lessor from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Lessee. In the event Lessee shall not, within twenty (20) days following the imposition of any such lien, cause such lien to be released of record by payment or posting proper bond, Lessor shall have, in addition to all other remedies provided herein and by law, the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including payment of the claim giving rise to such lien. All such sums paid by Lessor and all expenses incurred in connection therewith,

including attorneys' fees and costs, shall be payable to Lessor by Lessee on demand with interest at the Default Rate from the date of expenditure by Lessor until paid in full.

(f) Any improvement or alteration to the Premises (including, without limitation, the Tenant Improvements defined below), except moveable furniture, trade fixtures and medical equipment placed by Lessee in the Premises, shall at once become the absolute property of Lessor and remain upon and be surrendered with the Premises as a part thereof at the expiration (or earlier termination, if applicable) of this Lease without disturbance or injury.

(g) The Premises shall be prepared for Lessee's occupancy in accordance with the Work Letter. Lessee shall be initially entitled to an improvement allowance of up to Seventy Five and No/100 Dollars ($75.00) per usable square foot of the Premises (the "Tenant Improvement Allowance"). The Tenant Improvements Allowance must be used for the design and basic upfitting of the Premises (collectively, the "Tenant Improvements") in accordance with contractual arrangements to be made between Lessor and a contractor and architect of Lessor's choosing. To the extent the cost of the Tenant Improvements exceeds the Tenant Improvement Allowance ("Lessee's Costs"), Lessee shall be responsible for such Lessee's Costs and shall remit the same to Lessor as provided in Section 3.02 of the Work Letter. To the extent the cost of the Tenant Improvements is less than the Tenant Improvement Allowance, Lessor shall retain the difference, and Lessee shall have no right or claim thereto.

8. Lessor's Obligations. Lessor shall furnish, at its expense (subject to the terms of Subsection 6(c) hereof), elevator service, non-exclusive parking as set forth in Section 52 hereof, as well as all of the following for the Building: a reasonable amount of electric power and janitorial service, and water, heat and air conditioning sufficient to keep the Premises comfortable for use and occupancy during normal business hours, all as more particularly set out in rules and regulations adopted by Lessor from time to time. Lessor shall not be liable for, and the obligation of Lessee to pay Rent and keep, observe and perform all of its covenants, obligations, duties and agreements herein, shall not be affected or excused by a failure to furnish or delay in furnishing elevator service, electric power, heat, air conditioning, water, janitorial service, or any other service, express or implied, or the inability of Lessor to make or Lessor's delay in making any repairs, alterations, additions or improvements, or performing any other act required herein, when such failure is caused by the need for repairs, special equipment requirements of Lessee, a strike or labor controversy, a riot, an Act of God, the inability to secure fuel for the Building, any accident or casualty, unauthorized act or default by janitors, other lessees, contractors, subcontractors or agents of Lessor, or any cause beyond the reasonable control of Lessor. Notwithstanding the foregoing, if such failure or delay in furnishing services is due to the gross negligence or willful misconduct of Lessor and the Premises is rendered untenantable for use by Lessee for two (2) consecutive business days as a result thereof, Rent will abate for so long as the Premises remains untenantable.

Except in the event of emergency, within ten (10) days following receipt of written notice from Lessee to Lessor under this Section 8 that maintenance, repair or replacement by Lessor is required, Lessor shall either commence the maintenance, repair or replacement and diligently prosecute same to completion or shall notify Lessee of Lessor's objections thereto ("Objection

Notice"). If Lessee disagrees with Lessor's objections, Lessee shall notify Lessor in writing within ten (10) days after receipt of Lessor's objections (the "Disagreement Notice"). If Lessee shall fail to timely provide the Disagreement Notice, Lessor shall not be obligated to perform any of the repair, maintenance or replacement items objected to by Lessor and all such maintenance, repair, or replacement items shall be performed by Lessee at Lessee's cost. If Lessee timely provides the Disagreement Notice, and if Lessee and Lessor cannot resolve any such disagreement within fifteen (15) days after receipt by Lessor of Lessee's Disagreement Notice (the "Resolution Period"), Lessee shall be entitled, within fifteen (15) days after the Resolution Period, to commence arbitration to determine whether Lessor is obligated to perform such maintenance, repair or replacement under the terms of this Lease. The arbitration shall be conducted under the commercial arbitration rules of the American Arbitration Association in Madison County, Tennessee. If the arbitrator shall determine that Lessor is obligated under this Lease to perform such maintenance, repairs or replacement, Lessor at Lessor's cost shall promptly commence and diligently prosecute to completion any maintenance, repairs or replacement determined by the arbitrator to be the responsibility of Lessor. Any maintenance, repairs or replacement determined by the arbitrator not to be the responsibility of Lessor under this Lease shall be promptly commenced and diligently prosecuted to completion by Lessee, the cost of which shall be paid by Lessee. If either (i) Lessor does not send Lessee an Objection Notice or (ii) the arbitrator shall determine that all or a portion of the maintenance, repairs or replacement is to be performed by Lessor, and in either case Lessor shall fail to perform such maintenance, repairs or replacement as required herein and within the time period prescribed herein, Lessee shall be entitled to perform such maintenance, repairs or replacement and, subject to the terms of this Lease, Lessor shall be obligated to pay Lessee's reasonable out-of-pocket costs of such maintenance, repairs or replacement within thirty (30) days after receipt of an invoice therefore. Failure of Lessor to reimburse Lessee within such thirty (30) day period shall entitle Lessee to withhold all future Rent coming due until the cost of such maintenance, repairs or placement shall be paid in full. Notwithstanding anything to the contrary herein, in the event the need for such maintenance, repairs or replacement constitutes an imminent threat of harm to persons or damage to property, then Lessee may perform the same if Lessor has not commenced and diligently prosecuted to completion such maintenance, repair or replacement in time to prevent to such harm or damage. Thereafter, if Lessee believes such maintenance, repairs or replacement is the responsibility of Lessor, Lessee shall so notify Lessor, and the objection, arbitration and setoff provisions provided for above shall apply.

9. Repairs. Lessor shall have no duty to Lessee to make any repairs or improvements to the Building except for (i) structural repairs necessary for safety and tenantability and such other repairs as are provided herein; and (ii) normal maintenance of Building systems, which shall consist of mechanical, electrical, plumbing, sanitary, sprinkler, heating, ventilation, and air conditioning, security, life safety, elevator, and other service systems up to the point of connection of localized distribution to the Premises. The obligations of Lessor in this paragraph shall be at Lessor's expense (subject to the terms of Subsection 6(c) hereof).

Lessee shall not cause or permit any waste, damage or injury to the Premises. Except as provided in the preceding paragraph in this Section 9 setting forth Lessor's repair obligations, Lessee, at its sole expense, shall keep the Premises as now or hereafter constituted with all improvements made thereto in good condition (reasonable wear and tear excepted), and shall make

such repairs, replacements and renewals necessary to maintain the Premises. All repairs, replacements and renewals shall be at least equal in quality of materials and workmanship to that originally existing in the Premises. Lessee agrees to give Lessor notice of any repairs made by it. On default of Lessee in making such repairs or replacements, Lessor may, but shall not be required to, make such repair, replacement or renewal for Lessee's account if Lessee fails to promptly make the noted repair, replacement or renewal after notice thereof, and the expense thereof shall constitute and be collectible as Additional Rental.

10. Loss or Damage and Insurance. Lessor shall not be liable for any damage to any of Lessee's property in the Premises or on or near the Building caused by gas, smoke, steam, electricity, ice, rain, or snow which may leak from any part of the Building, or from pipes, appliances or plumbing works, unless due to the gross negligence or willful misconduct of Lessor, its agents, employees, or those acting on its behalf. Lessor shall not be liable for any damage to persons or property sustained by Lessee or others due to the Building or any part thereof being out of repair, unless due to the gross negligence or willful misconduct of Lessor in failing to perform its obligations under this Section 10, or due to the happening of an accident in or about the Building, or due to any negligence of any tenant or occupant of the Building, or any other person.

During the Term of this Lease, Lessee will carry and maintain, at its expense (a) public liability insurance including, but not limited to, insurance against assumed or contractual liability under this Lease, with respect to the Premises, to afford protection with limits for each occurrence, of not less than Five Million Dollars ($5,000,000) with respect to personal injury and death, and One Million Dollars ($1,000,000) with respect to property damage, with a deductible of not more than Five Thousand Dollars ($5,000); (b) all-risks property and casualty insurance, written at replacement cost value and with replacement cost endorsement, covering all of Lessee's personal property in the Premises (including, without limitation, inventory, trade fixtures, floor coverings, furniture and other property removable by Lessee under the provisions of this Lease) and all leasehold improvements installed in the Premises by or on behalf of Lessee; and (c) if and to the extent required by law, worker's compensation or similar insurance in form and amounts required by law. If Lessee shall fail to perform its obligations to maintain the required insurance, Lessor may, but shall not be obligated to, perform the same, and the cost thereof shall be deemed Additional Rental and shall be payable immediately upon Lessor's demand therefor, together with interest at the Default Rate from the date of expenditure by Lessor until paid in full.

All such insurance shall be obtained from a company approved by Lessor, shall name Lessor and Lessor's property management company as additional insureds, and a certificate evidencing the issuance of such policy or policies, together with evidence of the payment of premiums, shall be delivered to Lessor before the commencement of the term of this Lease, or before any occupancy, use or possession of the Premises, whichever is sooner.

Not less than thirty (30) days prior to the expiration of any such policy or policies, evidence of the renewal of such policy or policies, or a new certificate, together with evidence of the payment of premiums for the renewal period or new policy, as the case may be, shall be

delivered to Lessor. All such insurance shall contain an agreement by the insurance company that the policy or policies will not be canceled, or the coverage changed, without at least thirty (30) days prior written notice to Lessor. All policies shall be written as primary policies, not contributing with and not for amounts only in excess of any coverage which Lessor may carry.

Notwithstanding the foregoing, Lessee shall have the right to self-insure for the insurance required under this Lease, on the following terms and conditions:

(a) "Self-insure" shall mean that Lessee is itself acting as though it were the insurance company providing the insurance required under the provisions hereof, and Lessee shall pay any amounts due in lieu of insurance proceeds which would have been payable if the insurance policies had been carried, which amounts shall be treated as insurance proceeds for all purposes under this Lease.

(b) All amounts which Lessee pays or is required to pay, and all loss or damages resulting from risks for which Lessee has elected to self-insure, shall be subject to any waiver of subrogation provisions of this Lease and shall not limit Lessee's obligations set forth in this Lease.

(c) Lessee's right to self-insure and to continue to self-insure is conditioned upon and subject to Lessee maintaining appropriate loss reserves for the amount of its self-insurance obligations under the Lease and otherwise which are actuarially derived in accordance with accepted standards of the insurance industry and accrued or otherwise funded.

(d) In the event Lessee fails to fulfill the requirements of Subsection (c) above, then Lessee shall immediately lose the right to self-insure and shall be required to provide the insurance specified in this Lease; provided, however that Lessee's self-insurance shall continue in full force and effect until such insurance coverage is issued by a qualifying insurance company.

(e) In the event Lessee elects to self-insure and an event or claim occurs for which a defense and/or coverage would have been available from the insurance company, Lessee shall:

(i) undertake the defense of any such claim, including a defense of Lessor, at Lessee's sole cost and expense, and

(ii) use it own funds to pay any claim or replace property or otherwise provide the funding which would have been available from insurance proceeds but for such election by Lessee to self-insure.

(f) In the event Lessee elects to self-insure, Lessee shall provide Lessor and the holder of any first lien deed of trust encumbering the Building with certificates of self-insurance in form acceptable to Lessor specifying the extent of self-insurance

coverage hereunder and containing a waiver of subrogation and/or release of right of recovery provision reasonably satisfactory to Lessor. Any insurance coverage provided by Lessee shall be for the benefit of Lessor and the holder of a first lien deed of trust, as their respective interests may appear.

(g) The obligations of Lessee under this Section 10 are independent and shall remain in full force and effect notwithstanding any breach of any provision of the Lease by Lessor.

Lessee is a Tennessee governmental entity as defined in the Tennessee Governmental Tort Liability Act (the "Act"), and has elected to self insure its liability under this Lease pursuant to the Act.

Lessor shall keep the Building insured against loss or damage by fire with extended coverage endorsement in an amount sufficient to prevent Lessor from becoming a co-insurer under the terms of the applicable policies but, in any event, in an amount not less than 90% of the full insurable value as determined from time to time (or in such other amounts and under such other policies as may be required to comply with any laws of the State of Tennessee. The tenn "full insurable value" shall mean actual replacement cost (exclusive of the cost of excavation, foundations, and footings below the basement floor) without deduction for physical depreciation. Such insurance shall be issued by financially responsible insurers duly authorized to do business in Tennessee.

Notwithstanding anything contained in this Lease to the contrary, Lessor and Lessee each waives any claim it might have against the other for any damage to or theft, destruction, loss or loss of use of any property (including the Building), to the extent same is covered by any insurance policy that covers the Building, the Premises, Lessor's or Lessee's fixtures, personal property, leasehold improvements, or business or is required to be insured against under the terms of this Lease, regardless of whether the negligence of the other party caused such loss. Lessor and Lessee each hereby waive any right of subrogation and right of recovery or cause of action for injury, including death or disease, to respective employees of either to the extent covered by worker's compensation insurance. Each party shall cause its insurance carrier to endorse all applicable policies waiving the carrier's rights of recovery under subrogation or otherwise against the other party.

11. Use of Premises. The Premises shall be used and occupied by Lessee solely for the purpose of an ambulatory surgery center for (i) physicians who are private practicing physician members in good standing of the active or associate medical staff ("Staff Members") at West Tennessee HealthCare, Inc. (the "Hospital"), as set forth in the Bylaws of the medical staff of the Hospital, or (ii) a partnership, professional association or other business entity in which at least seventy percent (70%) of the physicians practicing at the Premises are Staff Members, and all of whom agree to adhere to the standards of medical ethics of the Hospital. The Premises shall be used only for such purposes as do not conflict with the Ground Lease. Lessee shall not commit or allow upon the Premises any nuisance or other act in violation of public policy, or any act or thing which may disturb the quiet enjoyment of any other tenant in the Building. Lessee shall not

use the Premises in any manner which will increase the premium rate for any kind of insurance affecting the Building, and if, because of anything done or caused to be done, permitted or omitted by Lessee, the premium rate for any kind of insurance affecting the Building shall be raised, then, in such event, the amount of the increase in premium which Lessor shall be thereby obligated to pay for insurance shall be deemed Additional Rental and shall be paid by Lessee to Lessor on demand.

12. Title and Quiet Enjoyment. Lessor covenants that (i) Lessor has a leasehold interest in the land under the Building pursuant and subject to the provisions of the Ground Lease, (ii) Lessor is the owner of the Building and the Premises, (iii) Lessor has the full right to enter into this Lease, and (iv) Lessee shall have the quiet and peaceful possession and enjoyment of the Premises during the Term as against acts of all parties claiming title to, or right to possession of, the Premises by, through or under Lessor.

13. Assignment and Subletting. Except as provided in this Section 13, Lessee shall not assign, encumber, mortgage, pledge, license, hypothecate or otherwise transfer its interest in this Lease (each, an "Assignment") or sublet the Premises or any part thereof (a "Subletting"), without the written consent of both Lessor and Ground Lessor, but said consent for a Subletting of a portion of the Premises shall not be unreasonably withheld; provided, the sublessee is a Staff Member (or is otherwise a sublessee approved by Lessor and the Hospital), the Premises shall be used and occupied by the sublessee solely for its office facilities for the practice of medicine (or for purposes otherwise approved by Lessor and the Hospital) and the sublessee (in Lessor's discretion) shall meet and be capable of meeting all terms and conditions of Lease and shall agree in writing to be bound by all terms and conditions contained herein and provided that any consents by third parties such as lenders have been obtained.

(a) Lessee must request Lessor's consent to an Assignment or Subletting in writing at least sixty (60) days prior to the commencement date of the proposed Assignment or Subletting, which request must include (a) the name and address of the proposed assignee or subtenant, (b) the nature and character of the business of the proposed assignee or subtenant, (c) financial information (including financial statements) of the proposed assignee or subtenant, and (d) a copy of the proposed sublet or assignment agreement, which must be in substance and form acceptable to both Lessor and Ground Lessor. Lessee shall also provide any additional information Lessor or Ground Lessor reasonably requests regarding such proposed Assignment or Subletting. Within thirty (30) days after Lessor and Ground Lessor each receives Lessee's request (with all required information included), Lessor and Ground Lessor shall each have the option, in its reasonable discretion: (i) to grant its consent to such proposed Assignment or Subletting, or (ii) to deny its consent to such proposed Assignment or Subletting, or (iii) to terminate this Lease effective as of the commencement date of such proposed Assignment, or, if a sublease, to terminate this Lease solely as to the portion proposed to be subleased.

(b) Any subleases and/or assignments are also subject to all of the following terms and conditions:

(1) If Lessor and Ground Lessor approve an Assignment or Subletting as herein provided, Lessee shall pay to Lessor, as Additional Rental, fifty percent (50%) of the amount, if any, by which the base rent, any additional rent and any other sums payable by the assignee or subtenant to Lessee under such Assignment or Subletting exceeds the total of the Base Rental plus Common Area Expenses payable by Lessee hereunder which is allocable to the portion of the Premises which is the subject of such Assignment or Subletting. The foregoing payments shall be made on not less than a monthly basis by Lessee.

(2) No consent to any Assignment or Subletting shall constitute a further waiver of the provisions of this Section 13, and all subsequent Assignments and Sublettings may be made only with the prior written consent of Lessor and Ground Lessor. In no event shall any consent by Lessor and Ground Lessor be construed to permit reassignment or resubletting by a permitted assignee or sublessee.

(3) Notwithstanding any Assignment or Subletting, Lessee shall remain liable for all Lease obligations. An assignee of Lessee, at the option of Lessor, shall become directly liable to Lessor for all obligations of Lessee hereunder, but no Assignment or Subletting by Lessee shall relieve Lessee of any liability hereunder.

(4) The term of any such Assignment or Subletting shall not extend beyond the Term of this Lease.

(5) Lessee shall, promptly upon demand by Lessor, reimburse Lessor for its reasonable attorneys' fees and out-of-pocket expenses incurred in connection with Lessor's review of any Assignment or Subletting documents.

(c) The following events shall also constitute an "Assignment" which is subject to the terms of this Section 13 and for which Lessor's and Ground Lessor's prior written consent is required: if Lessee is a corporation, partnership, professional limited liability company or any other type of entity and any part or all of Lessee's equity or other ownership interests, or the equity or ownership interests of any entity owning any equity or ownership interest(s) in Lessee shall in any one or more instances be issued, or transferred by sale, assignment, conveyance, operation of law (including, but not limited to, transfer as a result of or in conjunction with any merger, reorganization or recapitalization) or other disposition, or otherwise changed, so as to result in less than eighty percent (80%) of such equity or ownership interests being owned by the present (i.e., as of the date hereof) owners thereof.

(d) Notwithstanding anything to the contrary contained in this Section 13, (i) Lessee may sublet all or any portion of the Premises to a Related Transferee without Lessor's consent, and (ii) in the event of an Assignment to a Related Transferee, Lessor's consent shall be required solely with respect to the resulting financial condition of the Related Transferee immediately following the proposed Assignment, and Lessor shall not withhold its consent to such proposed Assignment if the resulting financial condition on an objective basis (*e.g.*, analysis of bond

ratings and financial ratios), is equal to or greater than that of Lessee immediately prior to the Assignment.

14. Covenant Not to Compete. [Intentionally Omitted]

15. Removal of Personal Property. Lessee may remove all personal property and those items allowed to be removed as specified in Section 7(f) which Lessee has placed in the Premises, provided Lessee repairs all damage to the Premises caused by such removal. If Lessee shall fail to remove all such property from the Premises upon the termination of this Lease for any cause whatsoever, Lessor may, at its option, remove the same in any manner that Lessor shall choose and store it without liability to Lessee for loss thereof. In such event, Lessee shall pay to Lessor on demand any and all expenses incurred by Lessor in such removal, including, without limitation, court costs, attorney's fees, and storage charges for the length of time the same shall be in Lessor's possession. Alternatively, Lessor may, at its option, without notice, and without legal process, sell the property or any part thereof at a private sale for such price as Lessor may obtain, and apply the proceeds of the sale to any amounts due under this Lease and the expenses incident to removal and sale of said property.

16. Personal Property Risk. All personal property brought onto or into the Premises by Lessee shall be at the risk of Lessee only, and Lessor shall not be liable for theft thereof or any damage thereto occasioned by an act of any lessee, or other occupant of the Building, or any other person, including Lessor, its members, managers, agents and contractors.

17. Governmental Requirements. Lessee shall, at its own expense, promptly comply with all applicable laws, codes, ordinances, rules or regulations promulgated by any governmental authority and all requirements of any legally constituted public authority necessitated by reason of Lessee's use or occupancy of the Premises (or any portion thereof). In the event that any documentary stamp tax, sales tax or other tax levied on the rental, leasing or letting of the Premises (excluding income taxes), whether local, state or federal, is required to be paid due to the execution and/or recording hereof or for any other reason, the cost thereof shall be borne by Lessee.

18. Condemnation. If the whole or any part of the Premises shall be taken by any public authority under the power of eminent domain, then the terms of this Lease shall cease as to the part taken on the date possession of that part is surrendered and any unearned Rent for such part paid or credited in advance shall be refunded. Lessee shall not be entitled to receive any part of any award or awards that may be made or received by Lessor. Lessee may at its own expense commence independent proceedings against the public authority exercising the power of eminent domain to prove and establish any other damage Lessee may have incurred. Lessee shall not in any event have any claim against Lessor for the value of the unexpired Term of this Lease.

19. Casualty. If all or any portion of the Premises is damaged or destroyed by fire or other casualty (the "Casualty"), then within ninety (90) days following the date of the Casualty, Lessor shall provide to Lessee a reasonable estimate of the time necessary to restore the Premises to the condition it was in immediately prior to the Casualty (the "Estimated Restoration Period"),

which Estimated Restoration Period shall be determined in good faith by a contractor selected by Lessor and who is in the business of restoration or construction of buildings substantially similar to the Building. Lessor shall use commercially reasonable efforts to restore the Premises prior to expiration of the Estimated Restoration Period to substantially the condition it was in immediately prior to the Casualty. The obligation to repair or restore the Premises shall not exceed the scope of the original construction and improvements of the Premises. If all or any portion of the Premises is rendered untenantable as a result of the Casualty, Rent payable under this Lease shall abate proportionately according to the floor space of the Premises which is unusable by Lessee, and such abatement shall continue for the period commencing with the date of the Casualty and ending with substantial completion of restoration and, if required, issuance of a Certificate of Occupancy by the local government authority. If Lessor fails to use commercially reasonable efforts to restore the Premises prior to expiration of the Estimated Restoration Period, Lessee may, after providing thirty (30) days prior written notice to Lessor and the right to cure, complete restoration of the Premises and charge the reasonable, out-of-pocket costs thereof to Lessor. If Lessor then fails to reimburse Lessee for such costs within thirty (30) days following receipt of written request thereof, Lessee shall have the right to offset such costs against the Rent payable by Lessee under this Lease until such time as Lessee is reimbursed in full. Lessee shall replace and/or restore its personal property and any trade fixtures and leasehold improvements installed by Lessee within the Premises.

20. Inspection. Lessor shall have the right to enter and grant licenses to others to enter the Premises at any time during all reasonable hours upon prior notice and so long as all laws and regulations as to patients' privacy are complied with to examine the same or to make such repairs, additions or alterations as may be deemed necessary for the safety, comfort or preservation thereof or of the Building, and to exhibit the Premises to prospective tenants, purchasers or lenders, and for the purpose of removing placards, signs, fixtures, alterations or additions which do not conform to the terms of this Lease or to the rules and regulations of the Building; provided, however, that such entries into the Premises will not unreasonably interfere with Lessee's use of the Premises.

21. Mortgages. Provided Lessee receives a non-disturbance agreement reasonably acceptable to Lessee, this Lease is and shall remain subject and subordinate to all deeds of trust affecting the Premises or the Building. Lessee shall execute and deliver to Lessor within fifteen (15) days of submission to Lessee documents showing the subordination of this Lease to such deeds of trust, and, in default of Lessee's doing so, Lessor shall be and hereby is authorized and empowered to execute such documents in the name and as the act and deed of Lessee.

Lessee recognizes that Lessor has leased the land upon which the Building is constructed under the Ground Lease and has assigned (or in the future will assign) its interest in such Ground Lease to the holder of a deed of trust encumbering the Building (or to the holder of any replacement deed of trust). In the event of default, under either the terms of the Ground Lease or such deed of trust prior to the expiration dates thereof, the holder of the deed of trust or owner of the fee title may acquire the leasehold interest of Lessor, and Lessee agrees to make full and complete attornment to any such holder or owner, its successors and assigns, for the balance of the Term of this Lease, including any extensions and renewals thereof, upon the same covenants and conditions as are contained herein, so as to establish direct privity of estate in contract

between any such holder or owner and Lessee and with the same force and effect as though this Lease was originally made directly from such holder or owner to Lessee.

22. Signs. Lessee shall not paint or place signs upon the windows or corridor doors of the Premises except with the express, written consent of Lessor, and Lessee shall place no signs upon the outside walls or the roof of the Premises or Building.

23. Notices. All notices and communications hereunder shall be in writing and shall be deemed given: (a) on the date of delivery if delivered in person; (b) on the date placed with a nationally recognized overnight delivery service, such as FedEx or UPS; (c) on the date deposited in the United States mail if sent by registered or certified mail, postage prepaid; or (d) on the date sent by electronically-confirmed facsimile transmission. All such notices and communications shall be properly addressed as follows:

Lessee:
Jackson-Madison County General Hospital District
620 Skyline Drive
Jackson, Tennessee 38301
Attn: Chief Financial Officer and General Counsel
Telephone: (731) 541-5000 (Chief Financial Officer)
Telephone: (731) 660-8717 (General Counsel)
Facsimile: (731) 541-6802 (Chief Financial Officer)
Facsimile: (731) 660-8714 (General Counsel)

With a copy to:
Rainey, Kizer, Reviere & Bell, PLC
105 South Highland Avenue
Jackson, Tennessee 38301
Attn: Will Bell, Esq.
Telephone: (731) 426-8113
Facsimile: (731) 426-8156

Lessor:
West Tennessee Investors, LLC
c/o Cogdell Spencer Inc.
4401 Barclay Downs Drive, Suite 300
Charlotte, North Carolina 28209
Attention: Property Management
Telephone: (704) 940-2900
Facsimile: (704) 940-2959

If sent by one of the herein-described means, notices shall be deemed received: (w) on the date delivered if given by personal delivery; (x) one (1) business day after being placed with a nationally recognized overnight delivery service; (y) two (2) business days after being deposited in the United States mail service; or (z) on the following business day if sent by electronically-confirmed facsimile transmission. Either party may at any time change its Notice Address (including its facsimile number) by sending a written notice to that effect by one of the above-described means to the other party stating the change and setting forth the new address or number.

24. Rules and Regulations. Lessor has made, and from time to time may make, amend or modify, rules and regulations for the government of the Building. The rules and regulations in effect as of the date of this Lease with respect to the Building are attached hereto as Exhibit C. These rules and regulations are a part of this Lease and binding upon Lessee to the same extent as if set out herein.

25. Brokers. Lessee represents and warrants to Lessor that neither it nor its officers or agents, nor anyone acting on its behalf, has dealt with any real estate broker in the negotiating or making of this Lease.

26. Relocation. [Intentionally Omitted]

27. Estoppel Certificates. Lessee agrees to provide Lessor within five (5) days following a written request therefor a certificate in form and substance satisfactory to Lessor stating (i) that this Lease is in full force and effect; (ii) the commencement date and Term of this Lease; (iii) the date through which Rent has been paid; (iv) that there are no defaults existing under this Lease, or, if any default exists, specifying such default and the actions required to cure such default; and (v) such other matters as Lessor may reasonably require.

28. Defaults. In the event (i) Lessee defaults in the payment of Rent for a period of five (5) days after the due date (provided, however, that the first time in any calendar year (*i.e.*, January – December) Lessee fails to pay Rent within five (5) days following the due date, Lessor shall provide written notice to Lessee of such failure, and Lessee shall thereafter have ten (10) days following receipt of such notice to pay such past due Rent in full); (ii) the Premises is vacated for a period of thirty (30) consecutive days; (iii) Lessee fails to comply with any term of this Lease (other, than payment of Rent) or any of the rules and regulations now or hereafter established for the government of the Building; (iv) any proceeding, whether voluntary or involuntary, is instituted for Lessee because of its insolvency; Lessee becomes insolvent or makes a transfer in fraud of creditors; (v) Lessee makes an assignment for the benefit of creditors; or (vi) Lessee transfers its interest in this Lease, or the possession of the Premises, to any person or party, except as otherwise permitted or authorized herein, then, in such event, Lessor may: (a) terminate this Lease by giving written notice to Lessee and lease the Premises to another party for the account of Lessee, holding Lessee liable for all Rent and other payments due to the effective date of such leasing and for the excess, if any, of the Rent and other amounts payable by Lessee under this Lease had the Term not been terminated over the rents and other amounts which are payable by such new tenant under such new lease; (b) terminate this Lease by giving written notice to Lessee and declare the entire amount of Rent which would become due, discounted to present value at a discount rate equal to the rate of interest initially received on the Escrow Account described below ("Accelerated Rent"), immediately due and payable; (c) take possession of and enter the Premises as agent of Lessee and relet them for such rent as is obtainable by reasonable effort and collect the deficiency from Lessee plus collect all costs of reletting, including lease commissions, attorney's fees and upfitting costs which Lessor deems necessary for a new tenant; and/or (d) pursue any other remedies which may be provided by law; provided, however, that should any event or condition described in item (iii) of this Section 28

occur, such event or condition shall not constitute a default should such event or condition be cured to the satisfaction of Lessor within thirty (30) days following the occurrence of such event or condition, or a reasonable period of time in addition thereto if circumstances are such that the default cannot be reasonably cured within thirty (30) days and Lessee promptly takes action to cure such default and pursues such action with due diligence. When Lessor receives Accelerated Rent from Lessee as provided in this Section 28, Lessor shall place such Accelerated Rent in an interest-bearing money market account (the "Escrow Account") with a federally-insured bank and draw from such Escrow Account each month the amount that would have become due and payable by Lessee under this Lease, together with the costs incurred by Lessor of any reletting of the Premises (including, without limitation, attorneys' fees, leasing commissions, marketing expenses and tenant upfitting which Lessor deems necessary for a new tenant (the "New Tenant Costs"). Further, Lessor shall use commercially reasonable efforts to relet the Premises. Upon any reletting of the Premises for any portion of the Term of this Lease, Lessor shall for the remainder of the Term of this Lease following the new tenant's rent commencement date: (a) calculate (i) the undiscounted Base Rental that would have become due under this Lease ("Lessee's Remaining Rent") and (ii) the undiscounted base rental expected to become due under the new tenant's lease of the Premises or portion thereof (the "New Tenant's Rent"); and then (b) immediately pay to Lessee the amount by which the funds remaining in the Escrow Account, after deducting all New Tenant Costs, exceeds the difference between (x) the Lessee's Remaining Rent and (y) the New Tenant's Rent; provided, however, in no event shall Lessor be required to pay to Lessee any amount which exceeds the amount of funds remaining in the Escrow Account. This Section 28 shall survive the expiration or earlier termination of this Lease.

29. Rights and Remedies. All rights and remedies of Lessor herein shall be cumulative, and none shall be exclusive of any other, nor of any rights and remedies allowed by law, and pursuit of any one of said rights or remedies does not preclude pursuit of any one or more of the other of said rights or remedies.

30. Lessor Default and Lessee Remedies. Any one or more of the following shall constitute a default by Lessor:

(a) Lessor is adjudicated bankrupt or insolvent and such adjudication is not vacated within thirty (30) days from the date of such adjudication;

(b) the admission in writing by Lessor of its inability to pay its debts when due;

(c) the appointment of a receiver or trustee for the business or property of Lessor, unless such appointment is vacated within ninety (90) days after its entry;

(d) Lessor making an assignment for the benefit of its creditors;

(e) the failure of Lessor to pay any amounts due to Lessee with thirty (30) days after written notice from Lessee that the same is due; or

(f) the failure by Lessor to cure any failure to perform or observe any of its covenants under this Lease within thirty (30) days after written notice thereof from Lessee, unless such failure is of such nature that it cannot be cured within such thirty (30) day period, in which case Lessor shall have such additional time as is necessary to cure so long as Lessor commences the curing within such thirty (30) day period and thereafter diligently pursues the curing.

Upon any occurrence of any default by Lessor, Lessee shall have the right to sue for damages, or specific performance, or other remedies it may have at law or in equity. In addition, Lessee may cure Lessor's default and offset the reasonable expense thereof against Rent.

31. Costs of Suit. If Lessee or Lessor shall bring an action for any relief against the other, declaratory or otherwise, arising out of this Lease, including any suit by Lessor for the recovery of Rent, Additional Rental or possession of the Premises, the prevailing party shall be entitled to recover all reasonable costs and expenses associated with such action, including reasonable attorneys' fees, from the non-prevailing party, with the court or other tribunal hearing such action to make such determinations.

32. Guaranty. [Intentionally Omitted]

33. Severability. In the event any term or provision of this Lease is determined by appropriate judicial authority to be illegal or otherwise invalid, such provision shall be given its nearest legal meaning or be construed or deleted as such authority determines, and the remainder of this Lease shall remain in full force and effect.

34. Successors and Assigns. Except as otherwise provided in this Lease, all of the covenants, conditions and provisions of this Lease shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and permitted assigns.

35. Parties. The words "Lessor" and "Lessee" as used herein shall include the parties to the Lease, whether singular or plural, masculine or feminine, or corporate, partnership, limited liability company or other entity and their heirs, personal representatives, successors and assigns.

36. Waivers. No covenant, term or condition hereof shall be deemed waived, except by written consent of the party against whom the waiver is claimed, and any waiver of the breach of any covenant, term or condition shall not be deemed to be a waiver of any preceding or succeeding breach of the same or any other covenant, term or condition of this Lease. Acceptance by Lessor of any performance by Lessee after the time the same shall have become due shall not constitute a waiver by Lessor of the breach or default of any covenant, term or condition of this Lease unless otherwise expressly agreed to by Lessor in writing.

37. Memorandum of Lease. This Lease shall not be recorded. At the request of either party, Lessor and Lessee shall execute a short form or memorandum of lease for recording in the office of the Register's Office of Madison County, Tennessee. Lessee shall pay the recording charges and shall be responsible for payment of all lease stamps, if any, applicable to this Lease.

38. Controlling Law. This Lease is entered into in Tennessee and shall be enforced and construed in accordance with the laws thereof.

39. Captions. The captions of the Sections and paragraphs of this Lease and its Exhibits are for convenience only and are not a part of this Lease, and do not in any way limit or amplify the terms or provisions of this Lease, and shall not be considered in the construction or interpretation of any provision hereof.

40. Relationship. The parties agree that Lessor shall in no event be construed or held, by virtue of this Lease, to be an agent, partner, member or associate of Lessee in the conduct of any of Lessee's business, nor shall Lessor be liable for any debts incurred by Lessee in the conduct of Lessee's business.

41. Entire Agreement. This Lease, together with any later written modifications and amendments thereto, shall constitute the entire agreement between the parties with respect to the subject matter hereof and shall supersede any prior or contemporaneous agreements or understandings, whether written or oral, which the parties, their agents or representatives may have had relating to the subject matter hereof. No modification, alteration or waiver of any term, condition or covenant of this Lease shall be valid unless in writing, dated and signed by both Lessor and Lessee.

42. Corporate Authority. Each individual executing this Lease on behalf of Lessee represents and warrants that he is duly authorized to execute and deliver this Lease on behalf of Lessee in accordance with a duly adopted resolution of the Board of Directors of Lessee or in accordance with the Bylaws of Lessee, and that this Lease is binding upon Lessee in accordance with its terms. Lessee shall deliver to Lessor, within thirty (30) days after execution of this Lease, a certified copy of a resolution of the Board of Directors of Lessee authorizing or ratifying the execution of this Lease.

43. Hazardous Waste. Lessee warrants, represents and covenants to Lessor that:

(a) Lessee's use of the Premises will at all times materially comply with and conform to all laws, statutes, ordinances, rules and regulations of any governmental, quasi-governmental or regulatory authority ("Laws") which relate to the transportation, storage, placement, handling, treatment, discharge, generation, production or disposal (collectively "Treatment") of any waste, waste products, radioactive waste, poly-chlorinated biphenyls, asbestos, hazardous materials of any kind, and any substance which is regulated by any law, statute, ordinance, rule or regulation (collectively "Waste"). Lessee further covenants that it will not engage in nor permit any party to engage in any Treatment of any Waste on or which affects the Premises, unless said Treatment complies with and conforms to all Laws relating to such Waste.

(b) Immediately upon receipt of any Notice, as hereinafter defined, from any party, Lessee shall deliver to Lessor a true, correct and complete copy of any written Notice or a true, correct, and complete report of any non-written Notice. Additionally, Lessee shall notify Lessor immediately after having knowledge of any Treatment of Waste, which does not comply with or conform to all Laws relating to such Waste or any Spill, as hereinafter defined, of Waste in or affecting the Premises. "Notice" shall mean any note, notice or report of any of the following:

(i) any suit, proceeding, investigation, order, consent order, injunction, writ, award, or action related to or affecting or indicating the Treatment of any Waste in or affecting the Premises;

(ii) any spill, contamination, discharge, leakage, release or escape of any Waste in or affecting the Premises, whether sudden or gradual, accidental or anticipated, or of any other nature (hereinafter "Spill");

(iii) any dispute relating to Lessee's or any other party's Treatment of any Waste or any Spill in or affecting the Premises;

(iv) any claims by or against any insurer related to or arising out of any Waste or Spill in or affecting the Premises;

(v) any recommendations or requirements of any governmental or regulatory authority, insurer or board of underwriters relating to any Treatment of Waste or a Spill in or affecting the Premises;

(vi) any legal requirement or deficiency related to the Treatment of Waste or any Spill in or affecting the Premises; or

(vii) any tenant, licensee, concessionaire, manager, or other party or entity occupying or using the Premises or any part thereof which has engaged in or engages in the Treatment of any Waste in or affecting the Premises.

(c) In the event that (i) Lessee has caused, suffered or permitted, directly or indirectly, any Spill in or affecting the Premises, or (ii) any Spill of any Waste has occurred on the Premises during the Term of this Lease, then Lessee shall immediately take all of the following actions:

(i) notify Lessor, as provided herein;

(ii) take all reasonable steps necessary or desirable, in Lessor's reasonable opinion, to clean up such Spill and any contamination related to the Spill, all in accordance with the requirements, rules and regulations of any state or federal environmental department or agency having jurisdiction over the Spill;

(iii) fully restore the Premises to its condition prior to the Spill; and

(iv) allow Lessor or its agents and any state or federal environmental department or agency having jurisdiction thereof to monitor and inspect all cleanup and restoration related to such Spill.

(d) The obligations of Lessee under this Section 43 shall survive the expiration or earlier termination of this Lease.

44. Financial Statements. Lessee hereunder agrees, and all parties signing as Guarantors hereunder agree, to provide current financial statements to Lessor within ten (10) days following request by Lessor therefor.

45. Notice to Lessor. Anything in this Lease to the contrary notwithstanding, Lessee agrees that it will not terminate this Lease nor withhold any Rent due hereunder because of Lessor's default in the performance hereof until Lessee has first given written notice to Lessor, to the holder of any mortgage and to the Ground Lessor specifying the nature of such default by Lessor and allowing Lessor, such mortgage holder or Ground Lessor, or either of them, thirty (30) days after date of such notice to cure such default or a reasonable period of time in addition thereto if circumstances are such that said default cannot reasonably be cured within said thirty (30) day period and Lessor, such mortgage holder or the Ground Lessor promptly takes action to cure such default and pursues such action with due diligence.

46. Notice of Ground Lease. This Lease is subject to the terms and conditions of the Ground Lease and must be approved by the Ground Lessor under the Ground Lease. In addition, subleases and assignments require the approval of both parties to the Ground Lease. Any lease, sublease or assignment made without obtaining necessary approvals shall be absolutely null and void, and any party to the Ground Lease (including beneficiaries under any deed of trust) may enjoin any violation thereof.

47. Limitation of Lessor's Liability. Notwithstanding anything contained in this Lease to the contrary, Lessee agrees that it shall look solely to the estate and property of Lessor in the Building in which the Premises are located for the collection of any judgment (or other judicial process) requiring the payment of money by Lessor for any default or breach by Lessor of any of its obligations under this Lease, subject, however, to the prior rights of the holder of any mortgage or deed of trust encumbering the Building. No other assets of Lessor shall be subject to levy, execution or other judicial process for the satisfaction of Lessee's claim. This provision shall not be deemed, construed or interpreted to be or constitute an agreement, express or implied between Lessor and Lessee that Lessor's interest in the Building shall be subject to impressment of an equitable lien or otherwise.

48. Transfer of Lessor's Interest. In the event of the sale, assignment or transfer by Lessor of its interest in the Building or in this Lease (other than a collateral assignment to secure a debt of Lessor) to a successor in interest who expressly assumes the obligations of Lessor under this Lease, Lessor shall be released and discharged from all of its covenants and obligations under this Lease, except obligations which have accrued prior to any sale, assignment or transfer;

and Lessee agrees to look solely to Lessor's successor in interest for performance of such obligations. Any security given by Lessee to Lessor to secure performance by Lessee of its obligations under this Lease may be assigned by Lessor to its successor in interest; and, upon acknowledgment by the successor of receipt of that security and its express assumption of the obligation to account to Lessee for that security in accordance with the terms of this Lease, Lessor shall be discharged of any further obligation relating thereto. Lessor's assignment of the Lease or of its interest in the Building shall not affect Lessee's obligations under this Lease. Lessee shall attorn and look to Lessor's assignee, as landlord, provided Lessee has first received written notice of the assignment of Lessor's interest. Lessor shall have the right to freely sell, assign or otherwise transfer its interest in the Building and/or this Lease.

49. Financing Matters. [Intentionally Omitted].

50. Bankruptcy. [Intentionally Omitted].

51. Reciprocal Covenant on Notification of ADA Violations.

(a) Within ten (10) days after receipt, Lessor and Lessee shall advise the other party in writing, and provide the other with copies of (as applicable), of any notices alleging violation of the Americans with Disabilities Act of 1990 ("ADA"), as may be subsequently amended, relating to any portion of the Building or the Premises; any claims made or threatened in writing regarding noncompliance with the ADA and relating to any portion of the Building or the Premises; or any governmental or regulatory actions or investigations instituted or threatened regarding noncompliance with the ADA and relating to any portion of the Building or the Premises.

(b) Except as set forth below regarding compliance of the physical structure or common areas of the Building with the applicable requirements of the ADA and the implementing regulations thereto as of the Rent Commencement Date, Lessee agrees, at its own expense, to comply promptly with all requirements of any legally constituted public authority affecting the Premises, including the ADA. Lessor agrees to comply promptly with any such requirements as they affect the physical structure of the Building (excluding the Premises) and its common areas. Lessee acknowledges and agrees that Lessor has no other obligation or liability whatsoever to Lessee, or to anyone claiming by or through Lessee, regarding any failure of the Premises or the activities therein to comply with the applicable requirements of the ADA. Notwithstanding anything herein which may imply the contrary, all costs incurred by Lessor in complying with any maintenance or repair obligations incurred as a result of requirements of the ADA shall be considered Common Area Expenses for purposes of this Lease. All capital expenditures of Lessor incurred as a result of Lessor's compliance with the ADA shall be borne solely by Lessor and shall not be included as Common Area Expenses under the Lease.

52. Parking. Lessee, its employees and invitees shall be entitled to non-exclusive use of the parking areas associated with the Building. Lessor reserves the right at any time, and from time to time, to establish and modify reasonable rules and regulations pertaining to the parking areas.

53. Force Majeure. This Lease and the obligations of Lessee hereunder shall not be affected or impaired because Lessor is unable to fulfill any of its obligations hereunder or is delayed in doing so, to the extent such inability or delay is caused by reason of war, civil unrest, strike, labor troubles, unusually inclement weather, governmental delays, inability to procure services or materials despite reasonable efforts, third party delays, acts of God, acts of war or terrorism, or any other cause(s) beyond the reasonable control of Lessor (which causes are referred to collectively herein as "Force Majeure"). Any obligation of Lessor in this Lease shall be extended one day for each day of delay suffered by Lessor as a result of the occurrence of any Force Majeure.

54. Health Insurance Portability and Accountability Act. Lessor and Lessee hereby acknowledge and agree that under the Lease:

a. Lessee is not disclosing to Lessor, nor otherwise providing Lessor access to, "protected health information", as defined in the Standards for Privacy of Individually Identifiable Health Information implementing the privacy requirements of the Administrative Simplification subtitle of the Health Insurance Portability and Accountability Act of 1996 (HIPAA) set forth at 45 CFR Parts 160 and 164 (the "HIPAA Privacy Standards"); and

b. Lessor is not a "business associate", as defined in the HIPAA Privacy Standards, of Lessee, and Lessor has no obligation to enter into, and Lessee shall not request that Lessor enter into, a business associate contract under Section 164.504(e) of the HIPAA Privacy Standards.

55. Confidentiality. Lessee agrees that this Lease is confidential, and Lessee shall not, without Lessor's prior written consent, disclose the contents of this Lease to any third party except Lessee's lawyers, architects, engineers and other consultants (collectively, "Consultants") engaged in connection with this Lease transaction. Lessee hereby agrees that, prior to disclosing the contents of this Lease to any of its Consultants, Lessee will notify its Consultants of the confidential nature of this Lease and require that its Consultants maintain its confidentiality.

56. Modifications to Common Areas. Nothing herein set forth shall be deemed or construed to restrict Lessor from making any modifications to any of the parking and/or Common Areas serving the Building and/or Premises as of the date of execution hereof, provided such modifications do not adversely affect Lessee's use or enjoyment of the Premises. Lessor expressly reserves the right to make any modifications to such areas as Lessor may deem appropriate, provided such modifications do not adversely affect Lessee's use or enjoyment of the Premises, including, but not limited to, the addition or deletion of temporary and/or permanent improvements therein, and/or the conversion of areas now dedicated for the non-exclusive common use of tenants (including Lessee) to the exclusive use of one (1) or more tenants or licensees within the Building.

57. Conditions Precedent. Notwithstanding anything herein to the contrary, Lessor's and Lessee's obligations hereunder shall be subject to satisfaction of the following conditions in the reasonable discretion of Lessor:

(a) the Ground Lease shall have been executed not later than December 19, 2008; and

(b) a plat showing the location of the property leased by Lessor pursuant to the Ground Lease and upon which the Building will be constructed shall have been recorded not later than December 19, 2008; and

(c) Lessor shall have received a commitment for financing construction of the Building, including the Premises, not later than December 19, 2008; and

(d) Lessor shall have obtained an acceptable guaranteed maximum price contract for construction of the Building (excluding the Tenant Improvements) not later than December 19, 2008; and

(e) Lessor shall have obtained all governmental approvals necessary to commence grading and erosion control activities for the Building not later than December 19, 2008; and

(f) Lessor shall have obtained all governmental approvals necessary to commence installation of utilities to service the Building not later than December 31, 2008; and

(g) Lessor shall have obtained all governmental approvals necessary to commence construction of the Building (excluding the Tenant Improvements) not later than January 30 2009; and

(h) Lessor shall have obtained all governmental approvals necessary to commence construction of the Tenant Improvements not later than March 30, 2009; and

(i) Lessor shall have obtained an acceptable guaranteed maximum price contract for construction of the Tenant Improvements not later than March 30, 2009.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

LESSOR:

WEST TENNESSEE INVESTORS, LLC,
a Tennessee limited liability company

By: Cogdell Spencer Advisors LLC,
a Delaware limited liability company,
its Manager

By: _____
Name: Charles M. Handy
Title: Manager

LESSEE:

JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT, a Tennessee governmental instrumentality

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Supplemental 1
July 23, 2020

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of the day and year first above written.

LESSOR:

WEST TENNESSEE INVESTORS, LLC,
a Tennessee limited liability company

By: Cogdell Spencer Advisors LLC,
a Delaware limited liability company,
its Manager

By: _____
Name: _____
Title: _____

LESSEE:

JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT, a Tennessee governmental instrumentality

By: _____
Name: Richard Dodds
Title: CEO

By: _____
Name: Bobby Arnold
Title: VP/CFO

EXHIBIT A-1

Description of the Building

An approximately one hundred six thousand seven hundred seventy two (106,772) rentable square foot, five (5) story medical office building to be constructed on an approximately 0.93 acre site fronting on West Forest Avenue in Jackson, Madison County, Tennessee.

The Building is to be developed pursuant to the final plans entitled "West Tennessee Healthcare Medical Center Physicians Tower" dated October 17, 2008 and prepared by RPA Design, P.C. of Charlotte, North Carolina (the "Plans").

Exhibit A-2

A sketch of the Premises showing its location in the Building follows this page

EXHIBIT B

WORK LETTER

This **WORK LETTER** pertains to that certain Tenant Lease Agreement (Medical Center Physicians Tower) (the "Lease") made and entered into as of the 19th day of December, 2008, by and between **WEST TENNESSEE INVESTORS, LLC**, a Tennessee limited liability company ("Lessor"), and **JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT**, a Tennessee governmental instrumentality ("Lessee").

DEFINITIONS

1.01. **Defined Terms**. Capitalized terms used in the Lease and this Work Letter not otherwise defined herein shall have the same meanings ascribed to them in the Lease.

1.02. **"Architect"** shall mean the architect, space planner or designer designated by Lessor to prepare the Drawings and Specifications.

1.03. **"Base Building Improvements"** shall mean the improvements to the Premises provided by Lessor as described and defined in this Work Letter.

1.04. **"Drawings and Specifications"** shall mean the final working drawings and specifications for the construction and installation of the improvements in the Premises prepared by the Architect and approved by Lessor and Lessee.

1.05. **"Interior Design Service"** shall mean such term as defined in Section 3.04.

1.06. **"Lessee Responsible Work"** shall mean such term defined in Section 4.01.

1.07. **"Lessee's Costs"** shall mean the total of the Tenant Improvements Price in excess of the Tenant Improvement Allowance, excluding items directly contracted for by Tenant.

1.08. **"Lessor's Contractor"** shall mean the contractor designated by Lessor to construct and install the Tenant Improvements.

1.09. **"Tenant Improvements"** shall mean the improvements constructed and installed in the Premises in accordance with the Drawings and Specifications.

1.10. **"Tenant Improvement Allowance"** shall mean the amount specified in Section 7(g) of the Lease.

1.11. **"Tenant Improvements Price"** shall mean the total costs of the design, engineering, construction and installation of the Tenant Improvements.

DRAWINGS AND SPECIFICATIONS; PRICING

2.01. **Exact Determination of Premises.** After execution of this Lease and as soon as the design and construction of the Base Building Improvements have sufficiently progressed (or at such other time as Lessor shall determine appropriate), Lessor shall contact Lessee to consult with Lessee concerning Lessee's exact space needs for the Premises and shall promptly thereafter provide Lessee with schematic plans for the layout of Premises. After the number of rentable square feet of the Premises is finally determined and the exact location on the floor of the Building has been so determined, Lessee shall, at the request of Lessor, execute the Declaration as provided in Section 4 of the Lease specifying such number and location. At such time and based on the schematic plans for the Premises, Lessor and Lessee shall establish an initial, non-binding schedule for construction and installation of the Tenant Improvements.

2.02. **Approval of Drawings and Specifications.** After the schematic plans have been prepared and a Lease amendment (if required) has been executed, Lessor shall cause the Architect to prepare and shall deliver to Lessee, for Lessee's approval, the proposed final working Drawings and Specifications for the Tenant Improvements. Lessee shall promptly review such Drawings and Specifications and shall notify Lessor of any comments thereon or proposed revisions thereto. After receiving any comments or proposed revisions, Lessor shall resubmit to Lessee any such drawings and specifications with such requested changes as are acceptable to Lessor. Lessee shall have ten (10) days after receipt of any Drawings and Specifications or revisions thereto to approve or disapprove the same, and if Lessee fails to notify Lessor of any comments or revisions within such ten (10) day period, such Drawings and Specifications shall be deemed, without further action, to have been approved by Lessee. Lessee shall cooperate in order to finalize Drawings and Specifications, and Lessee shall not unreasonably withhold or delay its approval of the Drawings and Specifications or any part thereof. If substantial revisions are required to Drawings and Specifications and additional architect or engineering fees are incurred, Lessee shall be responsible for such additional charges and shall promptly pay such amounts as and when they become due. Lessee further acknowledges that substantial revisions to Plans and Specifications may delay construction and installation of the Tenant Improvements. Accordingly, Lessee agrees to cooperate and use its good faith best efforts to approve Drawings and Specifications for the Premises as promptly as possible after the initial submission of the Drawings and Specifications by Lessor to Lessee.

2.03. **Pricing.** Upon approval of the Drawings and Specifications by Lessee, Lessor shall submit such Drawings and Specifications to Lessor's Contractor to obtain the price the Tenant Improvements Price. Once the Tenant Improvements Price has been established, Lessor shall submit such Tenant Improvements Price to Lessee for approval. Lessee shall have ten (10) days after receipt of the Tenant Improvements Price to approve or disapprove the same, and if Lessee fails to notify Lessor of any disapproval within such ten (10) day period, such Tenant Improvements Price shall be deemed, without further action, to have been approved by Lessee. In the event that Lessee timely disapproves of the Tenant Improvements Price, then Lessor shall work with Lessee to cause revisions to the Drawings and Specifications in order that the Tenant Improvements Price shall be reduced. In such case, the procedures set forth in Section 2.02 above with respect to

approval of Drawings and Specifications shall be repeated. As set forth above, Lessee shall not unreasonably withhold or delay its approval of revised Drawings and Specifications or any part thereof and shall be liable for any additional architect or engineering fees incurred in connection with substantial revisions to Drawings and Specifications. Lessee shall not unreasonably withhold its approval of the Tenant Improvements Price and agrees to cooperate and use its good faith best efforts to approve such Tenant Improvements Price. Lessee acknowledges that delays in approving the Tenant Improvements Price may delay construction and installation of the Tenant Improvements. Upon approval of the Tenant Improvements Price, Lessor shall be authorized to proceed with the work of constructing and installing the Tenant Improvements in accordance with the Drawings and Specifications, and in that regard, Lessor shall cause Lessor's Contractor to proceed with the construction and installation of the Tenant Improvements.

2.04. **Revisions to Drawings and Specifications**. If at any time after approval of the Tenant Improvements Price, Lessee desires to make revisions to the Drawings and Specifications, the procedure for obtaining Lessor's approval of any such revisions and related revisions to the Tenant Improvements Price shall be as set forth in Section 2.02 above. Lessor shall not authorize the construction of any Tenant Improvements (except as provided in the Drawings and Specifications) which will result in additional costs or schedule changes unless Lessee shall have approved the additional scope of work in writing and delivered its written approval of the cost of such work to Lessor. Upon approval by Lessor and Lessee of any such revisions and related revisions to the Tenant Improvements Price, Lessor shall be authorized to proceed with the work of constructing and installing the Tenant Improvements in accordance with the Drawings and Specifications, as revised. Lessee shall be responsible for any architect and engineering fees incurred as a result of revisions arising under this Section 2.04. Lessor, at its option, can require Lessee to pay in lump sum to Lessor any and all increases in Lessee's Costs (whether or not incurred) which result from approved revisions to the Drawings and Specifications.

2.05 **Government Approvals**. Lessor shall be responsible for obtaining approval of the Drawings and Specifications by all governmental agencies having jurisdiction over the Premises and for obtaining all necessary licenses and permits in connection with Tenant Improvements, including temporary and permanent certificates of occupancy for the Premises. Lessee shall reasonably cooperate with Lessor in obtaining such approvals and permits.

2.06 **Inspections**. Lessor shall schedule and conduct prefinal and final inspections in connection with the Tenant Improvements and, in conjunction with Lessee, develop punch lists and obtain completion of such items.

PAYMENT OF COSTS

3.01. **Lessor's Costs**. Lessor shall pay the Tenant Improvements Price up to, but not exceeding, the Tenant Improvement Allowance. Lessor shall disburse the Tenant Improvement Allowance and any amounts deposited by Lessee with Lessor for payment of Lessee's Costs to pay the Tenant Improvements Price, as and when the same become due and payable. Lessor shall be entitled to rely on the accuracy of all invoices and fee statements for labor performed or materials

furnished in connection with the Tenant Improvements and to rely on any certification as to the Tenant Improvements Price submitted by Lessor's Contractor or the Architect.

3.02. **Lessee's Costs.** In connection with Lessee's obligations under Subsection 7(g) of the Lease, Lessee shall pay Lessee's Costs as follows:

(a) 50% of the amount of Lessee's Costs reasonably estimated by Lessor shall be paid to Lessor prior to the commencement of construction and installation of the Tenant Improvements;

(b) 25% of the amount of Lessee's Costs shall be paid within 60 days following the commencement of construction of the Tenant Improvements; and

(c) 25% of the amount of Lessee's Costs shall be paid within 120 days following the commencement of construction of the Tenant Improvements.

3.03. **Failure to Pay Lessee's Costs.** Failure by Lessee to pay Lessee's Costs in accordance with this Work Letter will constitute a failure by Lessee to pay Rent when due under the Lease and shall therefore constitute an event of default by Lessee under the Lease, and Lessor shall have all of the remedies available to it under this Lease for nonpayment of Rent.

3.04 **Other Costs Incurred by Lessee.** Architect and engineering fees, as well as interior design services shall be payable from the Tenant Improvement Allowance.

WORK BY LESSEE

4.01. **Lessee's Work.** All work in or about the Premises which is not within the scope of the work necessary to construct and install the Tenant Improvements and all work necessary to install Lessee's medical equipment and other personal property (collectively, "Lessee Responsible Work"), shall be furnished and installed by Lessee at Lessee's cost and expense, unless otherwise provided for herein. Lessee shall adopt a schedule for performing such Lessee Responsible Work consistent with the schedule of Lessor's Contractor and shall see that such Lessee Responsible Work is conducted in such a manner as to maintain harmonious labor relations and as not to interfere unreasonably with or to delay the work of constructing or installing the Tenant Improvements. Lessor shall give access and entry to the Premises to Lessee and its contractors performing such Lessee Responsible Work and shall give reasonable opportunity and time to enable Lessee and such contractors to perform and complete such Lessee Responsible Work. All such Lessee Responsible Work and Lessee's use of the Premises for such purposes shall be performed in accordance with the Lease.

BASE BUILDING WORK

5.01. **Base Building Improvements.** Lessor shall construct, at Lessor's sole expense, the following improvements (the "Base Building Improvements"):

(a) Base Building Core and Shell Areas. Lessor shall construct all base building core and shell areas, including, but not limited to, base building mechanical, electrical, plumbing, heating, ventilation, air conditioning and life safety systems, as installed, including those required to obtain a certificate of substantial completion for the shell of the Building.

(b) Life Safety System. Lessor shall provide the following for the common areas of each floor of the Building; exit signs at stairways, emergency lights, smoke detectors, fire extinguishers and fire horn as required by applicable codes. Lessee shall bear the cost of any of the above required within the Premises or in such areas as a corridor extended for Lessee's use.

(c) Telephone. Lessor shall provide Lessee with access to Lessor's telephone equipment room so that Lessee's contractors can install conduit or telephone cable and associated connections to the Premises. The cost of Lessee's telephones, telephone equipment and service and communications systems, and installation of conduit and telephone cable from the telephone equipment room to the Premises shall be borne by Lessee. Lessee shall not install or erect any antennae, aerial wires or other equipment inside or outside the Building without obtaining prior written approval from Lessor. If Lessee desires additional telegraphic or telephonic connections, or the installation of any other electrical wiring, Lessor will, upon receiving a written request from Lessee, direct the electricians as to where and how the wires are to be introduced and run, and without such directions no boring, cutting or installation of wires will be permitted.

(d) Finishes. Lessor shall furnish and install the following finish items:

1. Window-wall heads and sills shall be insulated and covered with gypsum board taped, bedded and finished.

2. Core wall surfaces, elevator lobby walls and public corridor wall surfaces shall be framed and covered with gypsum board, taped, bedded, sanded and finished with vinyl wall covering.

3. Base building toilet rooms shall be fully finished including the installation of all ceramic tile and all painting and wall covering.

4. Base building mechanical rooms, telephone and electrical closets shall be covered with gypsum board, taped, bedded and sanded.

(e) Miscellaneous. Lessor shall also provide (i) public stairs and fire escapes to meet all applicable codes; (ii) base building elevators; and (iii) the Building lobby, elevator lobbies and public corridors finished with Building standard decor.

5.02 **Lessee's Base Building Improvements**. Lessor shall construct or install, at Lessee's sole expense (provided, however, Lessee shall have the right to apply a portion of the Tenant Improvement Allowance to any or all of such expense), the following Base Building Improvements with respect to the Premises:

(a) Heating, Ventilation and Air Conditioning. Lessor shall equip the Premises with heating, ventilation and air conditioning designed to service the entire first floor.

(c) Electrical. Lessor shall provide electrical bus connectors, transformers, panels, circuit breakers and light fixtures.

(d) Plumbing. Lessor shall provide all restrooms and all plumbing systems on the first floor.

PUNCH LIST ITEMS

6.01 **Punch List Work**. Notwithstanding any provisions to the contrary contained in this Lease, within thirty (30) days following to CO Issue Date, Lessee shall submit to Lessor a written itemization (the "Punch List") of items of construction that were not properly completed. Upon receipt of the Punch List, Lessor shall expeditiously (but not later than thirty (30) days thereafter) cause such items to be corrected or completed. If the nature of such Punch List item is such that it cannot reasonably be completed within such thirty (30) day period, Lessor shall commence to repair or complete such item within the thirty (30) day period and shall diligently prosecute such Punch List work to completion.

DEFECTIVE WORK

7.01 **Defective Work**. Lessor warrants to Lessee that (i) the Base Building Improvements and the Tenant Improvements will be constructed in accordance with the Plans and the Drawings and Specifications, (ii) all materials and equipment furnished will be new, unless otherwise specified, (iii) the Base Building Improvements and the Tenant Improvements will be of good quality, free from faults and defects, and (iv) the Base Building Improvements and the Tenant Improvements shall be in full compliance with all applicable laws, codes and regulations, including by way of example, but not as a limitation, environmental, zoning, building and land use laws, codes and regulations. Without limiting the generality of the foregoing, if within one (1) year after the date of substantial completion of all of the Base Building Improvements and the Tenant Improvements, or within such longer period of time as may be prescribed by law or the terms of any applicable warranty required by the Plans and the Drawings and Specifications, the Base Building

Improvements, the Tenant Improvements or any part or element of either is found to be defective or not in accordance with the Plans and the Drawings and Specifications, Lessor shall correct the same within thirty (30) days after receipt of written notice from Lessee to do so or a longer reasonable period if such correction cannot reasonably be completed within a thirty (30) day period, unless Lessee has previously given Lessor a written acceptance of such condition. Unless such condition is specifically referred to and accepted in a written instrument delivered to Lessor, Lessee's acceptance of the Tenant Improvements pursuant to the Lease shall not be deemed to be written acceptance of any such condition.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed as of December 19, 2008.

LESSOR:

WEST TENNESSEE INVESTORS, LLC,
a Tennessee limited liability company

By: Cogdell Spencer Advisors LLC,
a Delaware limited liability company,
its Manager

By: _____
Name: _____
Title: _____

LESSEE:

JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT, a Tennessee governmental instrumentality

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT C

RULES AND REGULATIONS

1. The sidewalks, halls, passages, exits, entrances, elevators and stairways of the Building shall not be obstructed by any of the tenants or used by them for any purpose other than for ingress to and egress from their respective premises. The halls, passages, exits, entrances, elevators, and stairways are not for the general public, and Lessor shall in all cases have the right to control and prevent access thereto of all persons whose presence in the judgment of Lessor would be prejudicial to the safety, character, reputation and interests of the Building and its tenants, provided that nothing herein contained shall be construed to prevent such access to persons with whom any tenant normally deals in the ordinary course of its business, unless such persons are engaged in illegal activities. No tenant and no employee or invitees of any tenant shall go on the roof of the Building without the prior written consent of Lessor.

2. No sign, placard, picture, name, advertisement or notice, visible from the exterior of any tenant's premises shall be inscribed, painted, affixed or otherwise displayed by any tenant on any part of the Building without the prior written consent of Lessor. Lessor will adopt and furnish to tenant general guidelines relating to signs inside the Building on the office floors. Lessee agrees to conform to such guidelines, but may request approval of Lessor for modifications, which approval will not be unreasonably withheld. All approved signs or lettering on doors shall be printed, painted, affixed or inscribed at the expense of the tenant by a person approved by Lessor, which approval will not be unreasonably withheld. Material visible from outside the Building will not be permitted.

3. Lessee shall not allow a fire or bankruptcy sale or any auction to be held on the premises or allow the premises to be used for the storage of merchandise held for sale to the general public.

4. No tenant shall allow the premises to be used for lodging, nor shall cooking be done or permitted by any tenant on the premises, except the use by the tenant of Underwriters' Laboratory approved microwaves and equipment for brewing coffee, tea, hot chocolate and similar beverages shall be permitted, provided that such use is in accordance with all applicable federal, state and city laws, codes ordinances, rules and regulations.

5. No tenant shall employ any person or persons other than the janitor of Lessor for the purpose of cleaning the premises, unless otherwise agreed to by Lessor in writing. Except with the written consent of Lessor, no person or persons other than those approved by Lessor shall be permitted to enter the Premises for the purpose of cleaning the same. No tenant shall cause any unnecessary labor by reason of such tenant's carelessness or indifference in the preservation of good order and cleanliness. Janitor services will not be provided on nights when offices are occupied after 9:30 p.m. unless by agreement in writing, service is extended to a later hour for specifically designated rooms.

6. Lessor will provide Lessee, free of charge, two keys to each door lock in the Premises. Upon request by Lessee, Lessor shall provide additional keys but, at Lessor's option, may charge a reasonable amount therefor. Lessee shall not have any keys made without Lessor's consent. Lessee shall not alter any lock or install a new or additional lock or any bolt on any door of the Premises without the prior written consent of Lessor. Lessee shall in each case furnish Lessor with a key for any such lock. Upon the termination of its tenancy, Lessee shall deliver to Lessor all keys to doors in the Building that have been furnished to Lessee.

7. Lessor shall designate how and when all office equipment, furniture, appliances and other large objects or property ("Equipment") shall be moved in and/or out of the Building. The persons employed to move such Equipment in or out of the Building must be acceptable to Lessor. Lessor shall have the right to prescribe limitations on the weight, size and position of all Equipment brought into the Building. Heavy objects shall, if considered necessary by Lessor, stand on wood strips of such thickness as is necessary to properly distribute the weight. Lessor will not be responsible for loss or damage to any such Equipment from any cause, and all damage done to the Premises, the Building or the property on which the Building is located by moving or maintaining such Equipment shall be repaired by tenant, or, at Lessor's option, tenant shall reimburse Lessor for the cost of such repairs.

8. No tenant shall use or keep in its premises any kerosene, gasoline or inflammable or combustible fluid or material other than limited quantities thereof reasonably necessary for the operation and maintenance of office equipment, or, without Lessor's prior written approval, use any method of heating or air conditioning other than that supplied by Lessor.

9. No tenant shall use, keep or permit to be used or kept any foul or obnoxious gas or substance in its premises, or permit or suffer the premises to be occupied or used in a manner offensive or objectionable to Lessor or to other occupants of the Building by reason of noise, odors or vibrations, or interfere in any way with other tenants or those having business therein.

10. Lessor shall have the right, exercisable without notice and without liability of Lessor to any tenant, to change the name and street address of the Building.

11. The normal business hours of the Building (other than the Premises) are from 7:00 a.m. to 6:00 p.m., Monday through Friday, and from 8:00 a.m. to 1:00 p.m. on Saturdays, exclusive of legal holidays. The normal business hours of the Premises are from 7:00 a.m. to 9:00 p.m., Monday through Friday, and from 8:00 a.m. to 1:00 p.m. on Saturdays, exclusive of legal holidays. Lessor reserves the right to exclude from the Building (other than the Premises) between the hours of 6:00 p.m. and 7:00 a.m., Monday through Friday, and on Saturdays after 1:00 p.m., and at all hours on Sundays and legal holidays, any person who, in Lessor's sole opinion, has no legitimate business in the Building (other than the Premises). Lessor reserves the right to exclude from the Premises between the hours of 9:00 p.m. and 7:00 a.m., Monday through Friday, and on Saturdays after 1:00 p.m., and at all hours on Sundays and legal holidays, any person who, in Lessor's reasonable opinion, has no legitimate business in the Premises. Lessor shall in no case be liable for damages for any error with regard to the admission to or exclusion from the Building or Premises of any person. In the case of invasion, mob, riot, public

excitement, act of terrorism or other circumstances rendering such action advisable in Lessor's opinion, Lessor reserves the right to prevent access to the Building and the Premises during the continuance of the same by such action as Lessor may deem appropriate, including closing and locking of doors.

12. The directory of the Building will be provided for the display of the name and location of tenants. Any additional name which tenant shall desire to place upon said directory must first be approved by Lessor in writing and, if so approved, a charge will be made therefore.

13. No curtains, draperies, blinds, shutters, shades, screens or other coverings, hangings or decorations shall be attached to, hung or placed in, or used in connection with any window of the Building without the prior written consent of Lessor, and such items, if permitted, shall be installed as instructed by Lessor.

14. Lessee may use and contract for ice, water, food, beverage, towel and other similar services in the Premises, subject to such reasonable regulations as may be established by Lessor.

15. Each tenant shall see that the doors of its premises are closed and locked and that all water faucets, water apparatus and utilities are shut off before any tenant or its tenant's employees leave the premises, so as to prevent waste or damage, and for any default or carelessness in this regard the tenant shall make good all injuries sustained by Lessor, other tenants or occupants of the Building. All tenants shall keep the exterior doors to the Building closed at all times except for ingress and egress.

16. The toilet rooms, toilets, urinals, wash basins and other apparatus shall not be used for any purpose other than that for which they were constructed, no foreign substance of any kind whatsoever shall be thrown therein and the expense of any breakage, stoppage or damage resulting from the violation of this rule shall be borne by the tenant who, or whose employees or invitees, shall have caused it.

17. Except with the prior written consent of Lessor, no tenant shall sell, or permit the sale at retail, of newspapers, magazines, periodicals, theater tickets or any other goods or merchandise to the general public in or on the premises, nor shall the premises of any tenant be used for manufacturing of any kind, or any business or activity other than that specifically provided for in such tenant's lease, if any.

18. No tenant shall install any radio or television antenna, loudspeaker, satellite dish, or other device on the roof or exterior walls of the Building without Lessor's prior written consent.

19. Hand trucks shall not be used in any space or public halls of the Building, either by any tenant or others, except those equipped with rubber tires and side guards or such other material-handling equipment as Lessor may approve. No other vehicles of any kind shall be brought by any tenant into the Building or kept in or about the premises.

20. Tenants shall coordinate all moving activity of office equipment and furniture in and out of the Building with Lessor or Lessor's agent, and to use the services of an insured professional moving company. Lessee shall be responsible for providing written proof of such insurance in advance of any moving activity. Lessee acknowledges that any attempt to bring in or take out any office equipment or furniture from the Building without the prior written approval of Lessor or Lessor's agent may be prevented by Lessor.

21. Each tenant shall store all its trash and garbage within its premises. No material shall be placed in the trash boxes, receptacles or common areas if such material is of such nature that it may not be disposed of in the ordinary and customary manner of removing and disposing of trash and garbage in the designated area, without being in violation of any law or ordinance governing such disposal. All garbage and refuse disposal shall be made only through entryways and elevators provided for such purposes and at such times as Lessor shall designate.

22. Canvassing, soliciting, peddling and distribution of handbills or any other written material in the Building are prohibited, and each tenant shall cooperate to prevent the same.

23. Lessee agrees to abide by all governmental rules and regulations pertaining to thermostatic control of the temperature in the Building. Air conditioning services shall be provided pursuant to the Lease. HVAC will be provided to the Building and the Premises during regular business hours as provided in Paragraph 11 of these Rules and Regulations. During the evenings (*i.e.*, after regular business hours), Saturdays after 1:00 p.m. and on Sundays and Holidays, HVAC will be available at the tenants' request; however, tenants shall be charged accordingly.

24. Lessee agrees not to allow or keep any animals or pets of any kind on the premises, except those seeing-eye dogs, which are for the direct purpose of aiding and assisting the visually impaired.

25. Lessee shall observe and obey all parking and traffic regulations imposed on parking areas associated with the Building. Lessor reserves the right to designate no-parking zones, traffic rights-of-way and general parking area procedures, including the right to designate special parking areas for employees of Lessor, Lessee and other tenants of the Building. Upon the expiration or earlier termination of the Lease, Lessee, its agents and employees shall return all parking cards or permits which may have been issued to them.

26. The Building shall be a "no smoking" building.

27. The requirements of tenants will be attended to only upon application by telephone or in person at the office of Lessor. Employees of Lessor shall not perform any work or do anything outside of their regular duties unless under special instructions from Lessor.

28. Lessor may waive any one or more of these Rules and Regulations for the benefit of any particular tenant or tenants, but no such waiver by Lessor shall be construed as a waiver of

such Rules and Regulations in favor of any other tenant or tenants, nor prevent Lessor from thereafter enforcing any such Rules and Regulations against any or all of the tenants of the Building.

29. These Rules and Regulations are in addition to, and shall not be construed to in any way modify or amend, in whole or in part, the terms, covenants, agreements and conditions of any lease of premises in the Building.

30. Lessor reserves the right to make such other reasonable rules and regulations as in its judgment may from time to time be needed for the safety, care or cleanliness of the Building or the Property, and for the preservation of good order therein.

EXHIBIT D

DECLARATION OF
RENTABLE SQUARE FOOTAGE AND RENT COMMENCEMENT DATE

This DECLARATION is attached to and made a part of that certain Tenant Lease Agreement (Medical Center Physicians Tower) dated the 19th day of December, 2008 (the "Lease") by and between WEST TENNESSEE INVESTORS, LLC ("Lessor") and JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT ("Lessee").

Lessor and Lessee are parties to the Lease. All capitalized terms used herein shall have the same meaning as are ascribed to such terms in the Lease, unless otherwise indicated.

Lessor and Lessee do hereby declare that (a) the Premises is agreed to contain _____ (_____) rentable (_____ (_____) usable) square feet, (b) the Rent Commencement Date is established to be _____, 20___; and (c) the Lease Term shall expire on _____, 20___, unless the Lease Term is extended or earlier terminated as may be provided therein.

[Signature Page Follows]

IN WITNESS WHEREOF, Lessor and Lessee have executed this Declaration as of the ___ day of _____, 20___.

LESSOR:

WEST TENNESSEE INVESTORS, LLC,
a Tennessee limited liability company

By: Cogdell Spencer Advisors LLC,
a Delaware limited liability company,
its Manager

By: _____
Name: _____
Title: _____

LESSEE:

JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT, a Tennessee governmental instrumentality

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

Supplemental 1
July 23, 2020

State of Tennessee Comptroller of the Treasury

Real Estate Assessment Data

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County Number: 057 County Name: MADISON Tax Year: 2020

Property Owner and Mailing Address

Jan 1 Owner:
WEST TENN HEALTHCARE INC
620 SKYLINE DR
JACKSON, TN 38301

Property Location

Address: W FOREST AVE 700

Map: 066M **Grp:** G **Ctrl Map:** 066M **Parcel:** 024.00 **PI:** **S/I:** 000

Value Information

Reappraisal Year: 2018

Land Mkt Value:	$219,400
Improvement Value:	$12,032,100
Total Market Appraisal:	$12,251,500
Assessment %:	0
Assessment:	$0

General Information

Class:	01 - COUNTY		
City #:	359	**City:**	JACKSON
SSD1:	000	**SSD2:**	000
District:	05	**Mkt Area:**	J48
# Bldgs:	0	**# Mobile Homes:**	0
Utilities - Water / Sewer:	01 - PUBLIC / PUBLIC	**Utilities - Electricity:**	01 - PUBLIC
Utilities - Gas / Gas Type:	01 - PUBLIC - NATURAL GAS	**Zoning:**	B1

Subdivision Data

Subdivision: MEDICAL OFC CTR

Plat Bk: 10 **Plat Pg:** 639 **Block:** 1 **Lot:** 1A

Additional Description

Building Information

Building # 1

Improvement Type:	32 - MEDICAL OFFICE	**Stories:**	5
Living/Business Sq. Ft.:	115,012		
Exterior Wall:	16 - PRECAST PANEL	**Quality:**	01 - AVERAGE
Act Yr Built:	2010	**Condition:**	A - AVERAGE

Building Areas:

Area: SPR	**Sq Ft:** 115,012
Area: PEL	**Sq Ft:** 85,000
Area: 32	**Sq Ft:** 35,092

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July 23, 2020

Area: 32 Sq Ft: 19,980
Area: CPY Sq Ft: 1,521
Area: CPY Sq Ft: 1,130

Extra Features

Bldg/Card#	Type	Description	Units
1	CANOPY		1,995

Sale Information

Sale Date	Price	Book	Page	Vac/Imp	Type Instrument	Qualification
10/08/1996	$0	567	832			
09/11/1961	$0	200	205			

Land Information

Deed Acres: 0.93 Calc Acres: 0.00 Total Land Units: 0.93
Land Type: 10 - COMMERCIAL Soil Class: Units: 0.93

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July 23, 2020

State of Tennessee Comptroller of the Treasury

Real Estate Assessment Data

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County Number: 057 County Name: MADISON Tax Year: 2020

Property Owner and Mailing Address

Jan 1 Owner:
WEST TN INVESTORS LLC
%ALTUS GROUP US INC # 6642
21001 N TATUM BLVD STE 1630-1630
PHOENIX, AZ 85050

Leasehold interest.

Property Location

Address: W FOREST AVE 700

Map: 066M Grp: G Ctrl Map: 066M Parcel: 024.00 PI: L S/I: 000

Value Information

Reappraisal Year: 2018

Land Mkt Value:	$0
Improvement Value:	$12,032,100
Total Market Appraisal:	$12,032,100
Assessment %:	40
Assessment:	$4,812,840

General Information

Class:	08 - COMMERCIAL		
City #:	359	City:	JACKSON
SSD1:	000	SSD2:	000
District:	05	Mkt Area:	J48
# Bldgs:	1	# Mobile Homes:	0
Utilities - Water / Sewer:	01 - PUBLIC / PUBLIC	Utilities - Electricity:	01 - PUBLIC
Utilities - Gas / Gas Type:	01 - PUBLIC - NATURAL GAS	Zoning:	B1

Subdivision Data

Subdivision: MEDICAL OFC CTR

Plat Bk: 10 Plat Pg: 639 Block: 1 Lot: 1A

Additional Description

Building Information

Extra Features

Bldg/Card#	Type	Description	Units
1	LEASEHOLD		1

Sale Information

Land Information

Supplemental 1
July 23, 2020

Deed Acres: **Calc Acres:** **Total Land Units:**

New Search | Return to List | View GIS Map for this Parcel

Glossary of Terms | How to Search | Fact Sheet

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Supplemental 1
July 23, 2020

BK D567 PG 832

THIS INSTRUMENT PREPARED BY
RAINEY, KIZER, BUTLER, REVIERE & BELL, P.L.C.
Attorneys at Law (cce) 362-14
105 S. Highland Avenue
Jackson, Tennessee 38301

PROPERTY OWNER & ADDRESS:
West Tennessee Healthcare Inc
208 W. Forest
Jackson, TN 38301
(Property: 692 W. Forest)

PERSON OR ENTITY RESPONSIBLE FOR THE PAYMENT OF REAL PROPERTY TAXES & ADDRESS:

Without Survey

I, OR WE, HEREBY SWEAR OR AFFIRM THAT THE ACTUAL CONSIDERATION FOR THIS TRANSFER OR VALUE OF THE PROPERTY TRANSFERRED, (WHICHEVER IS GREATER) IS $ N/A Governmental Entity

AFFIANT

SUBSCRIBED AND SWORN TO BEFORE ME THIS THE 8th DAY OF October, 1996.

NOTARY PUBLIC

COMMISSION EXPIRATION: January 22, 2000

Map 66M Group G Parcel 24.00

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS: That we, **SWAN BURRUS, JR. and BYRON F. BURRUS**, for and in consideration of the sum of One Hundred ($100.00) Dollars, cash in hand paid, and other good and satisfactory consideration, receipt of all of which is hereby acknowledged, have this day bargained and sold, and do hereby alien, transfer, and convey unto **WEST TENNESSEE HEALTHCARE, INC.**, a Tennessee Nonprofit corporation and a governmental instrumentality of the Jackson-Madison County General Hospital District, that certain lot or parcel of real estate lying and being in the Fourth Ward of the City of Jackson, Madison County, Tennessee, and more particularly bounded and described as follows, to-wit:

> BEGINNING at a stake in the south margin of West Forest Avenue, formerly Omar Lane, at the northwest corner of property now or formerly belonging to Paul Hinton; and runs thence South with Hinton's west line 307 feet to the north margin of a new street called Walnut Avenue Extended; runs thence West 78-1/2 feet to a stake; runs thence North 307 feet to the south margin of West Forest Avenue; and runs thence East 78-1/2 feet to the point of beginning.
>
> Being the same property conveyed to Swan Burrus, Jr., as to a 1/2 undivided interest, by deed appearing of record in Deed Book 200, page 205, and to Swan Burrus, as to a 1/2 undivided interest by deeds of record in Deed Book 156, page 166; Deed Book 158, page 389; Deed Book 166, page 388 and Deed Book 166, page 390, all in the Register's Office of Madison County, Tennessee. Swan Burrus died testate on July 5, 1980, and in his will of record in Will Book "V", page 3, he devised his property in trust for the benefit of his wife, Helen K. Burrus for so long as she might live. Helen K. Burrus died testate on January 28, 1981, and in her will of record in Will Book "V" page 263, she devised her property to her children, Swan Burrus, Jr. and Byron F. Burrus.

TO HAVE AND TO HOLD the above-described real estate, together with all easements and appurtenances thereunto belonging, unto the said **WEST TENNESSEE HEALTHCARE, INC.**, its successors and assigns forever.

The Grantors covenant that we are lawfully seized and possessed of the above property; that we have full right to sell and convey the same as aforesaid; that said property is free of all liens and encumbrances with the exception of the 1996 City and County ad valorem real property taxes which shall be prorated and paid at closing into which this conveyance is made subject. With such exception Grantors covenant and defend the title to said property unto the Grantee, its successors and assigns, against the lawful claims of all persons whomsoever.

MADISON COUNTY REGISTER'S OFFICE
MAP 66M GROUP G PARCEL 24
VALUE
Exempt West TN Healthcare
ASSESSOR
10/8/96
DATE OF WARRANTY DEED

Supplemental 1
July 23, 2020

IN WITNESS WHEREOF, the Grantors have hereunto subscribed their names on this the 8th day of October, 1996.

Swan Burrus Jr.
Swan Burrus, Jr.

Byron F. Burrus
Byron F. Burrus

STATE OF TENNESSEE
COUNTY OF Madison

Personally appeared before me Swan Burrus, Jr., with whom I am personally acquainted, and who acknowledged that he/she executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 11th day of October, 1996.

Notary Public

CHARLES C. EXUM NOTARY PUBLIC AT LARGE MADISON TN

My commission expires: 10-18-99.

STATE OF TENNESSEE
COUNTY OF Madison

Personally appeared before me Byron F. Burrus with whom I am personally acquainted, and who acknowledged that he/she executed the within instrument for the purposes therein contained.

WITNESS MY HAND, at office, this 8th day of October, 1996.

Notary Public

LANA C. PRESTON NOTARY PUBLIC AT LARGE DAVIDSON COUNTY TENN

My commission expires: January 29, 2000.

State of Tennessee, County of MADISON
Received for record the 18 day of
OCTOBER 1996 at 2:25 PM. (RECH 17093)
Recorded in Book D567 pages 832- 833
State Tax $ .00 Clerks Fee $ .00,
Recording $ 8.00, Total $ 8.00,
Register of Deeds CURTIS WHITE
Deputy Register LINDA WALDON

Supplemental 1
July 23, 2020

I, or we, hereby swear or affirm that the actual consideration for this transfer or value of the property transferred, whichever is greater, is $ 642,000.00.

AFFIANT

Sworn to and subscribed before me, this 29th day of January, 1999.

NOTARY PUBLIC

My Commission expires: 2/21/2001

Governmental Entity - Exempt from Recording Tax

THIS INSTRUMENT PREPARED BY:
SPRAGINS, BARNETT, COBB & BUTLER, PLC
P. O. Box 2004
Jackson, TN 38302-2004

Person or agency responsible for payment of taxes:
West Tennessee Healthcare, Inc
708 W. Forest Ave
Jackson Tn 38305

PROPERTY OWNER AND ADDRESS:
SAME

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS: That for and in consideration of the sum of Ten Dollars ($10.00) cash in hand paid, and other good and valuable considerations, the receipt of all of which is hereby acknowledged, MEDICAL CLINIC OF JACKSON, a Tennessee general partnership, hereinafter called Grantor, has this day bargained and sold and do by these presents sell, alien, transfer and convey to WEST TENNESSEE HEALTHCARE, INC., a Tennessee non-profit corporation and a governmental instrumentality of the JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT, hereinafter called Grantee, that certain lot or parcel of real estate lying and being in the City of Jackson, Madison County, Tennessee, and being more particularly described as follows, to-wit:

PARCEL ONE: Beginning at a stake in the south margin of West Forest Avenue (formerly called Omar Lane), being the northwest corner of the parcel of real estate ~~described of~~ record in Deed Book 156 at page 166 in the Register's Office of Madison County, Tennessee, of which this is a part; runs thence East 78 ½ feet to a stake; thence south 307 feet to a stake in the north margin of Walnut Avenue Extended; thence West 78 ½ feet to a stake; thence North 307 feet to the point of beginning.

PARCEL TWO: Beginning at a stake where the east margin of the north terminus of Wilshire Drive intersects the south margin of Dr. McIver's lot; runs thence East ~~with the~~ south margin of Dr. McIver's Medical Clinic and Doctors Clinic 179.5 feet to a point in the west line of property belonging to The Doctors Clinic Building, Inc.; runs thence South 04° West with the Doctors Clinic Building, Inc., 75.7 feet to a point in the north line of Lot 17 of the Omar Subdivision, a plat of which appears of record in the Register's Office of Madison County, Tennessee, in Plat Book No. 2, page 34; runs thence West with the north line of the said Lot 17, 178 feet to the northwest corner of Lot 17 and the east margin of Wilshire Drive; runs thence North with the east margin of Wilshire Drive 75 feet to the point of beginning; being a part of Lot 18 of the Omar Subdivision.

Being the same property conveyed to the grantor herein by Quitclaim Deed of record in Deed Book 593, Page 105, in the Register's Office of Madison County, Tennessee.

Madison County Assessor
Map 66M GP G Par 25 CP ✓ PR
Value 642,000. Date 1/29/99

MAP 66M GROUP G PARCEL 25.00

TO HAVE AND TO HOLD said above described real estate together with all improvements thereon and appurtenances thereunto belonging to the said WEST TENNESSEE HEALTHCARE, INC., a Tennessee non-profit corporation and a governmental instrumentality of the JACKSON-MADISON COUNTY GENERAL HOSPITAL DISTRICT, its heirs and assigns forever.

The Grantor covenants with the Grantee that it is lawfully seized and possessed of said real estate and have a good and perfect right to sell and convey the same; that it is free and unencumbered

Supplemental 1
July 23, 2020

with the exception of the 1999 property taxes which are to be pro-rated and assumed by the Grantee. With the foregoing exceptions, the Grantor will forever warrant and defend the title thereto against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the Grantor has hereunto set its hand this the 29th day of January, 1999.

MEDICAL CLINIC OF JACKSON

BY: Robert H. Dunnebacke

TITLE: General Partner

STATE OF TENNESSEE

COUNTY OF MADISON

Personally appeared before me, the undersigned, a Notary Public, and for said State and County, ROBERT H. DUNNEBACKE, with whom I am personally acquainted, and who, upon oath, acknowledged himself to be the General Partner of MEDICAL CLINIC OF JACKSON, and that he as such General Partner, being authorized so to do, executed the within instrument for the purposes therein contained.

WITNESS MY HAND and Official Seal, at Office, on this the 29th day of January, 1999.

Iva K. Latham
NOTARY PUBLIC

My Commission Expires: Jan. 21 2002

State of Tennessee, County of MADISON
Received for record the 17 day of
FEBRUARY 1999 at 10:00 AM. (RECN 3323)
Recorded in Book D593 pages 448- 449
State Tax $ .00 Clerks Fee $ .00,
Recording $ 10.00, Total $ 10.00,
Register of Deeds CURTIS WHITE
Deputy Register LINDA WALDON

Supplemental 1
July 23, 2020

BK D567 PG 747

THIS INSTRUMENT PREPARED BY
RAINEY, KIZER, BUTLER, REVIERE & BELL, P.L.C.
Attorneys at Law (cce-36277)
105 S. Highland Avenue
Jackson, Tennessee 38301

Without Survey

PROPERTY OWNER & ADDRESS:

West Tennessee Healthcare, Inc.
708 West Forest Ave
Jackson Tn 38301
Attn: Ron Davis

PERSON OR ENTITY RESPONSIBLE FOR THE PAYMENT OF REAL PROPERTY TAXES & ADDRESS:

NA - Governmental Entity

I, OR WE, HEREBY SWEAR OR AFFIRM THAT THE ACTUAL CONSIDERATION FOR THIS TRANSFER OR VALUE OF THE PROPERTY TRANSFERRED, (WHICHEVER IS GREATER) IS $ 310,000.00.

Harold T. McIver
AFFIANT

SUBSCRIBED AND SWORN TO BEFORE ME THIS THE 15th DAY OF October, 1996.

CCE

COMMISSION EXPIRATION: 10-18-99

CHARLES C. EXUM NOTARY PUBLIC AT LARGE MADISON COUNTY, TN

Map 66M Group G Parcel 26.00

WARRANTY DEED

KNOW ALL MEN BY THESE PRESENTS: That I, **HAROLD T. McIVER**, for and in consideration of the sum of One Hundred ($100.00) Dollars, cash in hand paid, and other good and satisfactory consideration, receipt of all of which is hereby acknowledged, have this day bargained and sold, and do hereby alien, transfer, and convey unto **WEST TENNESSEE HEALTHCARE, INC.** a Tennessee non profit corporation and a governmental instrumentality of the Jackson Madison County General Hospital District, that certain lot or parcel of real estate lying and being in the Fourth Ward of the City of Jackson, Madison County, Tennessee, and more particularly bounded and described as follows, to-wit:

> BEGINNING on a stake in the south margin of West Forest Avenue at the northeast corner of a tract of land formerly owned by Peter Telfer, now owned by Mrs. Florence P. Patton, said beginning point being the northwest corner of the tract of land conveyed to J. H. Omar by R. B. Hicks and wife by deed appearing of record in the Register's Office of Madison County, Tennessee, in Deed Book 65, page 583; and runs thence South 307 feet to the north margin of Wilshire Drive (formerly known as Walnut Avenue Extended); runs thence East with the north margin of Wilshire Drive 75 feet to a stake; thence North 307 feet to the south margin of West Forest Avenue; thence West with the south margin of West Forest Avenue 75 feet to the point of beginning.
>
> Being the same property conveyed to Harold T. McIver and wife, Peggy Taylor McIver, by deed appearing of record in Deed Book 172, page 142, in the Register's Office of Madison County, Tennessee. Peggy Taylor McIver conveyed her interest in this property to Harold T. McIver, by quitclaim deed of record in Deed Book 234, page 283, in said Register's Office.

MADISON COUNTY ASSESSOR'S OFFICE
MAP 66M GP G PL 26
CONVEYANCE NO. PARCEL
310,000 VALUE
West TN Healthcare NAME
RH ASSESSOR
10/15/96 DATE OF WARRANTY DEED

TO HAVE AND TO HOLD the above-described real estate, together with all easements and appurtenances thereunto belonging, unto the said West Tennessee Healthcare, Inc., its successors and assigns forever.

The Grantor covenants that I am lawfully seized and possessed of the above property; that I full right to sell and convey the same as aforesaid; that said property is free of all liens and encumbrances with the exception of the ad valorem city and county real property taxes for the year 1996 which shall be prorated and paid at closing, to which this conveyance is made subject. With such exception

Supplemental 1
July 23, 2020

Grantor will forever warrant and defend the title to said property unto the Grantee, its successors and assigns, against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the Grantor has hereunto subscribed his name on this the 15th day of October, 1996.

Harold T. McIver

STATE OF TENNESSEE
COUNTY OF MADISON

Personally appeared before me Harold T. McIver, with whom I am personally acquainted, and who acknowledged that he/she executed the within instrument for the purposes therein contained.

Witness my hand, at office, this 15th day of October, 1996.

Notary Public

My commission expires: 10-18-99.

CHARLES G. EXUM
NOTARY PUBLIC
ATTLEBORO
MADISON COUNTY, TN

State of Tennessee, County of MADISON
Received for record the 16 day of
OCTOBER 1996 at 10:43 AM. (RECH 16930)
Recorded in Book D567 pages 747- 748
State Tax $ .00 Clerks Fee $ .00,
Recording $ 8.00, Total $ 8.00,
Register of Deeds CURTIS WHITE
Deputy Register LINDA WALDON

Supplemental 1
July 23, 2020

T1849 p316

THIS INSTRUMENT PREPARED BY:
RAINEY, KIZER, REVIERE & BELL, PLC
Attorneys at Law (WCB-36737)
105 South Highland Avenue
Jackson, TN 38305

MEMORANDUM OF LEASE

This MEMORANDUM OF LEASE is executed this the 19th day of December, 2008, by and between **WEST TENNESSEE HEALTHCARE, INC.**, a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District ("Landlord") and **WEST TENNESSEE INVESTORS, LLC**, a Tennessee limited liability company ("Tenant").

1. **Leased Premises.** The parties have executed a Ground Lease dated December 19, 2008, whereby Landlord has agreed to lease certain real property to Tenant, which property is more particularly described on **Exhibit A** to this Memorandum of Lease and on which Tenant will construct improvements (the "Building").

2. **Term.** The term of the Ground Lease shall be for a period of fifty (50) years beginning January 19, 2009, and terminating at midnight on January 31, 2059.

3. **Option Terms.** The Ground Lease provides for three (3) consecutive ten (10) year option terms in favor of the Tenant.

4. **Leasehold Financing.** Rights of Leasehold Mortgagees are set forth in the Ground Lease.

5. **Building Tenants.** Building Tenants must be: (i) Physicians who are private practicing physician members on the active or associate medical staff of Jackson-Madison County General Hospital (the "Hospital") as set froth in the Bylaws of the Medical Staff of the Hospital ("Staff Members"); or (ii) partnerships, professional associations, or other business entities in which at least 70% of physicians practicing at the respective premises are Staff Members of the Hospital; or (iii) West Tennessee Healthcare, Inc.; or (iv) the Hospital; or (v) any other person or entity approved by Landlord in its sole and absolute discretion.

Without prior written consent of the Hospital (which consent may be withheld in the Hospital's sole discretion) no principal, member, manager, shareholder, partner, director, nor officer of Tenant nor any enterprise comprising Tenant shall at any time during the term of the Ground Lease or Option Term obtain an ownership interest in a general or specialty acute care hospital facility located in Madison County, Tennessee.

Without Landlord's prior written consent (which consent may be withheld at Landlord's sole discretion), occupants of the Building shall not provide any commercial or proprietary healthcare or medical services or facilities (including, but not by way of limitation, central labs, optical dispensaries, surgery suites, imaging facilities, cardiac catheterization or other cardiac

facilities, x-rays and audiology facilities, pharmacy, physical therapy, commercial biological laboratory, surgical, radiological or pathological facilities, or any other services for which a Certificate of Need is required by the State of Tennessee) which are or in the future may be operated in competition with the Hospital or any affiliate of the Hospital, except with respect of facilities and services which are for the individual, exclusive benefit of the patients of the occupant's professional practice.

6. **Landlord's Right of First Refusal.** The Ground Lease provides for the Landlord to have a right of first refusal to purchase the Building. Such terms are set forth in the Ground Lease.

7. **Tenant's Right of First Refusal.** The Ground Lease provides for the Tenant to have a right of first refusal to purchase the Leased Premises. Such terms are set forth in the Ground Lease.

8. **Notices.** All notices and communications hereunder shall be writing and shall be deemed given: (a) on the date of delivery if delivered in person; (b) on the date placed with a nationally recognized overnight delivery services, such as FedEx or UPS; (c) on the date deposited in the United States mail if sent by registered or certified mail, postage prepaid; or (d) on the date sent by electronically-confirmed facsimile transmission. All such notices and communications shall be properly addressed as follows:

Tenant:
West Tennessee Investors, LLC
c/o Cogdell Spencer Inc.
4401 Barclay Downs Drive, Suite 300
Charlotte, North Carolina 28209
Attn: Chief Financial Officer
Telephone: (704) 940-2900
Facsimile: (704) 940-2959

With a copy to:
Bryan Cave LLP
One Wachovia Center
301 South College Street, Suite 3700
Charlotte, North Carolina 28202
Attn: Bryan P. Durrett, Esq.
Telephone: (704) 749-8938
Facsimile: (704) 749-8990

Landlord:
West Tennessee Healthcare, Inc.
c/o Jackson-Madison County General Hospital
620 Skyline Drive
Jackson, Tennessee 38301
Attn: Chief Financial Officer and General Counsel
Telephone: (731) 425-5000 (Chief Financial Officer)
Telephone: (731) 660-8717 (General Counsel)
Facsimile: (731) 425-6802 (Chief Financial Officer)
Facsimile: (731) 660-8714 (General Counsel)

With a copy to: Rainey, Kizer, Reviere & Bell, PLC
105 South Highland Avenue
Jackson, TN 38301
Attn: Will Bell, Esq.
Telephone: (731) 426-8113
Facsimile: (731) 426-8156

If sent by one of the herein-described means, notices shall be deemed received: (w) on the date delivered if given by personal delivery; (x) one (1) business day after being placed with a nationally recognized overnight delivery service; (y) two (2) business days after being deposited in the United States mail service; or (z) on the following business day if sent by electronically-confirmed facsimile transmission. Either party may at any time change its Notice Address (including its facsimile number) by sending a written notice to that effect by one of the above-described means to the other party stating the change and setting forth the new address or number.

This Memorandum of Lease is being recorded to provide public notice of certain lease terms between Landlord and Tenant and the terms of the Ground Lease controlling in the event of any discrepancy between the Ground Lease and this Memorandum.

IN WITNESS WHEREOF, the parties have executed this Memorandum of Lease on this the 19th day of December, 2008.

SEPARATE SIGNATURE PAGES

SIGNATURE PAGE 1 OF 2

LANDLORD:

WEST TENNESSEE HEALTHCARE, INC.

BY: _____
Title: CEO

BY: _____
Title: VP/CFO

STATE OF TENNESSEE :
COUNTY OF MADISON :

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared Richard Pettis, with whom I am personally acquainted, and who, upon oath, acknowledged himself or herself to be the CEO of WEST TENNESSEE HEALTHCARE, INC. a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District, the within named bargainor, a corporation, and that he or she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself or herself as such officer.

Witness my hand and official seal at office this 19th day of December, 2008.

_____
Notary Public

My Commission Expires: 8/18/09

WILLIAM C. BELL, JR. STATE OF TENNESSEE NOTARY PUBLIC COUNTY OF MADISON

STATE OF TENNESSEE :
COUNTY OF MADISON :

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared Bobby Arnold, with whom I am personally acquainted, and who, upon oath, acknowledged himself or herself to be the VP/CFO of WEST TENNESSEE HEALTHCARE, INC. a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District, the within named bargainor, a corporation, and that he or she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself or herself as such officer.

Witness my hand and official seal at office this 19th day of December, 2008.

_____
Notary Public

My Commission Expires: 8/18/09

WILLIAM C. BELL, JR. STATE OF TENNESSEE NOTARY PUBLIC COUNTY OF MADISON

SIGNATURE PAGE 2 OF 2

TENANT:

WEST TENNESSEE INVESTORS, LLC

By: Cogdell Spencer Advisors, LLC,
its Manager

BY: _____
Title: Manager

STATE OF NORTH CAROLINA :
COUNTY OF MECKLENBURG :

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared Charles M. Handy, with whom I am personally acquainted, and who, upon oath, acknowledged himself or herself to be the Manager of Cogdell Spencer Advisors, LLC, which is the manager of WEST TENNESSEE INVESTORS, LLC, the within named bargainor, a limited liability company, and that he or she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the manager by himself or herself as such officer.

Witness my hand and official seal at office this 19th day of December, 2008.

_____
Notary Public

My Commission Expires: March 28, 2011

BRYAN P. DURRETT
NOTARY
PUBLIC
MECKLENBURG COUNTY, N.C.

5333121-1

EXHIBIT A
LEGAL DESCRIPTION

Lying and being located in the City of Jackson, Madison County, Tennessee and more particularly described as follows:

Being within the boundaries of the West Tennessee Health Care, Inc. properties as conveyed by Warranty Deeds of record in Deed Book 567, Page 832; Deed Book 593, Page 448; and Deed Book 567, Page 747, as recorded in the Register's Office of Madison County, Tennessee, and described as follows:

Commence at a set ½-inch iron rod with aluminum identification cap stamped "PLS INC" and being located in the proposed south right-of-way line of Forest Avenue (45 feet from centerline, at a right angle), said iron rod being set in the east line of the West Tennessee Health Care, Inc. property (Deed Book 555, Page 721) and having a Northing of 486,147.62 feet and an Easting of 1,127,023.30 feet in the Tennessee Coordinate System of 1983; thence, with said proposed south right-of-way line of Forest Avenue and the grid of said coordinate system, South 86 degrees 46 minutes 48 seconds East, 15.94 feet, to a 86 degrees 46 minutes 48 seconds East, 207.01 feet, to a point; thence, South point; thence, leaving said proposed south right-of-way line, South 03 degrees 13 minutes 12 seconds West, 15.00 feet, to the point of beginning; thence, South 03 degrees 13 minutes 12 seconds West, 53.35 feet, to a point; thence, South 86 degrees 46 minutes 48 seconds East, 19.42 feet, to a point; thence, South 03 degrees 13 minutes 12 seconds West, 54.31 feet, to a point; thence, North 86 degrees 46 minutes 48 seconds West, 19.42 feet, to a point; thence, South 03 degrees 13 minutes 12 seconds West, 83.01 feet, to a point; thence, North 86 degrees 46 minutes 48 seconds West, 207.01 feet, to a point; thence, North 03 degrees 13 minutes 12 seconds East, 190.67 feet, to the point of beginning and containing 0.93 acres, within these bounds, as surveyed by PLS, Inc. on October 17, 2008.

Being all of the property shown as "Lot 1" on the plat entitled "Final Plat of Lot 1 Medical Office Center Forest Avenue" prepared by Professional Land Services Inc. dated October 17, 2008 and recorded in Plat Book 10, Page 639 in the Register's Office of Madison County, Tennessee.

Together with (i) the non-exclusive right to utilize, subject to reasonable controls and restrictions imposed by landlord from time to time for safety and traffic control, all sidewalks, walkways, driveways, roads and streets located from time to time on a portion of the campus located to the south of West Forest Avenue, which are reasonably necessary for the development, construction, and operation of the building as shown on the recorded plat in Plat Book 10, Page 639; and (ii) the non-exclusive right of ingress and egress for pedestrian traffic to and from the Building over all sideways and walkways located between and/or connecting the Hospital facilities and buildings on the campus to the Building.

BK/PG:T1849/316-321
09000597

6 POS : AL - LEASE
SHARLA BATCH: 71152
01/15/2009 - 09:08 AM

VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	30.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	32.00

STATE of TENNESSEE, MADISON COUNTY
LINDA WALDON
REGISTER OF DEEDS

5333121-1

T1852 P320

THIS INSTRUMENT PREPARED BY:
RAINEY, KIZER, REVIERE & BELL, PLC
Attorneys at Law (WCB-36737)
105 South Highland Avenue
Jackson, TN 38305

AMENDMENT 1 TO MEMORANDUM OF LEASE

This AMENDMENT 1 TO MEMORANDUM OF LEASE (this "Amendment") made and executed this the 20th day of February, 2009, by and between **WEST TENNESSEE HEALTHCARE, INC.**, a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District ("Landlord") and **WEST TENNESSEE INVESTORS, LLC**, a Tennessee limited liability company ("Tenant").

RECITALS:

A. Landlord and Tenant are parties to that certain Ground Lease dated as of December 19, 2009 pursuant to which Landlord leased to Tenant certain real property fronting on West Forest Avenue in Jackson, Madison County, Tennessee (the "Leased Premises").

B. Landlord and Tenant executed a memorandum of the Ground Lease dated December 19, 2008 (the "Memorandum of Lease"). The Memorandum of Lease is recorded in Book T1849, page 316, in the Register's Office of Madison County, Tennessee.

C. Landlord and Tenant have discovered that the legal description of the Leased Premises attached as **Exhibit A** to the Memorandum of Lease contains typographical errors, and Landlord and Tenant now desire to enter into this Amendment correct such errors.

NOW, THEREFORE, in consideration of the recitals herein and the mutual covenants of the parties, it is agreed as follows:

Amendment To Memorandum of Lease. The legal description of the Leased Premises is hereby amended by deleting **Exhibit A** attached to the Memorandum of Lease and replacing it with the **Exhibit A** attached to this Amendment, such that **Exhibit A** attached hereto is the correct legal description for the Leased Premises.

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and date written above.

SIGNATURE PAGE 1 OF 2

LANDLORD:

WEST TENNESSEE HEALTHCARE, INC.

BY: _____
Title: CEO

BY: _____
Title: CFO

STATE OF TENNESSEE :
COUNTY OF MADISON :

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared Richard Parks, with whom I am personally acquainted, and who, upon oath, acknowledged himself or herself to be the CEO of WEST TENNESSEE HEALTHCARE, INC. a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District, the within named bargainor, a corporation, and that he or she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself or herself as such officer.

Witness my hand and official seal at office this 20th day of February, 2009.

_____
Notary Public

My Commission Expires: 8/18/09

WILLIAM C. BELL, JR. STATE OF TENNESSEE NOTARY PUBLIC MADISON COUNTY, TENN.

STATE OF TENNESSEE :
COUNTY OF MADISON :

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared Bobby Arnold, with whom I am personally acquainted, and who, upon oath, acknowledged himself or herself to be the CFO of WEST TENNESSEE HEALTHCARE, INC. a Tennessee non profit corporation and governmental instrumentality of Jackson-Madison County General Hospital District, the within named bargainor, a corporation, and that he or she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the corporation by himself or herself as such officer.

Witness my hand and official seal at office this 20th day of February, 2009.

_____
Notary Public

My Commission Expires: 8/18/09

WILLIAM C. BELL, JR. STATE OF TENNESSEE NOTARY PUBLIC MADISON COUNTY, TENN.

SIGNATURE PAGE 2 OF 2

TENANT:

WEST TENNESSEE INVESTORS, LLC

BY: Cogdell Spencer Advisors Management, LLC,
Its Manager

BY: _____
Title: Manager

STATE OF TENNESSEE :
COUNTY OF MECKLENBURG :

Before me, the undersigned authority, a Notary Public in and for the State and County aforesaid, personally appeared Charles M. Handy, with whom I am personally acquainted, and who, upon oath, acknowledged himself or herself to be a manager of Cogdell Spencer Advisors Management, LLC, a Delaware limited liability company, the Manager of West Tennessee Investors, LLC, a Tennessee limited liability company, the within named bargainor, and that he or she, as such officer, being authorized so to do, executed the foregoing instrument for the purposes therein contained, by signing the name of the limited liability company by himself on behalf of the Manager as manager.

Witness my hand and official seal at office this 20th day of February, 2009.

_____
Notary Public

My Commission Expires: March 28, 2011

BRYAN P. DURRETT
NOTARY
PUBLIC
MECKLENBURG COUNTY, N.C.

After recording return to:
First American Title Insurance Co.
414 Union Street, Suite 1205
Nashville, TN 37215

EXHIBIT A
LEGAL DESCRIPTION

Lying and being located in the City of Jackson, Madison County, Tennessee and more particularly described as follows:

Being within the boundaries of the West Tennessee Health Care, Inc. properties as conveyed by Warranty Deeds of record in Deed Book 567, Page 832; Deed Book 593, Page 448; and Deed Book 567, Page 747, as recorded in the Register's Office of Madison County, Tennessee, and being more particularly described as follows:

Commence at a set ½-inch iron rod with aluminum identification cap stamped "PLS INC" and being located in the proposed south right-of-way line of Forest Avenue (45 feet from centerline, at a right angle), said iron rod being set in the east line of the West Tennessee Health Care, Inc. property (Deed Book 555, Page 721) and having a Northing of 486,147.62 feet and an Easting of 1,127,023.30 feet in the Tennessee Coordinate System of 1983; thence, with said proposed south right-of-way line of Forest Avenue and the grid of said coordinate system, South 86 degrees 46 minutes 48 seconds East, 15.94 feet, to a point; thence, leaving said proposed south right-of-way line, South 03 degrees 13 minutes 12 seconds West, 15.00 feet, to the point of beginning; thence, South 86 degrees 46 minutes 48 seconds East, 207.01 feet, to a point; thence, South 03 degrees 13 minutes 12 seconds West, 53.35 feet, to a point; thence, South 86 degrees 46 minutes 48 seconds East, 19.42 feet, to a point; thence, South 03 degrees 13 minutes 12 seconds West, 54.31 feet, to a point; thence, North 86 degrees 46 minutes 48 seconds West, 19.42 feet, to a point; thence, South 03 degrees 13 minutes 12 seconds West, 83.01 feet, to a point; thence, North 86 degrees 46 minutes 48 seconds West, 207.01 feet, to a point; thence, North 03 degrees 13 minutes 12 seconds East, 190.67 feet, to the point of beginning and containing 0.93 acres, within these bounds, as surveyed by PLS, Inc. on October 17, 2008.

Being all of the property shown as "Lot 1A" on the plat entitled "Final Plat of Lot 1 Medical Office Center Forest Avenue" prepared by Professional Land Services, Inc. dated October 17, 2008 and recorded in Plat Book 10, Page 639 in the Register's Office of Madison County, Tennessee.

Together with (i) the non-exclusive right to utilize, subject to reasonable controls and restrictions imposed by landlord from time to time for safety and traffic control, all sidewalks, walkways, driveways, roads and streets located from time to time on a portion of the campus located to the south of West Forest Avenue, which are reasonably necessary for the development, construction, and operation of the building as shown on the recorded plat in Plat Book 10, Page 639; and (ii) the non-exclusive right of ingress and egress for pedestrian traffic to and from the Building over all sideways and walkways located between and/or connecting the Hospital facilities and buildings on the campus to the Building.

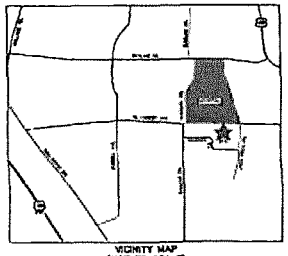
BK/PG:T1852/320-323
09002482

4 PGS : AL - LEASE	
SHARLA BATCH: 72526	
02/26/2009 - 09: 0 AM	
VALUE	0.00
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	20.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	22.00

STATE of TENNESSEE, MADISON COUNTY
LINDA WALDON

Supplemental 1
July 23, 2020

PB 10 p.639



VICINITY MAP
(NOT TO SCALE)

PROPERTY OWNERSHIP

WEST TENNESSEE HEALTH CARE, INC.
DEED BOOK 567, PAGE 747 — P 26.00
WEST TENNESSEE HEALTH CARE, INC.
DEED BOOK 593, PAGE 448, TRACT 1 — P 25.00
WEST TENNESSEE HEALTH CARE, INC.
DEED BOOK 567, PAGE 832 — P 24.00
WEST TENNESSEE HEALTH CARE, INC.
DEED BOOK 570, PAGE 222-342 — P 23.00
WEST TENNESSEE HEALTH CARE, INC.
DEED BOOK 593, PAGE 448, TRACT 2 — P 22.00

CERTIFICATE OF RECOGNITION OF EXISTING STREETS AND RIGHTS-OF-WAY

I HEREBY CERTIFY THAT THE STREETS ON THE SUBDIVISION PLAT SHOWN HEREON ARE EXISTING AND PRESENT AND NO NEW STREETS ARE NEEDED.

1/5/09 — DATE — CITY ENGINEER

CERTIFICATE OF APPROVAL OF WATER SYSTEM

I HEREBY CERTIFY THAT THE WATER SYSTEM INSTALLED OR PROPOSED FOR INSTALLATION FULLY MEETS THE REQUIREMENTS OF THE JACKSON ENERGY AUTHORITY.

1-5-09 — DATE — JACKSON ENERGY AUTHORITY

CERTIFICATE OF APPROVAL FOR RECORDING

I HEREBY CERTIFY THAT THE SUBDIVISION PLAT AS SHOWN HEREON HAS BEEN FOUND TO COMPLY WITH THE SUBDIVISION REGULATIONS FOR THE JACKSON, TENNESSEE, PLANNING REGION, WITH THE EXCEPTION OF SUCH VARIANCES, IF ANY, AS ARE NOTED IN THE MINUTES OF THE PLANNING COMMISSION AND THAT THIS PLAT HAS BEEN APPROVED FOR RECORDING IN THE REGISTER'S OFFICE OF MADISON COUNTY, TENNESSEE.

1/5/09 — DATE — AUTHORITY REPRESENTATIVE OF THE JACKSON MUNICIPAL REGIONAL PLANNING COMMISSION

ACKNOWLEDGEMENT OF OWNER'S SIGNATURE

STATE OF TENNESSEE
COUNTY OF MADISON

PERSONALLY APPEARED BEFORE ME, THE UNDERSIGNED NOTARY PUBLIC IN AND FOR THE STATE AND COUNTY AFORESAID, WEST TENNESSEE HEALTHCARE, INC., THE WITHIN NAMED BARGAINOR WITH WHOM I AM PERSONALLY ACQUAINTED AND WHO ACKNOWLEDGES THAT HE EXECUTED THE FOREGOING AND ATTACHED INSTRUMENT FOR THE PURPOSE THEREIN CONTAINED.

WITNESS MY HAND AND NOTARY SEAL OF Madison COUNTY, TENNESSEE, THIS THE 23rd DAY OF December 2008.

NOTARY PUBLIC

MY COMMISSION EXPIRES 8/18/09

WILLIAM C. BELL JR. STATE OF TENNESSEE NOTARY PUBLIC COUNTY OF MADISON

CERTIFICATE OF OWNERSHIP AND DEDICATION

I HEREBY CERTIFY THAT I AM THE OWNER OF THE PROPERTY SHOWN AND DESCRIBED HEREON AS RECORDED IN DEED BOOK 670, PAGE 883, DEED BOOK 670, PAGE 567, DEED BOOK 670, PAGE 291 AND DEED BOOK 681, PAGE 1491, IN THE OFFICE OF THE REGISTER OF MADISON COUNTY, TENNESSEE, AND THAT I HEREBY ADOPT THIS PLAN OF SUBDIVISION WITH MY FREE CONSENT, ESTABLISH THE MINIMUM BUILDING RESTRICTION LINES AND DEDICATE ALL STREETS, ALLEYS, WALKS, PARKS AND OTHER OPEN SPACES TO PUBLIC USE OR TO PRIVATE USE AS NOTED.

12/22/09 — DATE — OWNER

CERTIFICATE OF STREET NAME AND NUMBERING

I HEREBY CERTIFY THAT THE STREET NAMES AND NUMBERS HAVE BEEN APPROVED BY THE E911 DISTRICT.

1/5/09 — DATE — E911 DISTRICT REPRESENTATIVE

CERTIFICATE OF APPROVAL OF WASTE WATER COLLECTION SYSTEM

I HEREBY CERTIFY THAT THE SANITARY SEWER SYSTEM INSTALLED OR PROPOSED FOR INSTALLATION FULLY MEETS THE REQUIREMENTS OF THE JACKSON ENERGY AUTHORITY.

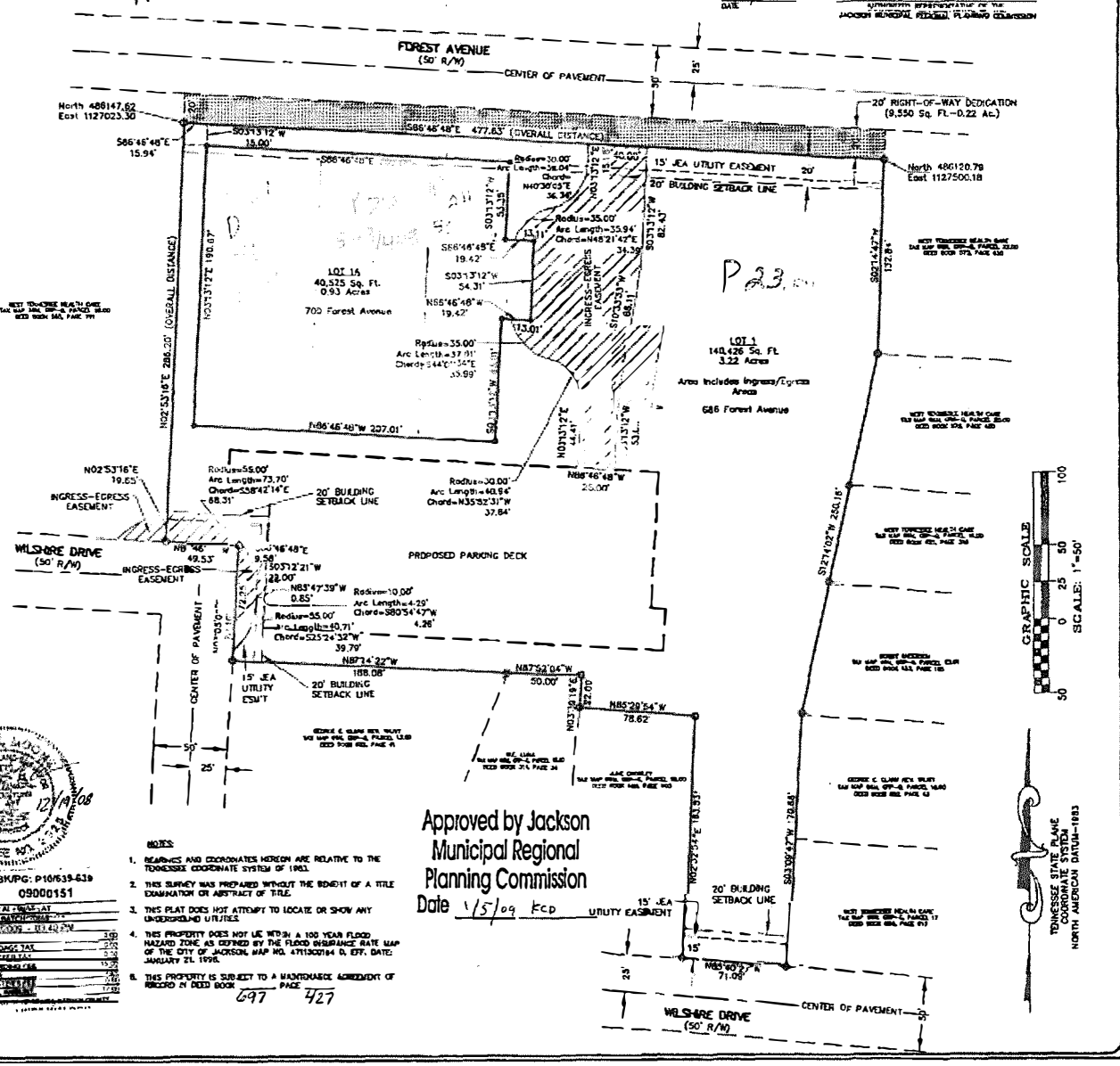
1/5/09 — DATE — JACKSON ENERGY AUTHORITY

CERTIFICATE OF ACCURACY OF SURVEY

I HEREBY CERTIFY BY PLACING MY SEAL AND SIGNATURE ON THIS PLAT THAT IT WAS PREPARED IN ACCORDANCE WITH THE SPECIFICATIONS AND REQUIREMENTS OF THE JACKSON MUNICIPAL REGIONAL PLANNING COMMISSION AND THAT THE ACCURACY OF THE SURVEY UPON WHICH IT IS BASED IS IN ACCORDANCE WITH THE REQUIREMENTS OF THE STANDARDS OF PRACTICE AS CONTAINED IN THE RULES OF THE STATE OF TENNESSEE BOARD OF EXAMINERS FOR LAND SURVEYORS FOR A CATEGORY [illegible]

T. ALAN [illegible]
LICENSE NO. [illegible]

TENNESSEE NO. [illegible] — 12/19/08



Approved by Jackson Municipal Regional Planning Commission
Date 1/5/09 FCD

LEGEND

- ○ – 1/2" IRON ROD WITH ALUMINUM IDENTIFICATION CAP STAMPED "PLS INC JACKSON TN" SET
- ● – 1/2" IRON ROD FOUND
- • – ANGLE POINT (NO MONUMENT SET)
- ROW – RIGHT-OF-WAY
- [000] – STREET ADDRESS
- PROPERTY LINE
- ADJOINING PROPERTY LINE
- CENTER LINE

BK/PG: P10/639-639
09000151

1 PGS	AL-1 RMOR-JAT
INSTRUMENT	000
01/15/2009 - 10:42:00 AM	
TAXES	
MORTGAGE TAX	0.00
TRANSFER TAX	0.00
RECORDING FEE	15.00
DP FEE	2.00
REGISTER'S FEE	0.00
TOTAL AMOUNT	17.00
STATE OF TENNESSEE, MADISON COUNTY	

NOTES:

1. BEARINGS AND COORDINATES HEREON ARE RELATIVE TO THE TENNESSEE COORDINATE SYSTEM OF 1983.
2. THIS SURVEY WAS PREPARED WITHOUT THE BENEFIT OF A TITLE EXAMINATION OR ABSTRACT OF TITLE.
3. THIS PLAT DOES NOT ATTEMPT TO LOCATE OR SHOW ANY UNDERGROUND UTILITIES.
4. THIS PROPERTY DOES NOT LIE WITHIN A 100 YEAR FLOOD HAZARD ZONE AS DEFINED BY THE FLOOD INSURANCE RATE MAP OF THE CITY OF JACKSON, MAP NO. 47113C0184 D, EFF. DATE: JANUARY 21, 1998.
5. THIS PROPERTY IS SUBJECT TO A MAINTENANCE AGREEMENT OF RECORD IN DEED BOOK 697 PAGE 427

FINAL PLAT OF
LOT 1
MEDICAL OFFICE CENTER
FOREST AVENUE
IN THE CITY OF JACKSON
MADISON COUNTY, TENNESSEE

FOR
TLM ASSOCIATES, INC.
117 E. LAFAYETTE STREET
JACKSON, TN 38301

Professional Land Services
LAND SURVEYING – MAPPING – PLANNING
118 Miller Avenue
Jackson, Tennessee 38305
Phone: (731) 668-7171 Fax: (731) 668-0775
PLS INC.

FW Date: N/A
Drawn By: CEH /JAH
Date Drawn: 10/17/08
Checked By: ABD

Job #: 07129
DWG File #: 07129 REVISED.DWG
Scale: 1"=50'

SHT. 1 of 1

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

RESPONSE: The 18 county service area has six existing ambulatory surgical treatment centers. (Joint Annual Reports) Four of the six are single specialty, endoscopy and ophthalmology. Two are multi-specialty. In 2019, the only facility not utilizing operating rooms at 70 percent or above is the Union City Surgery Center. Cape Surgery Center is utilizing its procedure room at 69 percent. Physician Surgery Center and Union City Surgery Center are not meeting 70 percent in their procedure rooms.

Name	2019	2018	2017
Cape Surgery Center (Dyer County)	3,261	2,931	2,649
Van Dyck ASC LLC (Henry County)	1,631	2,546	3
DDC Surgery Center (Madison County)	3,520	4,452	6,668
Physicians Surgery Center (Madison County)	4,354	5,210	5,286
Summit Endoscopy Center (Obion County)	3,159	3,710	3,061
Union City Surgery Center (Obion County)	320	301	19

Unduplicated cases

Detail provided below.

E. Identify the clinical applications to be provided that apply to the project. Not Applicable

F. If the equipment has been approved by the FDA within the last five years provide documentation of the same. Not Applicable

SECTION B: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with T.C.A. § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, will provide health care that meets appropriate quality standards, and will contribute to the orderly development of health care." In making determinations, the Agency uses as guidelines the goals, objectives, criteria, and standards provided in the State Health Plan.
Additional criteria for review are prescribed in Chapter 11 of the Agency's Rules, Tennessee Rules and Regulations 01730-11.

The following questions are listed according to the four criteria: (1) Need, (2) Economic Feasibility, (3) Quality Standards, and (4) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate.

QUESTIONS

NEED

The responses to this section of the application will help determine whether the project will provide needed health care facilities or services in the area to be served.

1. Provide a response to the applicable criteria and standards for the type of institution or service requested. https://www.tn.gov/hsda/hsda-criteria-and-standards.html

State Health Plan
Certificate of Need Standards and Criteria
Ambulatory Surgical Treatment Centers

Assumptions in Determination of Need

The need for an ambulatory surgical treatment center shall be based upon the following assumptions:

1. Operating Rooms
   a. An operating room is available 250 days per year, 8 hours per day.

RESPONSE: Operating rooms are available 250 days per year, 8 hours per day.

   b. The estimated average time per Case in and Operating Room is 65 minutes.

RESPONSE: Based on historical data, the estimated time per case is:

General Surgery	63 minutes
Ophthalmology	43 minutes
Plastic Surgery	112 minutes
Gynecology	53 minutes
ENT	45 minutes
Urology	40 minutes

Average for All	59 minutes

c. The average time for clean-up and preparation between Operating Room Cases is 30 minutes.

RESPONSE: Based on historical data, the average turnaround time is:

General Surgery	14 minutes
Ophthalmology	12 minutes
Plastic Surgery	13 minutes
ENT	6 minutes
Gynecology	12 minutes
Urology	13 minutes
Average for All	12 minutes

d. The optimum utilization of a dedicated, outpatient, general-purpose Operating Room is 70% of full capacity. 70% x 250 days/year x 8 hours/day divided by 95 minutes = 884 Cases per year.

2. Procedure Rooms

RESPONSE: These questions are not applicable as the facility does not have any procedure rooms.

a. A procedure room is available 250 days per year, 8 hours per day.
b. The estimated average time per outpatient Case in a procedure room is 30 minutes.
c. The average time for clean up and preparation between Procedure Room Cases is 15 minutes.
d. The optimum utilization of a dedicated, outpatient, general-purpose outpatient Procedure Room is 70% of full capacity. 70% x 250 days/year x 8 hours/day divided by 45 minutes = 1867 Cases per year.

Determination of Need

1. Need. The minimum numbers of 884 Cases per Operating Room and 1867 Cases per Procedure Room are to be considered as baseline numbers for purposes of determining Need.[2] An applicant should demonstrate the ability to perform a minimum of 884 Cases per Operating Room and/or 1867 Cases per Procedure Room per year, except that an applicant may provide information on its projected case types and its assumptions of estimated average time and clean up and preparation time per Case if this information differs significantly from the above-stated assumptions. It is recognized that an ASTC may provide a variety of services/Cases and that as a result the estimated average time and clean up and preparation time for such services/Cases may not meet the minimum numbers set forth herein. It is also recognized that an applicant applying for an ASTC Operating Room(s) may apply for a Procedure Room, although the anticipated utilization of that Procedure Room may not meet the base guidelines contained here. Specific reasoning and explanation for the inclusion in a CON application of such a Procedure Room must be provided. An applicant that desires to limit its Cases to a specific type or types should apply for a Specialty ASTC.

RESPONSE: This project will convert an existing hospital-based ambulatory surgical center to a

freestanding ambulatory surgical center. The number of OR's in the proposed service area will remain the same. Thus, the Jackson Madison Surgery Center will have 10 operating rooms.

	Year One	Year Two
Ophthalmology	865	1,322
General Surgery	972	1,488
Urology	692	1,061
Gynecology	686	1,051
Otolaryngology	262	401
Pain Management	56	86
Spine	48	73
Plastic Surgery	104	159
Total	3,685	5,641
Number of Rooms	4.17	6.38

The Applicant conservatively estimate surgery cases during 2022 (3,685) as operations are transitioned from a hospital-based facility to a freestanding facility. Decrease in volume is because the Jackson Madison Surgery Center will be a new business with new electronic medical record, new administration, new management company, new policies and procedures, and the like. The Year Two surgery cases is anticipated to be 75 percent of Full Capacity. Near Full Capacity will be reached by the third year of operation.

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

RESPONSE: See table below.

Actual room duration per case is calculated based on Jackson-Madison County General Hospital average OR minutes per case for ASC eligible cases by Service Category for dates of service July 1, 2018 to June 30, 2019.

Estimated turnover time per case based on ECG ASC Industry operations experience.

Category	Year 1	Year 2	Actual Room Duration per case (min)[1]	Estimated Turnover Time per case (min)[2]	Room Duration (hrs)	Turnover Time (hrs)	Total Projected Surgical Time (Min) Year 1	Total Projected Surgical Time (Min) Year 2	Total Projected Surgical Time (Hrs) Year 1	Total Projected Surgical Time (Hrs) Year 2
Total Cases										
Gastroenteroloy	-	-	-	-	-	-	-	-	-	-
Ophthalmology	865	1,322	46	10	0.77	0.17	48,440	74,032	807	1,234
General Surgery	972	1,488	78	20	1.30	0.33	95,256	145,824	1,588	2,430
Urology	692	1,061	56	20	0.93	0.33	52,592	80,636	877	1,344
Gynecology	686	1,051	96	20	1.60	0.33	79,576	121,916	1,326	2,032
Otolaryngology	262	401	81	15	1.35	0.25	25,152	38,496	419	642
Pain Management	56	86	104	10	1.73	0.17	6,384	9,804	106	163
Spine	48	73	114	30	1.90	0.50	6,912	10,512	115	175
Plastic Surgery	104	159	82	20	1.37	0.33	10,608	16,218	177	270
Total	**3,685**	**5,641**					**324,920**	**497,438**	**5,415**	**8,291**

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

RESPONSE: The 18 county service area has six existing ambulatory surgical treatment centers. (Joint Annual Reports) Four of the six are single specialty (endoscopy and ophthalmology). Two are multi-specialty. This project will not add a new ambulatory surgical treatment center to the 18 county service area. It will simply convert a hospital-based ambulatory surgical center to a freestanding surgical center in order to assist with improvements in patient care and cost savings.

Name	2019	2018	2017
Cape Surgery Center (Dyer County)	3,261	2,931	2,649
Van Dyck ASC LLC (Henry County)	1,631	2,546	3
DDC Surgery Center (Madison County)	3,520	4,452	6,668
Physicians Surgery Center (Madison County)	4,354	5,210	5,286
Summit Endoscopy Center (Obion County)	3,159	3,710	3,061
Union City Surgery Center (Obion County)	320	301	19

Unduplicated cases

Supplemental 1
July 23, 2020

Detail provided below.

	# ORs	2019 # Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,996	1,285	3,261
Van Dyck ASC	2	1	3
Ophthalmology	1,631	-	1,631
DDC Surgery Center	-	2	2
Endoscopy	-	3,520	3,520
Physicians Surgery Center	6	1	7
Cosmetic Surgery	37	-	37
Oral Surgery	2	-	2
Ophthalmology	1,604	564	2,168
Orthopedics	2,021	-	2,021
Pain Management	112	-	112
Podiatry	4	-	4
Radiation Oncology Treatmt	7	-	7
Urology	3	-	3
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,159	3,159
Union City Surgery Center	2	1	3
General Surgery	1	-	1
Orthopedics	214	-	214
Pain Management	206	-	206
Podiatry	21	-	21

Supplemental 1
July 23, 2020

	# ORs	2018 # Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,876	1,055	2,931
Van Dyck ASC	2	1	3
Ophthalmology	2,546	-	2,546
DDC Surgery Center	-	3	3
Endoscopy	-	4,452	4,452
Physicians Surgery Center	4	1	5
Cosmetic Surgery	9	-	9
Oral Surgery	-	-	-
Ophthalmology	2,244	838	3,082
Orthopedics	1,920	-	1,920
Pain Management	178	-	178
Podiatry	21	-	21
Radiation Oncology Treatmt	-	-	-
Urology	-	-	-
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,710	3,710
Union City Surgery Center	2	1	3
General Surgery	-	-	-
Orthopedics	256	-	256
Pain Management	45	-	45
Podiatry	-	-	-

	# ORs	2017 # Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,876	1,055	2,931
Van Dyck ASC	2	1	3
Ophthalmology	2,546	-	2,546
DDC Surgery Center	-	3	3
Endoscopy	-	4,452	4,452
Physicians Surgery Center	4	1	5
Cosmetic Surgery	9	-	9
Oral Surgery	-	-	-
Ophthalmology	2,244	838	3,082
Orthopedics	1,920	-	1,920
Pain Management	178	-	178
Podiatry	21	-	21
Radiation Oncology Treatmt	-	-	-
Urology	-	-	-
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,710	3,710
Union City Surgery Center	2	1	3
General Surgery	-	-	-
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Pain Management	45	-	45
Podiatry	-	-	-

5. Need and Economic Efficiencies. An application for a Specialty ASTC should present its projections for the total number of cases based on its own calculations for the projected length of time per type of case, and shall provide any local, regional, or national data in support of its methodology. An applicant for a Specialty ASTC should provide its own definitions of the surgeries and/or procedures that will be performed and whether the Surgical Cases will be performed in an Operating Room or a Procedure Room. An applicant for a Specialty ASTC must document the potential impact that the proposed new ASTC would have upon the existing service providers and their referral patterns. A CON proposal to establish a Specialty ASTC or to expand existing services of a Specialty ASTC shall not be approved unless the existing ambulatory surgical services that provide comparable services regarding the types of Cases performed within the applicant's proposed Service Area or within the applicant's facility are demonstrated to be currently utilized at 70% or above. An applicant that is granted a CON for a Specialty ASTC shall have the specialty or limitation placed on the CON.

RESPONSE: The Applicant conservatively estimate surgery cases during Year One (3,685) as operations are transitioned from a hospital-based facility to a freestanding facility. This is because the Jackson Madison Surgery Center will have new electronic medical record, new administration, new management company, new policies and procedures, and the like. The Year Two surgery cases (5,641) is anticipated to be 75 percent of Full Capacity. Near Full Capacity will be reached by the third year of operation. The 18 county service area has six existing ambulatory surgical treatment centers. (Joint Annual Reports) Four of the six are single specialty, endoscopy and ophthalmology. Two are multi-specialty. In 2019, the only facility not utilizing operating rooms at 70 percent or above is the Union City Surgery Center. Cape Surgery Center is utilizing its procedure room at 69 percent. Physician Surgery Center and Union City Surgery Center are not meeting 70 percent in their procedure rooms.

Other Standards and Criteria

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

RESPONSE: The majority of the population in the service area reside within 60 minutes. Residents living in Weakly, Obion, Lauderdale, Henry, Benton, Decatur, Lake and Hardin reside within 75 minutes.

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

RESPONSE: The Jackson Madison Surgery Center is located close to U.S. Highway 412, U.S. Highway 45, and Interstate 40. In addition, the Jackson Transit Authority has a bus stop across the street from the facility.

8. Access to ASTCs. An application to establish an ambulatory surgical treatment center or to expand existing services of an ambulatory surgical treatment center must project the origin of potential patients by percentage and county of residence and, if such data are readily available, by zip code, and must note where they are currently being served. Demographics of the Service Area should be included, including the anticipated provision of services to out-of-state patients, as well as the identity of other

service providers both in and out of state and the source of out-of-state data. Applicants shall document all other provider alternatives available in the Service Area. All assumptions, including the specific methodology by which utilization is projected, must be clearly stated.

RESPONSE: Data are provided from the existing West Tennessee Surgery Center for FY2019. These figures should be comparable.

Service Area Counties	**Historical Utilization-County Residents – Most Recent Year (YEAR =Fy2019) West Tennessee Surgery Center**	**% of total ☐ procedures cases patients ☐Other_____.**
Benton	65	.9
Carroll	297	4.5
Chester	256	3.9
Crockett	280	4.2
Decatur	153	2.3
Dyer	308	4.7
Gibson	1082	16.4
Hardeman	263	4.5
Hardin	227	3.4
Haywood	195	2.9
Henderson	382	6.8
Henry	74	1.9
Lake	41	.6
Lauderdale	166	.2
Madison	1952	29.4
McNairy	367	5.5
Obion	155	2.3
Weakley	156	2.4
Other TN Counties	124	1.9
Other States	89	1.3
Total	6632	100%

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

RESPONSE: The Applicant conservatively estimate surgery cases during Year One as operations are transitioned from a hospital-based facility to a freestanding facility. Surgery cases during Year One are expected to be to be 50 percent of Full Capacity. This is because the Jackson Madison Surgery Center will have new electronic medical record, new administration, new management company, new policies and procedures, and the like. The Year Two surgery cases is anticipated to be 75 percent of full capacity. Near full capacity will be reached by the third year of operation.

Category	Q1	Q2	Q3	Q4	Year 1	Q1	Q2	Q3	Q4	Year 2
Total Cases										
Gastroenterology	-	-	-	-	-	-	-	-	-	-
Ophthalmology	72	234	270	288	865	307	322	339	353	1,322
General Surgery	81	263	304	324	972	346	363	382	398	1,488
Urology	58	187	216	231	692	247	259	272	283	1,061
Gynecology	57	185	214	229	686	244	256	269	281	1,051
Otolaryngology	22	71	82	87	262	93	98	103	107	401
	-	-	-	-		-	-	-	-	
Pain Management	5	15	18	19	56	20	21	22	23	86
Spine	4	13	15	16	48	17	18	19	20	73
Plastic Surgery	9	28	33	35	104	37	39	41	42	159
Total	**308**	**996**	**1,152**	**1,229**	**3,685**	**1,311**	**1,376**	**1,447**	**1,507**	**5,641**

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

a. An applicant should be or agree to become accredited by any accrediting organization approved by the Centers for Medicare and Medicaid Services, such as the Joint Commission, the Accreditation Association of Ambulatory Health Care, the American Association for Accreditation of Ambulatory Surgical Facilities, or other nationally recognized accrediting organization.[4]

RESPONSE: The Applicant will seek accreditation from the American Association for Accreditation of Ambulatory Surgery Facilities (AAASF).

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

RESPONSE: Based on recent data from the West Tennessee Surgery Center, the Jackson Madison Surgery Center expects the following number of physician specialties to utilize the facility.

ENT	3
General Surgery	7
Neurosurgery	1
OB/GYN	22
Ophthalmology	8
Plastic Surgery	1
Podiatry	6
Urology	8

11. Access to ASTCs. In light of Rule 0720-11.01, which lists the factors concerning need on which an

application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

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

RESPONSE: The service area of Jackson Madison Surgery Center includes 18 counties in rural West Tennessee. All counties are either partially medically underserved areas, totally medically underserved areas, or have medically underserved populations.

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

RESPONSE: The applicant is not a safety net or children's hospital.

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

RESPONSE: The Applicant will contract will all TennCare providers and will participate in the Medicare Program.

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

RESPONSE: The estimated average time per case in the Jackson Madison Surgery Center will be 59 minutes based on recent data from the West Tennessee Surgery Center.

NEED

2. Describe how this project relates to existing facilities or services operated by the applicant including previously approved Certificate of Need projects and future long-range development plans.

RESPONSE: : This purpose of this certificate of need request is to convert the *hospital-based outpatient surgery center* located at 700 West Forest Avenue Suite 100 (CN0808-055), Jackson, Tennessee, to a *freestanding ambulatory surgical treatment center* that will continue to serve residents of rural West Tennessee at the same location. This CON initiates and establishes the Jackson Madison Surgery Center located at 700 West Forest Avenue, Suite 100, Jackson, Tennessee. The proposed conversion ot a freestanding facility will assist with cost savings and improvements to patient care. This CON initiates and establishes the Jackson Madison Surgery Center located at 700 West Forest Avenue Suite 100. The facility is located on the first floor of a Medical Office Building across the street from the Jackson-Madison County General Hospital in 31,543 square feet. The Surgery Center has 10 operating rooms, 30 bed pre-and post-anesthesia care unit (PACU), nurses station, staff offices, medical records, admitting area, lobby, and waiting area.

3. Identify the proposed service area and provide justification for its reasonableness. Submit a county level map for the Tennessee portion of the service area using the map on the following page, clearly marked and shaded to reflect the service area as it relates to meeting the requirements for CON criteria and standards that may apply to the project. Please include a

discussion of the inclusion of counties in the border states, if applicable. **Attachment Section B - Need-3.**

RESPONSE: The primary service area of the Jackson Madison Surgery Center defined by Madison, Gibson, Carroll, Henderson, Hardeman, Haywood, Crockett, and Chester counties. The secondary service area is composed of McNairy, Hardin, Lake, Decatur, Henry, Weakley, Benton, Dyer, Obion, and Lauderdale counties. These counties will provide 96.8 percent of the projected cases.

Complete the following utilization tables for each county in the service area, if applicable:
Outpatients Only

Service Area Counties	**Historical Utilization-County Residents – Most Recent Year (YEAR =Fy2019) West Tennessee Surgery Center**	**% of total ☐ procedures cases patients ☐Other_____.**
Benton	65	.9
Carroll	297	4.5
Chester	256	3.9
Crockett	280	4.2
Decatur	153	2.3
Dyer	308	4.7
Gibson	1082	16.4
Hardeman	263	4.5
Hardin	227	3.4
Haywood	195	2.9
Henderson	382	6.8
Henry	74	1.9
Lake	41	.6
Lauderdale	166	.2
Madison	1952	29.4
McNairy	367	5.5
Obion	155	2.3
Weakley	156	2.4
Other TN Counties	124	1.9
Other States	89	1.3
Total	6632	100%

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Service Area Counties	Projected Utilization-County Residents-Year 1 (YEAR = Fy2022) Jackson Madison Surgery Center	% of total ☐ procedures cases ☐ patients ☐Other_____.
Benton	33	.9
Carroll	166	4.5
Chester	144	3.9
Crockett	155	4.2
Decatur	85	2.3
Dyer	174	4.7
Gibson	604	16.4
Hardeman	165	4.5
Hardin	126	3.4
Haywood	107	2.9
Henderson	250	6.8
Henry	70	1.9
Lake	22	.6
Lauderdale	8	.2
Madison	1083	29.4
McNairy	202	5.5
Obion	85	2.3
Weakley	88	2.4
Other TN Counties	70	1.9
Other States	48	1.3
Total	3685	100%

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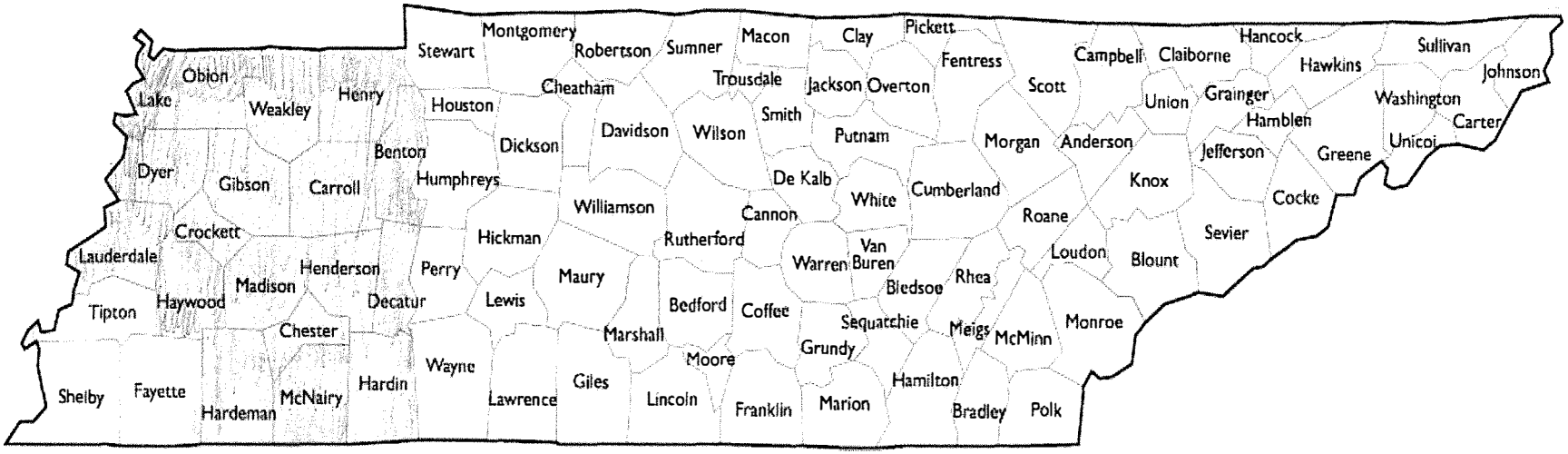
County Level Map



4.A.1) Describe the demographics of the population to be served by the proposal.

2) Provide the following data for each county in the service area using current and projected population data from the Department of Health (https://www.tn.gov/content/tn/health/health-program-areas/statistics/health-data/con.html), the most recent enrollee data from the Division of TennCare (https://www.tn.gov/tenncare/information-statistics/enrollment-data.html), and US Census Bureau demographic information (: http://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml),.

TennCare Enrollment Data: https://www.tn.gov/tenncare/information-statistics/enrollment-data.html

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

Demographic Variable/Geographic Area	Department of Health/Health Statistics							Census Bureau				TennCare	
	Total Population-Current Year	Total Population-Projected Year	Total Population-% Change	*Target Population-2020	Target Population-Project Year 2024	Target Population-% Change	Target Population Projected Year as % of Total	Median Age	Median Household Income	Person Below Poverty Level	Person Below Poverty Level as %	TennCare Enrollees	TennCare Enrollees as % of
Benton	15,887	15,719	-1.1%	15,887	15,719	-1.1%	100.0%	47.4	$33,125	3,050	19.2%	4,104	25.8%
Carroll	27,742	27,357	-1.4%	27,742	27,357	-1.4%	100.0%	42.9	$40,810	5,160	18.6%	7,343	26.5%
Chester	17,851	18,222	2.1%	17,851	18,222	2.1%	100.0%	37.5	$45,667	2,838	15.9%	3,847	21.6%
Crockett	14,481	14,519	0.3%	14,481	14,519	0.3%	100.0%	40.4	$42,047	2,809	19.4%	3,735	25.8%
Decatur	11,742	11,662	-0.7%	11,742	11,662	-0.7%	100.0%	45.8	$40,233	2.137	18.2%	2,932	25.0%
Dyer	37,833	37,857	0.1%	37,833	37,857	0.1%	100.0%	40.1	$43,762	6,961	18.4%	10,351	27.4%
Gibson	50,179	50,864	1.4%	50,179	50,864	1.4%	100.0%	40.1	$41,886	8,280	16.5%	12,797	25.5%
Hardeman	24,965	24,444	-2.1%	24,965	24,444	-2.1%	100.0%	40.5	$46,765	6,752	23.5%	6,723	26.9%
Hardin	25,615	25,456	-0.6%	25,615	25,456	-0.6%	100.0%	45.3	$39,798	5,200	20.3%	6,828	26.7%
Haywood	17,331	16,782	-3.2%	17,331	16,782	-3.2%	100.0%	40.4	$38,362	3,553	20.5%	5,324	30.7%
Henderson	28,336	28,767	1.5%	28,336	28,767	1.5%	100.0%	41.4	$42,430	5,100	18.0%	7,133	25.2%
Henry	32,538	32,616	0.2%	32,538	32,616	0.2%	100.0%	45.4	$40,837	6,117	18.8%	7,578	23.3%
Lake	7,639	7,701	0.8%	7,639	7,701	0.8%	100.0%	40.2	$34,966	2,788	36.5%	2,040	26.7%
Lauderdale	26,783	26,711	-0.3%	26,783	26,711	-0.3%	100.0%	38.2	$37,915	6,669	24.9%	7,555	28.2%
Madison	98,801	99,827	1.0%	98,801	99,827	1.0%	100.0%	38.2	$57,647	17,586	17.8%	24,935	25.2%
McNairy	26,118	26,249	0.5%	26,118	26,249	0.5%	100.0%	42.9	$36,055	4,545	17.4%	6,905	26.4%
Obion	30,110	29,558	-1.8%	30,110	29,558	-1.8%	100.0%	43.0	$39,866	5,329	17.7%	7,826	26.0%
Weakley	33,052	32,639	-1.3%	33,052	32,639	-1.3%	100.0%	38.4	$38,566	5,920	19.7%	7,315	22.1%
Service Area Total	527,003	526,950	-0.01	527,003	526,950	-.01	100.0%		$41,152	100,794	19.1%	135,271	25.7%

State of TN Total	6,883,347	7,097,353	3.1%	6,883,347	7,097,353	3.1%	100.0%	38.9	$52,375	1,053,152	15.3%	1,432,200	20.8%

** Target Population is population that project will primarily serve. For example, nursing home, home health agency, hospice agency projects typically primarily serve the Age 65+ population; projects for child and adolescent psychiatric services will serve the Population Ages 0-17. Projected Year is defined in select service-specific criteria and standards. If Projected Year is not defined, default should be four years from current year, e.g., if Current Year is 2019, then default Projected Year is 2023.*

Be sure to identify the target population, e.g., Age 65+, the current year and projected year being used.

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, TennCare or Medicaid recipients, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

RESPONSE: The median household income, percent enrolled in TennCare for the service area are higher than for the State of Tennessee as a whole. The Applicant and proposed services contained in this certificate of need will be accessible to all consumers, especially women, the elderly, minorities, and low income groups.

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

RESPONSE: The 18-county service area has six existing ambulatory surgical treatment centers.

Name	2019	2018	2017
Cape Surgery Center (Dyer County)	3,261	2,931	2,649
Van Dyck ASC LLC (Henry County)	1,631	2,546	3
DDC Surgery Center (Madison County)	3,520	4,452	6,668
Physicians Surgery Center (Madison County)	4,354	5,210	5,286
Summit Endoscopy Center (Obion County)	3,159	3,710	3,061
Union City Surgery Center (Obion County)	320	301	19

Unduplicated cases

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Detail provided below.

	# ORs	2019 # Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,996	1,285	3,261
Van Dyck ASC	2	1	3
Ophthalmology	1,631	-	1,631
DDC Surgery Center	-	2	2
Endoscopy	-	3,520	3,520
Physicians Surgery Center	6	1	7
Cosmetic Surgery	37	-	37
Oral Surgery	2	-	2
Ophthalmology	1,604	564	2,168
Orthopedics	2,021	-	2,021
Pain Management	112	-	112
Podiatry	4	-	4
Radiation Oncology Treatmt	7	-	7
Urology	3	-	3
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,159	3,159
Union City Surgery Center	2	1	3
General Surgery	1	-	1
Orthopedics	214	-	214
Pain Management	206	-	206
Podiatry	21	-	21

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	2018		
	# ORs	# Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,876	1,055	2,931
Van Dyck ASC	2	1	3
Ophthalmology	2,546	-	2,546
DDC Surgery Center	-	3	3
Endoscopy	-	4,452	4,452
Physicians Surgery Center	4	1	5
Cosmetic Surgery	9	-	9
Oral Surgery	-	-	-
Ophthalmology	2,244	838	3,082
Orthopedics	1,920	-	1,920
Pain Management	178	-	178
Podiatry	21	-	21
Radiation Oncology Treatmt	-	-	-
Urology	-	-	-
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,710	3,710
Union City Surgery Center	2	1	3
General Surgery	-	-	-
Orthopedics	256	-	256
Pain Management	45	-	45
Podiatry	-	-	-

	2017		
	# ORs	# Proc Rooms	Total
Cape Surgery Center	2	1	3
Ophthalmology	1,876	1,055	2,931
Van Dyck ASC	2	1	3
Ophthalmology	2,546	-	2,546
DDC Surgery Center	-	3	3
Endoscopy	-	4,452	4,452
Physicians Surgery Center	4	1	5
Cosmetic Surgery	9	-	9
Oral Surgery	-	-	-
Ophthalmology	2,244	838	3,082
Orthopedics	1,920	-	1,920
Pain Management	178	-	178
Podiatry	21	-	21
Radiation Oncology Treatmt	-	-	-
Urology	-	-	-
Summit Endoscopy Center	-	2	2
Endoscopy	-	3,710	3,710
Union City Surgery Center	2	1	3
General Surgery	-	-	-
Orthopedics	256	-	256
Pain Management	45	-	45
Podiatry	-	-	-

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

RESPONSE: Data for the past three years (2017, 2018, 2019) is for the existing West Tennessee Surgery Center. Projections for 2022 and 2023 are for the Jackson Madison Surgery Center. The Applicant conservatively estimate surgery cases during 2022 (3,685) as operations are transitioned from a hospital-based facility to a freestanding facility. Surgery cases during 2022 are expected to be to be 50 percent of Full Capacity. This is because the Jackson Madison Surgery Center will have new electronic medical record, new administration, new management company, new policies and procedures, and the like. The 2023 surgery cases are anticipated to be 75 percent of Full Capacity. Near full capacity will be reached by the third year of operation.

Year	Surgery Cases
2017	6,553
2018	6,440
2019	6,687
2022	3,685
2023	5,641

ECONOMIC FEASIBILITY

The responses to this section of the application will help determine whether the project can be economically accomplished and maintained.

1. Project Cost Chart Instructions

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

RESPONSE: Based on project costs of $19,844,873, the maximum filing fee of $95,000 is included.

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

RESPONSE: The lease between Jackson Madison Surgery Center LLC and West Tennessee Healthcare, Inc. stipulates $154,823 per month in rent or $1,857,876 per year for a term of 10 years. The total over the ten year period is $18,578,760.

5. **A**. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge using information from the Projected Data Charts for Year 1 and Year 2 of the proposed project. Complete Project Only Chart and Total Facility Chart, if applicable.

Project Only Chart

	Previous Year to Most Recent Year Year Fy2018	Most Recent Year Year Fy2019	Year One Year Fy2022	Year Two Year Fy2023	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*	$7,952.73	$8,011.45	$5,153	$5,257	2.02%
Deduction from Revenue *(Total Deductions/Utilization Data)*	$5,605.09	$5,698.49	$3,430	$3,102	-9.55%
Average Net Charge *(Net Operating Revenue/Utilization Data)*	$2,348.00	$2,313.00	$1,724	$2,155	25.03%

Years FY2018 and FY2019 from West Tennessee Surgery Center (licensed as a hospital based outpatient surgery center)

Total Facility Chart Not Applicable

	Previous Year to Most Recent Year Year ____	Most Recent Year Year____	Year One Year___	Year Two Year_____	% Change (Current Year to Year 2)
Gross Charge *(Gross Operating Revenue/Utilization Data)*					
Deduction from Revenue *(Total Deductions/Utilization Data)*					
Average Net Charge *(Net Operating Revenue/Utilization Data)*					

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

RESPONSE: Below is a sample of charges for the Jackson Madison Surgery Center. Also provided are the Medicare rates, and for comparison purposes, the average hospital rate and variance. Charges at the proposed Jackson Madison Surgery Center are much less than corresponding hospital rate, and such cost savings are a key rationale for pursuing this project. Such cost savings cannot be achieved with a hospital-based ASTC. Year One gross operating revenue is projected $18,990,280 and net operating revenue, $6,351,658. Year Two gross operating revenue is expected to be $29,657,022 with net operating revenue being $12,157,203.

C. Compare the proposed charges to those of similar facilities/services in the service area/adjoining service areas, or to proposed charges of recently approved Certificates of Need. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

RESPONSE: The service area has six ambulatory surgery treatment centers. Two are multi specialty. According to the Joint Annual reports, 2019, average charges are as follows

Physicians Surgery Center
Gross Average Charge $9,663
Net Average Charge $1,921

Union City Surgery Center
Gross Average Charge $12,949
Net Average Charge $ 3,186

6. A. Discuss how projected utilization rates will be sufficient to support financial performance.

1) Noting when the project's financial breakeven is expected, and

RESPONSE: The Applicant conservatively estimate surgery cases during 2022 (3,685) as operations are transitioned from a hospital-based facility to a freestanding facility. Surgery cases during 2022 (3,685) are expected to be to be 50 percent of Full Capacity. This is because the Jackson Madison Surgery Center will have new electronic medical record, new administration, new management company, new policies and procedures, and the like. The 2023 surgery cases (5,641) is anticipated to be 75 percent of Full Capacity. Near full capacity (7,670) will be reached by the third year of operation. The project will cash flow year two ($1,034,702) and will have a positive net income in year three ($1,161,797).

2) Demonstrating the availability of sufficient cash flow until financial viability is achieved.

Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For all projects, provide financial information for the corporation, partnership, or principal parties that will be a source of funding for the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as **Attachment Section B-Economic Feasibility-6A**

RESPONSE: This is a new project and new ownership company and, thus, does not have historical information available. Alternatively, the West Tennessee Healthcare and Related Affiliates Financial Statements and Supplementary Information Years Ended June 30, 2019 and 2018 are provided as Attachment Section B-Economic Feasibility-6A.

B. Net Operating Margin Ratio: The Net Operating Margin Radio demonstrates how much

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

Utilizing information from the Historical and Projected Data Charts please report the net operating margin ratio trends in the following tables. Complete Project Only Chart and Total Facility Chart, if applicable.

Project Only Chart

Year	2nd Previous Year to Most Recent Year Year Fy2017	1st Previous Year to Most Recent Year Year Fy2018	Most Recent Year Year Fy2019	Projected Year 1 Year Fy2022	Projected Year 2 Year Fy2023
Net Operating Margin Ratio	26.34	21.87	23.78	-30.14	8.51

Years FY2017, FY 2018, FY2019 from West Tennessee Surgery Center (licensed as a hospital based outpatient surgery center)

Total Facility Chart Not Applicable

Year	2nd Previous Year to Most Recent Year Year _____	1st Previous Year to Most Recent Year Year_____	Most Recent Year Year_____	Projected Year 1 Year_____	Projected Year 2 Year _____
Net Operating Margin Ratio					

C. Capitalization Ratio: The Long-term debt to capitalization ratio measures the proportion of debt financing in a business's permanent (long-term) financing mix. This ratio best measures a business's true capital structure because it is not affected by short-term financing decisions. The formula for this ratio is: ((Long-Term Debt)/Long-Term Debt + Total Equity {Net Assets}) X 100.

RESPONSE: Not applicable given that no debt will be used to implement this project.

For self or parent company funded projects, provide the capitalization ratio using the most recent year available from the funding entity's audited balance sheet, if applicable. Capitalization Ratios are not expected from outside the company lenders that provide funding. **This question is applicable to all applications regardless of whether or not the project is being partially or totally funded by debt financing.**

7. 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. Report the estimated gross operating revenue dollar amount and percentage of projected gross operating revenue anticipated by payor classification for the first year of the project by completing the table below. Complete Project Only Chart and Total Facility Chart, if applicable.

Supplemental 1
July 23, 2020

AFFIDAVIT OF PUBLICATION

0004271962
Newspaper Jackson Sun

State of Tennessee

Account Number NAS-60009701
Advertiser JOHNSON GROUP

JOHNSON GROUP
436 MARKET ST
CHATTANOOGA, TN
37402

TEAR SHEET ATTACHED

Jackie Cooper Sales Assistant for the above mentioned newspaper, hereby certify that the attached advertisement appeared in said newspaper on the following dates:

07/10/20

Jackie Cooper

Subscribed and sworn to before me this 30th day of July 2020

Donna Walker
Notary Public

Donna Walker
State of Tennessee Notary Public
Davidson County
My Commission Expires 05/03/21

Affidavits Requested:
1

0004271962NOTIFICATIONOFINTENTTOAPPLYFORACE
Re: Jackson Madison Surgery Center LLC

Supplemental 1
July 23, 2020

Once-touted foundation gave $0 in '18

Snyder formed Native American charity in 2014

Tom Schad
USA TODAY

In the face of public pressure to change the name of his NFL team, Washington owner Daniel Snyder wrote in a 2014 letter it was time to focus on actions, not words.

That's why, he wrote, he was announcing the creation of the Washington Redskins Original Americans Foundation, a nonprofit that would "provide meaningful and measurable resources that provide genuine opportunities for Tribal communities."

"I believe the Washington Redskins community should commit to making a real, lasting, positive impact on Native American quality of life – one tribe and one person at a time," Snyder wrote.

More than six years later, the team is undergoing a "thorough review" of its name amid a new wave of criticism and public statements from key sponsors.

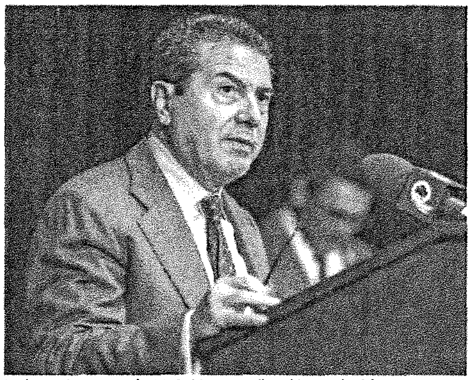
And after a splashy start, Snyder's once-trumpeted foundation has effectively gone dark.

According to an audited financial statement obtained by USA TODAY Sports on Tuesday, the WROAF distributed $0 in grants or donations to Native American causes during the fiscal year ending Feb. 28, 2019 – the most recent year for which records are publicly available.

The absence of financial giving in the 2019 fiscal year is part of a steep decline since the foundation's inaugural year.

Tax records show the WROAF donated nearly $3.7 million to Native American causes in that first year but less than half that amount ($1.6 million) in Year 2. The foundation subsequently donated about $650,000 in the 2017 fiscal year, $303,000 in the 2018 fiscal year and $0 in the 2019 fiscal year, according to tax records.

As a result of that decline, the WROAF has spent more money maintaining its own staff than it has directed to Native American causes in each of the two most recent years for which records are publicly available.



Daniel Snyder created the WROAF in 2014 to "provide meaningful and measurable resources that provide genuine opportunities for Tribal communities." BRAD MILLS/USA TODAY SPORTS

Brian Mittendorf, an expert in nonprofit accounting, said the organization's finances paint the picture of a private foundation that is "just kind of hovering out there."

"They've shifted away from providing grants to charities that are engaged in these areas. They've, in fact, shifted to a level of zero," said Mittendorf, an accounting professor at Ohio State.

"I guess the big question you would say is: What is it they're doing instead? And it's largely paying salaries. How that translates to the charitable outcomes is unclear."

In response to questions about the WROAF, team spokesperson Sean DeBarbieri said the foundation has directed more money to Native American causes than any other pro sports team since its creation, citing a figure of nearly $10 million. (He later clarified that only $6.25 million has been directly distributed to Native American communities and that the $10 million figure includes operational and overhead costs.)

DeBarbieri also wrote in an email that the WROAF conducted two football camps, facilitated the donation of 160 pairs of glasses and delivered food and supplies to various tribes in South Dakota during the 2019 fiscal year, which covers the period from Feb. 28, 2018, to Feb. 28, 2019.

Boyd Gourneau, a leader with the Lower Brule Sioux, confirmed his tribe benefited from all three activities but said the glasses were donated in the fall of 2019 and the other activities occurred roughly three or more years ago. He said his tribe nevertheless has a "great" relationship with the foundation. "We haven't had a lot of interaction lately," Gourneau said Wednesday morning. "But you know, every tribe is kind of in a fight for survival right now. And when it comes, we'll take it. We can sure use it."

While the WROAF is still registered as an active charitable organization in Virginia, according to state records, there have been few public traces of its activity since 2018. The foundation does not have active social media accounts, and the domain name for its website has expired, though the site itself is still accessible. Promotional materials distributed by the team focus on the efforts of The Redskins Charitable Foundation, a separate nonprofit entity. In his four-page letter to fans in 2014, Snyder, who has owned the team since 1999, wrote that he had visited 26 reservations across 20 states in an effort to learn about the hardships faced by Native American communities. He also outlined charitable efforts that were already underway. "Because I'm so serious about the importance of this cause, I began our efforts quietly and respectfully, away from the spotlight, to learn and take direction from the Tribal leaders themselves," Snyder wrote.

In subsequent years, however, the WROAF quickly became a source of tension in some Native American communities, with multiple tribes or reservations declining to accept grants or donations from the foundation out of fear that they would become props in the ongoing fight over the NFL team's name.

The Quechan Tribe in Yuma, Arizona, for example, said it turned down a "blank check" from the WROAF that would have constructed a skate park on the Fort Yuma Reservation. "We know bribe money when we see it," the Quechans said in a statement at the time.

Others were more open to the foundation's offers. The Chippewa Cree Tribe in Montana allowed the WROAF to finance the construction of a burgundy-and-gold playground on the Rocky Boy's Reservation. According to tax records, the tribe received more than $960,000 from the foundation in a three-year span beginning with the 2015 fiscal year.

Like other tribes, though, the Chippewa Cree saw that money dry up during the 2018 fiscal year. It did not receive any grants or contributions in that time period, according to the WROAF's tax filing. (A message left with the tribe's finance department Tuesday was not immediately returned.)

Mittendorf said he found the WROAF's recent financial records to be both bleak and unusual. He noted that the foundation had just $1,000 in cash on hand in February 2018, for example, and that its spending on staff relative to grants and donations was "pretty skewed" – especially in the 2019 fiscal year, when it did not issue any grants or donations at all.

"It's certainly rare for a private foundation to not engage in grant-making, and not engage in direct charitable activity, either," Mittendorf said.

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19 Pammara Lane (38305) Saturday 9a-3p - Sunday 1p till. No numbers given. No outside sale. Garage is air conditioned and part of inside sale. MASKS ARE REQUIRED TO ENTER. We have a neat newer home FULL of beautiful items and decorator merchandise. Don't miss out!! THE ESTATE SALE COMPANY BARRY Phillips 731-225-4142 See pics at estatesales.net

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Madison North

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Jackson
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Sun, July 12, 1pm - 5pm
13 Beverly Hills Dr
Mitchelson Estate Sale
presented by Keepsake Estate Sales
For details, photos and directions visit KeepsakeSales.com

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Jackson, Tn. 38305
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7/12 Sun. 1pm to 5pm
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CEMETERY PLOTS - Ridgecrest Cemetery, 4 Prime Spots, Valued $2400 each, call to Make Offer, 423-341-4599

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Public Notices

0004271962

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. § 68-11-1601 et seq., and the Rules of the Health Services and Development Agency, that: Jackson Madison Surgery Center an ambulatory surgical treatment center. Owned and managed by: Jackson Madison Surgery Center LLC intends to file an application for a Certificate of Need to establish a new multi specialty ambulatory surgical treatment center with surgical rooms (operating rooms) in the former location of the West Tennessee Surgery Center, a hospital based outpatient surgery center located at 700 West Forest Avenue, Jackson, Tennessee 38301. The new facility, which will occupy 31,543 square feet, will be licensed as an ambulatory surgical treatment center by the Tennessee Board for Licensing Health Care Facilities. The total project costs are $19,939,873. The project does not include any new major medical equipment or any additional health services.

The anticipated date of filing the application is: July 15, 2020

The contact person for this project is Victoria S. Lake Director Community Development who may be reached at: West Tennessee Healthcare, 620 Skyline Drive, Jackson, TN 38301 (731) 984-2160

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency
Andrew Jackson Building, 9th Floor
502 Deaderick Street
Nashville, Tennessee 37243

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

Public Notices

SAMPLE BALLOT
OFFICIAL BALLOT FOR MADISON COUNTY STATE PRIMARY AND COUNTY GENERAL ELECTION HELD ON August 6, 2020

Instruction Text: To vote for your choice in each contest, turn the SELECT wheel to highlight your choice. Press ENTER to mark your choice. When you are finished voting, press CAST BALLOT until you see the waving American flag.

STATE REPUBLICAN PRIMARY

UNITED STATES SENATE
Vote for One (1)
- ☐ Clifford Adkins
- ☐ Natisha Brooks
- ☐ Byron Bush
- ☐ Roy Dale Cope
- ☐ Terry Dicus
- ☐ Tom Emerson, Jr.
- ☐ George S. Flinn, Jr.
- ☐ Bill Hagerty
- ☐ Jon Henry
- ☐ Kent A. Morrell
- ☐ Glen L. Neal Jr.
- ☐ John E. Osborne
- ☐ Aaron L. Pettigrew
- ☐ David Schuster
- ☐ Manny Sethi
- ☐ Write-in

UNITED STATES HOUSE of REPRESENTATIVES
District 8
Vote for One (1)
- ☐ David Kustoff
- ☐ Write-in

TENNESSEE HOUSE of REPRESENTATIVES
District 73
Vote for One (1)
- ☐ Chris Todd
- ☐ Write-in

TENNESSEE HOUSE of REPRESENTATIVES
District 80
Vote for One (1)
No Candidate Qualified
- ☐ Write-in

STATE DEMOCRATIC PRIMARY

UNITED STATES SENATE
Vote for One (1)
- ☐ Marquita Bradshaw
- ☐ Gary G Davis
- ☐ Robin Kimbrough
- ☐ James Mackler
- ☐ Mark Pickrell
- ☐ Write-in

UNITED STATES HOUSE of REPRESENTATIVES
District 8
Vote for One (1)
- ☐ Erika Stotts Pearson
- ☐ Lawrence A Pivnick
- ☐ Hollis W. Skinner
- ☐ Savannah Williamson
- ☐ Write-in

TENNESSEE HOUSE of REPRESENTATIVES
District 73
Vote for One (1)
No Candidate Qualified
- ☐ Write-in

TENNESSEE HOUSE of REPRESENTATIVES
District 80
Vote for One (1)
- ☐ Johnny W. Shaw
- ☐ Write-in

COUNTY GENERAL

ASSESSOR of PROPERTY
Vote for One (1)
- ☐ Frances K. Hunley Republican Party Nominee
- ☐ Write-in

SCHOOL BOARD
District 2
Vote for One (1)
- ☐ Kevin Alexander
- ☐ O'Neal Henley
- ☐ Write-in

SCHOOL BOARD
District 3
Vote for One (1)
- ☐ Wayne P. Arnold
- ☐ Debbie Gaugh
- ☐ Write-in

SCHOOL BOARD
District 5, Position 1
Vote for One (1)
- ☐ Sherry Franks
- ☐ Tameka Noel
- ☐ Write-in

SCHOOL BOARD
District 6, Position 1
Vote for One (1)
- ☐ Robert P. Curtin
- ☐ Janice Hampton
- ☐ Andrea Michelle Givens Moore
- ☐ Write-in

SCHOOL BOARD
District 6, Position 2
Vote for One (1)
- ☐ Andre' Darnell
- ☐ Sheila L. Godwin
- ☐ Write-in

JUDICIAL RETENTION QUESTION
Court of Appeals Judge-Western Division
Carma Dennis McGee
Shall Carma Dennis McGee be retained in office as a Judge of the Court of Appeals, Western Division, or be replaced?
Vote for one(1)
- ☐ Retain
- ☐ Replace

Service Area Operating and Procedure Room ASTC Patient Utilization-2019

ASTC	# ORs	Cases	Cases/ OR	*% of Optimal Capacity	# PRs	Cases	Cases /PR	% of Optimal Capacity
Cape Surgery Center	2	1996	998	113%	1	1265	1265	69%
Van Dyck ASC	2	1631	816	92%	1	0	0	0
DDC Surgery Center	0	0	0	0	2	3520	1760	94%
Summit Endoscopy Center	0	0	0	0	2	3159	**1580**	**85%**
Single-Specialty Sub-Total	**4**	**3627**	**907**	**103%**	**6**	**7944**	**1324**	**71%**
Physicians Surgery Center	6	3790	632	71%	1	564	564	30%
Union City Surgery Center	2	442	221	25%	1	0	0	0
Multi-Specialty Sub-Total	**8**	**4232**	**529**	**60%**	**2**	**564**	**282**	**15%**
All ASTC TOTAL	**12**	**7859**	**655**	**74%**	**8**	**8508**	**1064**	**57%**

Supplemental 1-Additional Information
July 28, 2020

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF Madison

NAME OF FACILITY: Jackson Madison Surgery Center

I, VICTORIA S. LAKE, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Signature/Title
Director, Community Development

Sworn to and subscribed before me, a Notary Public, this the 28 day of July, 2020 witness my hand at office in the County of Madison, State of Tennessee.

NOTARY PUBLIC

My commission expires April 21, 2021.

AMY MALLETTE
STATE OF TENNESSEE NOTARY PUBLIC
MADISON COUNTY

HF-0043

Revised 7/02