APPENDIX P

24. **Foundation Issues.**

a. Attach as Appendix P the detailed written plan of the preservation, protection, and use of any and all proceeds from the dissolution of the Public Benefit Hospital, or the sale to or merger with the Acquirer. State and fully explain whether any money, property, or proceeds resulting from the Transaction or the operation of the foundation will benefit any director, officer or for-profit person or entity, directly or indirectly. The detailed plan shall include bylaws, a conflict of interest statement, a defined mission, the proposed investment policy, and granting procedures.

This question is not applicable because the Transaction is not a “sale,” does not involve the transfer of assets and will not generate any proceeds at closing. The Transaction involves the affiliation of two separate nonprofit entities – Mountain States Health Alliance and Wellmont Health System – by converting them into membership nonprofit corporations and creating a new nonprofit entity, Newco, that will be the sole member of each. Because the assets of Mountain States and Wellmont will remain within each nonprofit entity, neither entity will receive payment or other “value” for its assets. For these reasons, subsection (a) is not applicable to this Transaction.
APPENDIX Q

24. **Foundation Issues.**

b. Attach as Appendix Q proof that any asset purchase agreement or other contract, by whatever name, does not incorporate or place any restrictions which any for-profit entity may place on the use of charitable or nonprofit funds and any other funds or property, either now or in the future, by any foundation created or endowed to preserve, disburse, or protect the funds.

The Master Affiliation Agreement between Mountain States and Wellmont sets forth clearly that all original donor designations and intentions will be honored by Newco after closing. *See* Master Affiliation Agreement, Sections 9.04, 9.12 (Question 16/Appendix H). This will be accomplished by preserving all original documentation related to donor restrictions, maintaining gift recording systems and continuing with committed projects to fulfill all current obligations to donors.

There are no current plans for the Mountain States Foundation related to mergers or changes in board structure or membership. It is anticipated that Mountain States Foundation and Wellmont Foundation will merge at some time in the future to form Ballad Health Foundation. In such an event, the assets of each foundation would be combined, and all gift restrictions whether permanent or temporary would be maintained and honored. The new foundation would operate under a single management and governing board structure to be approved by the Ballad Health Board of Directors. The unified governing board would have fiduciary oversight for the newly incorporated 501(c)(3) organization, the sole member of which would be Ballad Health, Inc.
APPENDIX R

24. **Foundation Issues.**

c. Attach as Appendix R a report indicating, showing, explaining, and discussing the properties and assets, whether cash, securities, intangible property, and all other property (listing each encumbrance), available for charitable purposes before and after the Transaction and showing or discussing what entity or person will control, manage, operate, deploy, and use the charitable or nonprofit properties or assets.

The Master Affiliation Agreement between Mountain States and Wellmont sets forth clearly that all original donor designations and intentions will be honored by Newco after closing. See Master Affiliation Agreement, Sections 9.04, 9.12 (Question 16/Appendix H). This will be accomplished by preserving all original documentation related to donor restrictions, maintaining gift recording systems and continuing with committed projects to fulfill all current obligations to donors.

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose or which have not yet been requested to be distributed to other MSHA entities. Investment earnings related to temporarily restrict net assets are generally not restricted by donors. As of June 30, 2016, temporarily restricted net assets are available for the following purposes: Approximately $1.3 million for Radiation Oncology, $7.49 million for Niswonger Children’s Hospital, $242,000 for Team Member Campaign Fund (includes various designations), $99,000 for Hospice, $116,000 for Cancer Treatment Center, $755,000 for Funds for Ongoing Programs, $235,000 for Sycamore Shoals (Greatest Need), $95,000 for Johnson County Health Rehab Renovation, $100,000 for Johnston Memorial Hospital, $89,000 for JMH Gala Fund, $83,000 for Indian Path Medical Center, $11,000 for Smyth County Oncology Fund, $209,000 for Hospice House Fund, $187,000 for Niswonger Children’s Hospital Epilepsy Monitoring, $442,000 for Raffle Funds for Niswonger Children’s Hospital, $1.04 million for Time Restriction Funds, and $974,000 restricted for other ongoing functions to support the needs of the health system. Please see the Mountain States Foundation, Inc. Preliminary Draft of Audited Consolidated Financial Statements, Years Ended June 30, 2016 and 2015, attached to this Appendix R for additional information.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors or as funds were received from restricted pledges outstanding where expenses or events specified by the donor have occurred. Such net assets released included amounts related to specific healthcare operations or facility construction of certain entities and specific fund-raising expenses. Net assets released from restrictions in 2016 and 2015 related primarily to construction of The Niswonger Children’s Hospital of MSHA.

Permanently restricted net assets are those to be maintained by the Foundation in perpetuity. Investment earnings related to permanently restrict net assets are considered unrestricted, unless specifically designated to be used as intended by donors. During the year ended June 30, 2016, $100,000 of net assets permanently restricted for Memorial Scholarship funds was released for unrestricted purposes in accordance with the donor’s request.

Additional detail on the use of the Foundation’s assets can be found in the audited financial statements attached to this Exhibit R.

There are no current plans for the Mountain States Foundation related to mergers or changes in board structure or membership. It is anticipated that Mountain States Foundation and Wellmont Foundation will merge at some time in the future to form Ballad Health Foundation. In such an event, the assets of each foundation would be combined, and all gift restrictions whether permanent or temporary
would be maintained and honored. The new foundation would operate under a single management and governing board structure to be approved by the Ballad Health Board of Directors. The unified governing board would have fiduciary oversight for the newly incorporated 501(c)(3) organization, the sole member of which would be Ballad Health, Inc.

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Mountain States Foundation Unaudited Financial Reports:

MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Audited Financial Statements

Years Ended June 30, 2013 and 2012
MOUNTAIN STATES FOUNDATION, INC.  
(A Subsidiary of Mountain States Health Alliance)  

Audited Financial Statements  

Years Ended June 30, 2013 and 2012  

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Audited Financial Statements  

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Statements of Cash Flows ........................................................................ 5  
Notes to Financial Statements .................................................................. 6
INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees of
Mountain States Foundation, Inc.:

Report on the Financial Statements

We have audited the accompanying financial statements of Mountain States Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor's 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. 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 auditor’s 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 entity’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 entity’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 opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mountain States Foundation, Inc. as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Knoxville, Tennessee
November 4, 2013
## Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$6,958,619</td>
<td>$4,646,813</td>
</tr>
<tr>
<td>Investments</td>
<td>1,812,716</td>
<td>1,690,394</td>
</tr>
<tr>
<td>Accounts receivable, net of estimated allowances for doubtful accounts</td>
<td>154,100</td>
<td>29,524</td>
</tr>
<tr>
<td>Promises to give, net of discount and estimated allowance for doubtful accounts</td>
<td>4,680,374</td>
<td>4,635,886</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>23,727</td>
<td>15,053</td>
</tr>
<tr>
<td>Other assets</td>
<td>85,600</td>
<td>62,500</td>
</tr>
<tr>
<td>Beneficial interest in charitable remainder trusts</td>
<td>1,118,857</td>
<td>1,134,575</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$14,833,993</strong></td>
<td><strong>$12,214,745</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>LIABILITIES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$89,255</td>
<td>$38,269</td>
</tr>
<tr>
<td>Due to related party</td>
<td>1,024,588</td>
<td>75,994</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>39,050</td>
<td>40,520</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td><strong>$1,152,893</strong></td>
<td><strong>$154,783</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,024,201</td>
<td>978,442</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>12,529,767</td>
<td>10,954,388</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>127,132</td>
<td>127,132</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td><strong>$14,833,993</strong></td>
<td><strong>$12,214,745</strong></td>
</tr>
</tbody>
</table>

*See notes to financial statements.*
## Statements of Activities

<table>
<thead>
<tr>
<th></th>
<th>Year Ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
</tbody>
</table>

### Changes in unrestricted net assets:
- Revenue, investment gains and other support:
  - Unrestricted revenue and other contributions: $72,570 \hspace{1em} $624,272
  - Interest, dividends and other income: $57,472 \hspace{1em} 67,841
  - Net realized gains on sale of investments: $53,144 \hspace{1em} 40,037
  - Change in net unrealized gains/losses on investments: $35,280 \hspace{1em} (77,352)
  - Support from Mountain States Health Alliance: $963,929 \hspace{1em} 900,186
  - Net assets released from restrictions: $2,946,577 \hspace{1em} 2,577,848

**TOTAL REVENUE, INVESTMENT GAINS AND OTHER SUPPORT**

- $4,128,972 \hspace{1em} 4,132,832

### Expenses:
- Program expenses: $1,843,729 \hspace{1em} 1,937,315
- Specific fund-raising: $1,048,559 \hspace{1em} 374,766
- Support and general services: $1,190,925 \hspace{1em} 1,303,549

**TOTAL EXPENSES**

- $4,083,213 \hspace{1em} 3,615,630

**INCREASE IN UNRESTRICTED NET ASSETS**

- $45,759 \hspace{1em} 517,202

### Changes in temporarily restricted net assets:
- Contributions: $4,537,674 \hspace{1em} 3,159,357
- Net assets released from restrictions: (2,946,577) \hspace{1em} (2,577,848)
- Change in fair value of assets held in trust: (15,718) \hspace{1em} 19,246

**INCREASE IN TEMPORARILY RESTRICTED NET ASSETS**

- $1,575,379 \hspace{1em} 600,755

**INCREASE IN TOTAL NET ASSETS**

- $1,621,138 \hspace{1em} 1,117,957

**NET ASSETS, BEGINNING OF YEAR**

- $12,059,962 \hspace{1em} 10,942,005

**NET ASSETS, END OF YEAR**

- $13,681,100 \hspace{1em} $12,059,962

---

*See notes to financial statements.*
# MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

## Statements of Cash Flows

<table>
<thead>
<tr>
<th></th>
<th>Year Ended June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td><strong>CASH FLOWS FROM OPERATING ACTIVITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Increase in net assets</td>
<td>$1,621,138</td>
<td>$1,117,957</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in unrealized gains/losses on investments</td>
<td>(35,280)</td>
<td>77,352</td>
</tr>
<tr>
<td>Net realized gains on sale of investments</td>
<td>(53,144)</td>
<td>(40,037)</td>
</tr>
<tr>
<td>Decrease (increase) in beneficial interest in remainder trust, net</td>
<td>15,718</td>
<td>(19,246)</td>
</tr>
<tr>
<td>Increase in other assets</td>
<td>(23,100)</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) due to changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>(124,576)</td>
<td>169,470</td>
</tr>
<tr>
<td>Promises to give, net of discount and allowance</td>
<td>(44,488)</td>
<td>918,554</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(8,674)</td>
<td>366</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>50,986</td>
<td>(5,106)</td>
</tr>
<tr>
<td>Due to related party</td>
<td>948,594</td>
<td>24,002</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(1,470)</td>
<td>7,020</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>724,566</td>
<td>1,132,375</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY OPERATING ACTIVITIES</strong></td>
<td>2,345,704</td>
<td>2,250,332</td>
</tr>
</tbody>
</table>

## CASH FLOWS FROM INVESTING ACTIVITIES:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments, net</td>
<td>(722,560)</td>
</tr>
<tr>
<td>Proceeds from sales of investments</td>
<td>688,662</td>
</tr>
<tr>
<td><strong>NET CASH USED IN INVESTING ACTIVITIES</strong></td>
<td>(33,898)</td>
</tr>
<tr>
<td><strong>NET INCREASE IN CASH AND CASH EQUIVALENTS</strong></td>
<td>2,311,806</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</strong></td>
<td>4,646,813</td>
</tr>
<tr>
<td><strong>CASH AND CASH EQUIVALENTS, END OF YEAR</strong></td>
<td>$6,958,619</td>
</tr>
</tbody>
</table>

See notes to financial statements.
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements

Years Ended June 30, 2013 and 2012

NOTE A--ORGANIZATION

Mountain States Foundation, Inc. (the Foundation) is a not-for-profit foundation chartered on
August 27, 1980 to coordinate the fund-raising and development activities of Mountain States
Health Alliance (MSHA), the sole member of the Foundation. MSHA is a 501(c)(3) corporation
involved primarily in healthcare and healthcare related services.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates: The preparation of the financial statements in conformity with accounting
principles generally accepted in the United States of America requires management to make
estimates and assumptions that affect certain reported amounts and disclosures. Accordingly,
actual results could differ from these estimates.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments with a
maturity of three months or less when purchased to be cash equivalents.

Investments: Investments consist primarily of certificates of deposit, bond mutual funds,
marketable equity securities, equity mutual funds, and a real estate fund and are presented at
their estimated fair value. The estimated fair values of investment securities with readily
determinable fair values are based on quoted market prices for those investments. Investments
without readily determinable fair values are reported at estimated fair value pursuant to Financial
Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 825, Financial
Instruments. Investment income is recognized as a change in unrestricted net assets as it is
earned unless explicitly restricted by the donor. Unrealized gains and losses on investments are
recorded as a change in unrestricted net assets.

Contributions/Promises to Give: Unconditional promises to give that are expected to be
collected within one year are recorded at net realizable value. Unconditional promises to give
that are expected to be collected in future years are recorded at the estimated present value of
their estimated future cash flows. The discounts on those amounts are computed using estimated
risk-free interest rates applicable to the years in which the promises are received. Contributions
are considered to be available for unrestricted use unless specifically restricted by the donor.
Amounts received that are designated for future periods or restricted by the donor for specific
purposes are reported as temporarily restricted or permanently restricted support that increases
those net asset classes. An estimated allowance for uncollectible pledges is recorded based on
management’s evaluation of promises to give. The Foundation’s policies do not require
collateral for promises to give. The Foundation considers cash flows from contributions to be
operating activities.
NOTICE TO THE BOARD OF DIRECTORS

This letter is being sent to inform you of the flowering of the community garden project. The garden, which includes a variety of plants and flowers, is located at the community center.

Sincerely,

[Your Name]

[Title]

Date: [Date]

[Company Name]
NOTE B--SIGNIFICANT ACCOUNTING POLICIES - Continued

fair value due to the nature and terms of the instruments. The estimated fair value of financial instruments is not necessarily indicative of amounts the Foundation could realize in a current market exchange (see Note J).

Date of Management’s Review: The Foundation has evaluated all events or transactions that occurred after June 30, 2013, through November 4, 2013, the date the financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events that required recognition or disclosure in the accompanying June 30, 2013 financial statements.

NOTE C--PROMISES TO GIVE

Promises to give consists of temporarily restricted corporate and individual promises. The amounts at June 30, 2013 and 2012, respectively, are due as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major gift campaigns</td>
<td>$4,044,328</td>
<td>$5,004,314</td>
</tr>
<tr>
<td>Team member campaign and other pledges</td>
<td>$957,360</td>
<td>$224,737</td>
</tr>
<tr>
<td>Unconditional promises to give before unamortized discount and allowance for doubtful accounts</td>
<td>$5,001,688</td>
<td>$5,229,051</td>
</tr>
<tr>
<td>Less: Unamortized discount and estimated allowance for doubtful accounts</td>
<td>$(321,314)</td>
<td>$(593,165)</td>
</tr>
<tr>
<td>Net unconditional promises to give</td>
<td>$4,680,374</td>
<td>$4,635,886</td>
</tr>
</tbody>
</table>

Amounts due in:

| Due in less than one year                        | $1,998,727| $1,712,384|
| Due in one to five years                        | $2,994,961| $3,516,667|
| Due in more than five years                     | $8,000    | -          |

$5,001,688 $5,229,051

Promises to give under the major gift campaigns include $2,992,500 and $4,017,500 from one major contributor at June 30, 2013 and 2012, respectively, and are temporarily restricted for The Niswonger Children’s Hospital of MSHA. Promises to give under team member campaign and other pledges include $750,000 from one contributor at June 30, 2013 and is temporarily restricted for ongoing programs.
Mountaint States Foundation, Inc.
(A Subsidiary of Mountaint States Health Alliance)

Notes to Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE D—INVESTMENTS

Investments are stated at market value and consist of the following as of June 30:

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit and cash equivalents</td>
<td>$418,956</td>
<td>$401,070</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>511,473</td>
<td>325,994</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>735,835</td>
<td>828,518</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>146,452</td>
<td>134,812</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>$1,812,716</strong></td>
<td><strong>$1,690,394</strong></td>
</tr>
</tbody>
</table>

NOTE E—CHARITABLE REMAINDER TRUSTS

The Foundation has been named as a beneficiary in an interest in a charitable remainder trust. All assets named in the trust are administered by an independent trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $261,044 and $248,480 at June 30, 2013 and 2012, respectively. Changes in the estimated value of the trust are recognized in the Statements of Activities. Upon the death of the donors, the specified amounts of the principal and income up to $1,000,000 remaining in the trust will be distributed to the Foundation. In determining the present value of the asset, the annual earnings of the trust were estimated to be 5% and a discount rate of 5% was used as established at the trust’s inception.

The Foundation was named as a beneficiary in an interest in another charitable remainder trust. All assets named in the trust are administered by MSHA as the trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $857,813 and $886,095 at June 30, 2013 and 2012, respectively. Changes in the value of the trust are recognized in the Statement of Activities. Upon the death of the donors, the entire amount of the principal and income remaining in the trust, net of amounts due to the donors, will be distributed to the Foundation. In determining the present value of the asset, the annual earnings of the trust were estimated to be 6.5% and a discount rate of 6.5% was used as established at the time of inception of the trust.

NOTE F—RESTRICTIONS ON NET ASSETS

Temporarily Restricted Net Assets: Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose. Investment earnings related to temporarily restricted net assets are generally not restricted by donors.
Northeast States Foundation, Inc.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE F--RESTRICTIONS ON NET ASSETS - Continued

Temporarily restricted net assets are available for the following purposes at June 30:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Gift Campaign - Radiation Oncology</td>
<td>$2,221,161</td>
<td>$1,245,651</td>
</tr>
<tr>
<td>Niswonger Children's Hospital - including Major Gift Campaign</td>
<td>6,972,046</td>
<td>7,326,174</td>
</tr>
<tr>
<td>Team Member Campaign Fund (various designations)</td>
<td>203,502</td>
<td>214,025</td>
</tr>
<tr>
<td>Funds for Ongoing Programs</td>
<td>791,515</td>
<td>150,395</td>
</tr>
<tr>
<td>Growing Healthy</td>
<td>134,857</td>
<td>180,052</td>
</tr>
<tr>
<td>Cancer Treatment Center Fund</td>
<td>154,074</td>
<td>203,383</td>
</tr>
<tr>
<td>Greatest Need - Sycamore Shoals</td>
<td>238,242</td>
<td>241,781</td>
</tr>
<tr>
<td>Johnston Memorial Hospital</td>
<td>130,957</td>
<td>115,020</td>
</tr>
<tr>
<td>Smyth Co. Oncology Fund</td>
<td>201,636</td>
<td>107,218</td>
</tr>
<tr>
<td>Other</td>
<td>1,481,777</td>
<td>1,170,689</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,529,767</strong></td>
<td><strong>$10,954,388</strong></td>
</tr>
</tbody>
</table>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes, or by occurrence of other events specified by the donors or as funds are received from restricted pledges outstanding where expenses or events specified by the donor have occurred. Such net assets released included amounts related to specific healthcare operations or facility construction of certain entities and specific fund-raising expenses. Net assets released from restrictions in 2013 and 2012 related primarily to the construction of The Niswonger Children’s Hospital of MSHA and the radiation oncology major gift campaign.

Permanently Restricted Net Assets: Permanently restricted net assets are those to be maintained by the Foundation in perpetuity. Investment earnings related to permanently restricted net assets are considered unrestricted, unless specifically designated to be used as intended by donors.

Permanently restricted net assets consist of the following at June 30:

<table>
<thead>
<tr>
<th>Fund</th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulmonary Rehabilitation Endowment Fund</td>
<td>$9,487</td>
<td>$9,487</td>
</tr>
<tr>
<td>Memorial Scholarship Funds</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Children's Hospital Endowment Fund</td>
<td>17,645</td>
<td>17,645</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$127,132</strong></td>
<td><strong>$127,132</strong></td>
</tr>
</tbody>
</table>
MOUNTAIN STATES FOUNDATION, INC.  
(A Subsidiary of Mountain States Health Alliance)  

Notes to Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE G--COMMITMENTS AND CONTINGENT LIABILITIES

General: The Foundation may be subject to legal proceedings and claims which arise in the ordinary course of its business. Management is not aware of any pending or threatened litigation, claims or assessments at June 30, 2013 or 2012.

Concentration of Credit risk: The Foundation held deposits at financial institutions in excess of the Federal Deposit Insurance Corporation limit at June 30, 2013. Management believes that the credit risk related to these deposits is minimal.

NOTE H--RELATED PARTY TRANSACTIONS

MSHA provides substantial operating support to the Foundation, including accounting, administrative services and capital needs. All employees of the Foundation are provided by MSHA. The Foundation is responsible for the repayment of certain salaries and related expenses to MSHA, some of which are allocated expenses, and to fund projects or programs administered by MSHA. The Foundation received approximately $964,000 and $900,000 in contributed support from MSHA during the years ended June 30, 2013 and 2012, respectively. Due to related party in the accompanying Statements of Financial Position includes a payable to MSHA of $1,024,588 and $75,994 for these salaries and expenses and funding of specific projects or programs at June 30, 2013 and 2012, respectively. The Foundation has amounts receivable from MSHA of $5,700 at June 30, 2013. There were no such amounts receivable from MSHA at June 30, 2012. These amounts are generally settled within 30 days.

During 2012, MSHA contributed $611,000 to the Foundation as an unrestricted contribution related to the Foundation’s participation in an interest rate swap option agreement between MSHA and a counterparty. The agreement terminated in October 2011 and did not impact the financial statements of the Foundation.

The Foundation also receives contributions from board members, employees of MSHA and other related organizations of MSHA.

NOTE I--OPERATING LEASE

The Foundation leases office space for their administrative functions under an operating lease arrangement. The lease is for a five-year period and expires May 31, 2016. Total lease expense for the years ended June 30, 2013 and 2012 was $57,613 and $55,398, respectively. Future minimum lease payments under this facility lease are as follows:
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements - Continued

Years Ended June 30, 2013 and 2012

NOTE I--OPERATING LEASE - Continued

\[
\begin{array}{c|c}
\text{Year Ending June 30,} & \$ \text{ in thousands} \\
2014 & 43,828 \\
2015 & 44,705 \\
2016 & 45,599 \\
\hline
\text{Total} & 134,132 \\
\end{array}
\]

NOTE J--FAIR VALUE MEASUREMENT

The FASB ASC 820, *Fair Value Measurements and Disclosures*, emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820 establishes a fair value hierarchy.

*Valuation Hierarchy:* FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Foundation’s own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.
The following table sets forth, by level within the fair value hierarchy, the financial assets recorded at fair value on a recurring basis as of June 30, 2013 and 2012:

<table>
<thead>
<tr>
<th>Assets Measured at Fair Value on a Recurring Basis as of June 30, 2013:</th>
<th>Carrying Value</th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit and cash equivalents</td>
<td>$418,956</td>
<td>$39,354</td>
<td>$379,602</td>
<td>$</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>511,473</td>
<td>511,473</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>735,835</td>
<td>735,835</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>146,452</td>
<td>-</td>
<td>-</td>
<td>146,452</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,812,716</strong></td>
<td><strong>$1,286,662</strong></td>
<td><strong>$379,602</strong></td>
<td><strong>$146,452</strong></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Assets Measured at Fair Value on a Recurring Basis as of June 30, 2012:</th>
<th>Carrying Value</th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit and cash equivalents</td>
<td>$401,070</td>
<td>$38,683</td>
<td>$362,387</td>
<td>$</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>325,994</td>
<td>325,994</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>828,518</td>
<td>828,518</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>134,812</td>
<td>-</td>
<td>-</td>
<td>134,812</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,690,394</strong></td>
<td><strong>$1,193,195</strong></td>
<td><strong>$362,387</strong></td>
<td><strong>$134,812</strong></td>
</tr>
</tbody>
</table>

The following is a summary of changes in the fair value of the Foundation’s Level 3 investments for 2013 and 2012:

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance, as of July 1, 2011</td>
<td>$</td>
</tr>
<tr>
<td>Purchases</td>
<td>125,728</td>
</tr>
<tr>
<td>Investment income</td>
<td>9,084</td>
</tr>
<tr>
<td>Balance, as of June 30, 2012</td>
<td>134,812</td>
</tr>
<tr>
<td>Investment income</td>
<td>7,105</td>
</tr>
<tr>
<td>Change in unrealized gain</td>
<td>6,048</td>
</tr>
<tr>
<td>Administrative fees</td>
<td>(1,513)</td>
</tr>
<tr>
<td>Balance, as of June 30, 2013</td>
<td>$146,452</td>
</tr>
</tbody>
</table>
NOTE K--INTENTIONS TO GIVE

In August 2009, the Foundation was named as a beneficiary in the wills of two local area siblings. In each of the wills, the remainder of the respective sibling's estate, after debts, burial expenses and estate, inheritance and administrative taxes, are bequeathed to the other. Upon the death of the surviving sibling, a directed personal representative is responsible for giving items of tangible personal property to charitable organizations of his or her choosing, thereby reducing the remainder of the estate. At that point, the remainder of the estate, which would consist of cash, is to be distributed. Fifteen percent of the remaining amount is currently to be distributed to the Foundation to be used exclusively for The Niswonger Children's Hospital of MSHA. As such arrangements are considered intentions, no amounts are recorded in the accompanying financial statements.

The Foundation has also received intentions to give totaling approximately $5,400 and $8,200 as of June 30, 2013 and 2012, respectively, from corporate and individual donors related to the expansion of The Niswonger Children's Hospital of MSHA. These intentions to give are not reflected in the accompanying financial statements.
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Audited Financial Statements

Years Ended June 30, 2014 and 2013
MTN STATE FNDNL, INC.
(A Subsidiary of Mountain States Health Alliance)

Audited Financial Statements

Years Ended June 30, 2014 and 2013

Independent Auditor's Report

Audited Financial Statements

Statements of Financial Position
Statements of Activities
Statements of Cash Flows
Notes to Financial Statements
INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees of
Mountain States Foundation, Inc.:

We have audited the accompanying financial statements of Mountain States Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2014 and 2013, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor’s 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. 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 auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making these risk assessments, the auditor considers internal control relevant to the Foundation’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 Foundation’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 opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mountain States Foundation, Inc. as of June 30, 2014 and 2013, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Pendley Young & Company PC

Knoxville, Tennessee
December 15, 2014
### MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

**Statements of Financial Position**

<table>
<thead>
<tr>
<th></th>
<th>June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2013</td>
</tr>
</tbody>
</table>

**ASSETS**

<table>
<thead>
<tr>
<th>Asset Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,591,580</td>
<td>$6,958,619</td>
</tr>
<tr>
<td>Investments</td>
<td>1,600,481</td>
<td>1,812,716</td>
</tr>
<tr>
<td>Accounts receivable, net of estimated allowances for</td>
<td></td>
<td></td>
</tr>
<tr>
<td>doubtful accounts of approximately $16,000 in both 2014 and 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promises to give, net of discount and estimated allowance</td>
<td></td>
<td></td>
</tr>
<tr>
<td>for doubtful accounts of approximately $331,000 in 2014 and $321,000 in 2013</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>33,993</td>
<td>23,727</td>
</tr>
<tr>
<td>Other assets</td>
<td>85,600</td>
<td>85,600</td>
</tr>
<tr>
<td>Beneficial interest in charitable remainder trusts</td>
<td>1,351,695</td>
<td>1,118,857</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td><strong>$14,847,747</strong></td>
<td><strong>$14,833,993</strong></td>
</tr>
</tbody>
</table>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

<table>
<thead>
<tr>
<th>Liability Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$69,533</td>
<td>$89,255</td>
</tr>
<tr>
<td>Due to related party</td>
<td>1,601,469</td>
<td>1,024,588</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>18,176</td>
<td>39,050</td>
</tr>
<tr>
<td></td>
<td>1,689,178</td>
<td>1,152,893</td>
</tr>
</tbody>
</table>

**NET ASSETS**

<table>
<thead>
<tr>
<th>Classification</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unrestricted</td>
<td>1,192,642</td>
<td>1,024,201</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>11,838,795</td>
<td>12,529,767</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>127,132</td>
<td>127,132</td>
</tr>
<tr>
<td></td>
<td>13,158,569</td>
<td>13,681,100</td>
</tr>
</tbody>
</table>

**TOTAL LIABILITIES AND NET ASSETS**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>$14,847,747</strong></td>
<td><strong>$14,833,993</strong></td>
</tr>
</tbody>
</table>

*See notes to financial statements.*
# MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

## Statements of Activities

<table>
<thead>
<tr>
<th></th>
<th>Year Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
</tr>
<tr>
<td><strong>Changes in unrestricted net assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Revenue, investment gains and other support:</td>
<td></td>
</tr>
<tr>
<td>Unrestricted revenue and other contributions</td>
<td>$13,751</td>
</tr>
<tr>
<td>Interest, dividends and other income</td>
<td>64,217</td>
</tr>
<tr>
<td>Net realized gains on sale of investments</td>
<td>34,272</td>
</tr>
<tr>
<td>Change in net unrealized gains on investments</td>
<td>113,627</td>
</tr>
<tr>
<td>Support from Mountain States Health Alliance</td>
<td>906,413</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>4,619,987</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE, INVESTMENT GAINS AND OTHER SUPPORT</strong></td>
<td>5,752,267</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>Program expenses</td>
<td>3,656,294</td>
</tr>
<tr>
<td>Specific fund-raising</td>
<td>820,023</td>
</tr>
<tr>
<td>Support and general services</td>
<td>1,107,509</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>5,583,826</td>
</tr>
<tr>
<td><strong>INCREASE IN UNRESTRICTED NET ASSETS</strong></td>
<td>168,441</td>
</tr>
<tr>
<td><strong>Changes in temporarily restricted net assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions, net</td>
<td>3,879,244</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(4,619,987)</td>
</tr>
<tr>
<td>Change in fair value of assets held in trust</td>
<td>49,771</td>
</tr>
<tr>
<td><strong>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</strong></td>
<td>(690,972)</td>
</tr>
<tr>
<td><strong>INCREASE (DECREASE) IN TOTAL NET ASSETS</strong></td>
<td>(522,531)</td>
</tr>
<tr>
<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td>13,681,100</td>
</tr>
<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$13,158,569</td>
</tr>
</tbody>
</table>

See notes to financial statements.
# Statements of Cash Flows

<table>
<thead>
<tr>
<th>CASH FLOWS FROM OPERATING ACTIVITIES:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase (decrease) in net assets</td>
<td>$ (522,531)</td>
<td>$ 1,621,138</td>
</tr>
<tr>
<td>Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in unrealized gains on investments</td>
<td>(113,627)</td>
<td>(35,280)</td>
</tr>
<tr>
<td>Net realized gains on sale of investments</td>
<td>(34,272)</td>
<td>(53,144)</td>
</tr>
<tr>
<td>Decrease (increase) in beneficial interest in charitable remainder trust, net</td>
<td>(49,771)</td>
<td>15,718</td>
</tr>
<tr>
<td>Increase in other assets</td>
<td>-</td>
<td>(23,100)</td>
</tr>
<tr>
<td>Donation of beneficial interest in charitable remainder trust</td>
<td>(183,067)</td>
<td>-</td>
</tr>
<tr>
<td>Increase (decrease) due to changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>(55,509)</td>
<td>(124,576)</td>
</tr>
<tr>
<td>Promises to give, net of discount and allowance</td>
<td>705,585</td>
<td>(44,488)</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>(10,266)</td>
<td>(8,674)</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(19,722)</td>
<td>50,986</td>
</tr>
<tr>
<td>Due to related party</td>
<td>576,881</td>
<td>948,594</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(20,874)</td>
<td>(1,470)</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>795,358</td>
<td>724,566</td>
</tr>
</tbody>
</table>

**NET CASH PROVIDED BY OPERATING ACTIVITIES**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>272,827</td>
<td>2,345,704</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES:</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments, net</td>
<td>(271,693)</td>
<td>(722,560)</td>
</tr>
<tr>
<td>Proceeds from sales of investments and maturities</td>
<td>631,827</td>
<td>688,662</td>
</tr>
</tbody>
</table>

**NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>360,134</td>
<td>(33,898)</td>
</tr>
</tbody>
</table>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>632,961</td>
<td>2,311,806</td>
</tr>
</tbody>
</table>

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>6,958,619</td>
<td>4,646,813</td>
</tr>
</tbody>
</table>

**CASH AND CASH EQUIVALENTS, END OF YEAR**

<table>
<thead>
<tr>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 7,591,580</td>
<td>$ 6,958,619</td>
</tr>
</tbody>
</table>

**NONCASH OPERATING TRANSACTIONS:**

<table>
<thead>
<tr>
<th>Support from Mountain States Health Alliance</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>$ 906,000</td>
<td>$ 964,000</td>
<td></td>
</tr>
</tbody>
</table>

*See notes to financial statements.*
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements

Years Ended June 30, 2014 and 2013

NOTE A--ORGANIZATION

Mountain States Foundation, Inc. (the Foundation) is a not-for-profit foundation chartered on August 27, 1980 to coordinate the fund-raising and development activities of Mountain States Health Alliance (MSHA), the sole member of the Foundation. MSHA is a 501(c)(3) corporation involved primarily in healthcare and healthcare related services.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments: Investments consist of certificates of deposit, bond mutual funds, marketable equity securities, equity mutual funds, and a real estate fund and are presented at their estimated fair value. The estimated fair values of investment securities with readily determinable fair values are based on quoted market prices for those investments. Investments without readily determinable fair values are reported at estimated fair value pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 825, Financial Instruments. Investment income is recognized as a change in unrestricted net assets as it is earned unless explicitly restricted by the donor. Unrealized gains and losses on investments are recorded as a change in unrestricted net assets.

Contributions/Promises to Give: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using estimated risk-free interest rates applicable to the years in which the promises are received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. An estimated allowance for uncollectible pledges is recorded based on management’s evaluation of promises to give. The Foundation’s policies do not require collateral for promises to give. The Foundation considers cash flows from contributions to be operating activities.
Note to Financial Statements - Continued

Years Ended June 30, 2014 and 2013

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event, and indications of intentions to give, are recognized as support or contribution revenue when the conditions on which they depend are substantially met or otherwise become unconditional.

Deferred revenue includes the transfer of cash or other assets to the Foundation under which the related promise is conditional upon certain specific requirements being met. These amounts are reported as deferred revenue until the related condition is met, at which time the deferral is released and amounts are recorded as temporarily restricted or unrestricted contributions.

Contributions are primarily from contributors in the East Tennessee area.

As part of its fund-raising activities, the Foundation receives merchandise, advertising, and other items for prizes and support of its fund-raising. These in-kind items are recorded in the Statement of Activites as contributions and fund-raising expense at their estimated fair value. Such amounts totaled approximately $362,000 and $653,000 for the years ended June 30, 2014 and 2013, respectively.

Contributed Services: Many individuals volunteer their time and perform a variety of tasks that assist the Foundation in its fundraising efforts. No amounts have been recorded as contributions in the financial statements for such contributions as such services do not meet the criteria for recognition.

Income Taxes: The Foundation is classified as an organization exempt from federal income taxes under Internal Revenue Code (IRC) section 501(c)(3). Accordingly, no provision for income taxes has been included in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a "private foundation" within the meaning of section 509(a) of the IRC. The Foundation has no uncertain tax positions at June 30, 2014 and 2013. As such, no interest or penalties are recognized in the Statements of Activities related to uncertain tax positions for the years then ended. At June 30, 2014, tax returns for fiscal years 2011 through 2013 are eligible for examination by the Internal Revenue Service.

Date of Management's Review: The Foundation has evaluated all events or transactions that occurred after June 30, 2014, through December 15, 2014, the date the financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events that required recognition or disclosure in the accompanying financial statements.
MOUNTAIN STATES FOUNDATION, INC.  
(A Subsidiary of Mountain States Health Alliance)  

Notes to Financial Statements - Continued  

Years Ended June 30, 2014 and 2013  

NOTE C--PROMISES TO GIVE  

Promises to give consist of temporarily restricted corporate and individual promises. The amounts at June 30, 2014 and 2013, respectively, are due as follows:  

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major gift campaigns</td>
<td>$ 4,077,084</td>
<td>$ 4,794,328</td>
</tr>
<tr>
<td>Team member campaign and other pledges</td>
<td>$ 228,746</td>
<td>$ 207,360</td>
</tr>
<tr>
<td>Unconditional promises to give before unamortized discount and allowance for doubtful accounts</td>
<td>$ 4,305,830</td>
<td>$ 5,001,688</td>
</tr>
<tr>
<td>Less: Unamortized discount and estimated allowance for doubtful accounts</td>
<td>($331,041)</td>
<td>($321,314)</td>
</tr>
<tr>
<td>Net unconditional promises to give</td>
<td>$ 3,974,789</td>
<td>$ 4,680,374</td>
</tr>
</tbody>
</table>

Amounts due in:  

| Due in less than one year                                                | $ 1,984,247 | $ 1,998,727 |
| Due in one to five years                                                | $ 2,017,583  | $ 2,994,961  |
| Due in more than five years                                             | $ 304,000    | $ 8,000     |
|                                                                           | $ 4,305,830  | $ 5,001,688  |

Promises to give under the major gift campaigns include $2,017,500 and $2,992,500 from one major contributor at June 30, 2014 and 2013, respectively, and are temporarily restricted for The Niswonger Children's Hospital of MSHA. Promises to give under the major gift campaigns also include $900,000 from one major contributor at June 30, 2014 which is temporarily restricted for radiation oncology at MSHA. Another promise to give under the major gift campaign include $500,000 and $750,000 from one contributor at June 30, 2014 and 2013, respectively, which are temporarily restricted for ongoing programs.  

NOTE D--INVESTMENTS  

Investments consist of the following as of June 30:  

<table>
<thead>
<tr>
<th>Description</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit and cash equivalents</td>
<td>$ 42,965</td>
<td>$ 418,956</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>$ 580,738</td>
<td>$ 511,473</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>$ 816,823</td>
<td>$ 735,835</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>$ 159,955</td>
<td>$ 146,452</td>
</tr>
<tr>
<td>Total investments</td>
<td>$ 1,600,481</td>
<td>$ 1,812,716</td>
</tr>
</tbody>
</table>
MOUNTAIN STATES FOUNDATION, INC.  
(A Subsidiary of Mountain States Health Alliance)  

Notes to Financial Statements - Continued  

Years Ended June 30, 2014 and 2013  
At June 30, 2014, the Foundation’s real estate fund investment represents a single fund that individually exceeds 10% of the investment portfolio. 

NOTE E--CHARITABLE REMAINDER TRUSTS  
The Foundation has been named as a beneficiary in an interest in a charitable remainder trust. All assets named in the trust are administered by an independent trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $289,113 and $261,044 at June 30, 2014 and 2013, respectively. Changes in the estimated value of the trust are recognized in the Statements of Activities. Upon the death of the donors, the specified amounts of the principal and income up to $1,000,000 remaining in the trust will be distributed to the Foundation. In determining the estimated fair value of the asset, the annual earnings of the trust were estimated to be 5% and a discount rate of 5% was used as established at the trust’s inception. 

The Foundation is also named as a beneficiary in an interest in another charitable remainder trust. All assets named in the trust are administered by MSHA as the trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $879,515 and $857,813 at June 30, 2014 and 2013, respectively. Changes in the value of the trust are recognized in the Statement of Activities. Upon the death of the donors, the entire amount of the principal and income remaining in the trust, net of amounts due to the donors, will be distributed to the Foundation. In determining the present value of the asset, the annual earnings of the trust were estimated to be 6.5% and a discount rate of 6.5% was used as established at the time of inception of the trust. 

On June 30, 2014, the Foundation was named as a beneficiary in an interest in a third charitable remainder trust. All assets named in the trust are administered by MSHA as the trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $183,067 at June 30, 2014. Changes in the value of the trust are recognized in the Statement of Activities. Upon the death of the donors, the entire amount of the principal and income remaining in the trust, net of amounts due to the donors, will be distributed to the Foundation. In determining the present value of the asset, the annual earnings of the trust were estimated to be 5% and a discount rate of 5% was used as established at the time of inception of the trust. 

NOTE F--RESTRICTIONS ON NET ASSETS 

Temporarily Restricted Net Assets: Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose or which have not yet been requested to be distributed to other MSHA entities. Investment earnings related to temporarily restricted net assets are generally not restricted by donors.
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements - Continued

Years Ended June 30, 2014 and 2013

Temporarily restricted net assets are available for the following purposes at June 30:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Gift Campaign - Radiation Oncology</td>
<td>$1,839,124</td>
<td>$2,221,161</td>
</tr>
<tr>
<td>Niswonger Children's Hospital - including Major Gift Campaign</td>
<td>6,672,905</td>
<td>6,972,046</td>
</tr>
<tr>
<td>Team Member Campaign Fund (various designations)</td>
<td>200,859</td>
<td>203,502</td>
</tr>
<tr>
<td>Funds for Ongoing Programs</td>
<td>783,500</td>
<td>791,515</td>
</tr>
<tr>
<td>Growing Healthy</td>
<td>70,307</td>
<td>134,857</td>
</tr>
<tr>
<td>Cancer Treatment Center Fund</td>
<td>111,465</td>
<td>154,074</td>
</tr>
<tr>
<td>Greatest Need - Sycamore Shoals</td>
<td>237,137</td>
<td>238,242</td>
</tr>
<tr>
<td>Johnston Memorial Hospital</td>
<td>141,425</td>
<td>130,957</td>
</tr>
<tr>
<td>Smyth Co. Oncology Fund</td>
<td>195,244</td>
<td>201,636</td>
</tr>
<tr>
<td>Other</td>
<td>1,586,829</td>
<td>1,481,777</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$11,838,795</strong></td>
<td><strong>$12,529,767</strong></td>
</tr>
</tbody>
</table>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by the donors or as funds are received from restricted pledges outstanding where expenses or events specified by the donor have occurred. Such net assets released included amounts related to specific healthcare operations or facility construction of certain entities and specific fund-raising expenses. Net assets released from restrictions in 2014 and 2013 related primarily to the construction of The Niswonger Children's Hospital of MSHA and the radiation oncology major gift campaign.

Permanently Restricted Net Assets: Permanently restricted net assets are those to be maintained by the Foundation in perpetuity. Investment earnings related to permanently restricted net assets are considered unrestricted, unless specifically designated to be used as intended by donors.

Permanently restricted net assets consist of the following at June 30:

<table>
<thead>
<tr>
<th>Fund</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulmonary Rehabilitation Endowment Fund</td>
<td>$9,487</td>
<td>$9,487</td>
</tr>
<tr>
<td>Memorial Scholarship Funds</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Children's Hospital Endowment Fund</td>
<td>17,645</td>
<td>17,645</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$127,132</strong></td>
<td><strong>$127,132</strong></td>
</tr>
</tbody>
</table>
NOTES TO FINANCIAL STATEMENTS - CONTINUED

YEARS ENDED JUNE 30, 2014 AND 2013

NOTE G--COMMITMENTS AND CONTINGENT LIABILITIES

General: The Foundation may be subject to legal proceedings and claims which arise in the ordinary course of business. Management is not aware of any pending or threatened litigation, claims or assessments at June 30, 2014 or 2013.

Concentration of Credit Risk: The Foundation held deposits at financial institutions in excess of the Federal Deposit Insurance Corporation limit at June 30, 2014. Management believes that the credit risk related to these deposits is minimal.

NOTE H--RELATED PARTY TRANSACTIONS

MSHA provides substantial operating support to the Foundation, including accounting, administrative services and capital needs. All employees of the Foundation are provided by MSHA. The Foundation is responsible for the repayment of certain salaries and related expenses to MSHA, some of which are allocated expenses, and to fund projects or programs administered by MSHA. The Foundation received approximately $906,000 and $964,000 in contributed support from MSHA during the years ended June 30, 2014 and 2013, respectively, and is included in support and general services expenses in the Statement of Activities and as Support from Mountain States Health Alliance in the Statement of Cash Flows. Due to related party in the accompanying Statements of Financial Position includes a payable to MSHA of $1,601,469 and $1,024,588 for these salaries and expenses and funding of specific projects or programs at June 30, 2014 and 2013, respectively. The Foundation had amounts receivable from MSHA of $5,700 at June 30, 2013. There was no such amounts receivable from MSHA at June 30, 2014. These amounts are generally settled within 30 days.

The Foundation also receives contributions from board members, employees of MSHA and other related organizations of MSHA.

NOTE I--OPERATING LEASE

The Foundation leases office space for its administrative functions under an operating lease arrangement. The lease is for a five-year period and expires May 31, 2016. Total lease expense for the years ended June 30, 2014 and 2013 was $60,771 and $57,613, respectively. Future minimum lease payments under this facility lease are as follows:

<table>
<thead>
<tr>
<th>Year Ending June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>$ 44,705</td>
</tr>
<tr>
<td>2016</td>
<td>45,599</td>
</tr>
</tbody>
</table>

$ 90,304
NOTE J--FAIR VALUE MEASUREMENT

FASB ASC 820, *Fair Value Measurements and Disclosures*, emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820 establishes a fair value hierarchy.

*Valuation Hierarchy:* FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- **Level 1** - Quoted market prices in active markets for identical assets or liabilities.
- **Level 2** - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- **Level 3** - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Foundation’s own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial assets recorded at fair value on a recurring basis as of June 30, 2014 and 2013:

<table>
<thead>
<tr>
<th>Assets Measured at Fair Value on a Recurring Basis as of June 30, 2014:</th>
<th>Carrying Value</th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash equivalents</td>
<td>$42,965</td>
<td>$42,965</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>580,738</td>
<td>580,738</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>
MOUNTAIN STATES FOUNDATION, INC.  
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements - Continued

Years Ended June 30, 2014 and 2013

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equity mutual funds</td>
<td>816,823</td>
<td>816,823</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>159,955</td>
<td>-</td>
</tr>
<tr>
<td></td>
<td></td>
<td>159,955</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,600,481</strong></td>
<td><strong>$ 1,440,526</strong></td>
</tr>
</tbody>
</table>

Assets Measured at Fair Value on a Recurring Basis as of June 30, 2013:

<table>
<thead>
<tr>
<th>Certificate Type</th>
<th>2014</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit and cash equivalents</td>
<td>$418,956</td>
<td>$39,354</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>511,473</td>
<td>511,473</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>735,835</td>
<td>735,835</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>146,452</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$1,812,716</strong></td>
<td><strong>$1,286,662</strong></td>
</tr>
</tbody>
</table>

Real Estate Fund: The Foundation generally uses net asset value per unit as provided by external investment managers without further adjustment as the practical expedient estimate of the fair value of its investment in a real estate fund consistent with the provisions of FASB ASC 820. Accordingly, such values may differ from values that would have been used had an active market for the investments existed. The real estate investment funds invest primarily in U.S. commercial real estate. The Foundation may request redemption of all or a portion of its interests as of the end of a calendar quarter by delivering written notice to the fund managers at least 60 days prior to the end of the quarter. Such redemptions are subject to the capital requirements of the fund manager.

NOTE K—INTENTIONS TO GIVE

In August 2009, the Foundation was named as a beneficiary in the wills of two local area siblings. In each of the wills, the remainder of the respective sibling's estate, after debts, burial expenses and estate, inheritance and administrative taxes, are bequeathed to the other. Upon the death of the surviving sibling, a directed personal representative is responsible for giving items of tangible personal property to charitable organizations of his or her choosing, thereby reducing the remainder of the estate. At that point, the remainder of the estate, which would consist of cash, is to be distributed. Fifteen percent of the remaining amount is currently to be distributed to the Foundation to be used exclusively for The Niswonger Children's Hospital of MSHA. As such arrangements are considered intentions, no amounts are recorded in the accompanying financial statements.

The Foundation has also received intentions to give totaling approximately $2,900 and $5,400 as of June 30, 2014 and 2013, respectively, from corporate and individual donors related to the expansion of The Niswonger Children's Hospital of MSHA. These intentions to give are not reflected in the accompanying financial statements.
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Audited Financial Statements

Years Ended June 30, 2015 and 2014
MTAUNET STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Audited Financial Statements

Years Ended June 30, 2015 and 2014

Independent Auditor’s Report

Audited Financial Statements

Statements of Financial Position
Statements of Activities
Statements of Cash Flows
Notes to Financial Statements
INDEPENDENT AUDITOR’S REPORT

To the Board of Trustees of
Mountain States Foundation, Inc.:

We have audited the accompanying financial statements of Mountain States Foundation, Inc. (the Foundation), which comprise the statements of financial position as of June 30, 2015 and 2014, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

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.

Auditor’s 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. 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 auditor’s 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 Foundation’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 Foundation’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 opinion.
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Mountain States Foundation, Inc. as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Knoxville, Tennessee
December 23, 2015
MOUNTAIN STATES FOUNDATION, INC.  
(A Subsidiary of Mountain States Health Alliance)

Statements of Financial Position

<table>
<thead>
<tr>
<th></th>
<th>June 30,</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
<td>2014</td>
</tr>
<tr>
<td>ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$7,952,493</td>
<td>$7,591,580</td>
</tr>
<tr>
<td>Investments</td>
<td>1,625,351</td>
<td>1,600,481</td>
</tr>
<tr>
<td>Accounts receivable, net of estimated allowances for doubtful accounts of approximately $16,000 in both 2015 and 2014</td>
<td>324,662</td>
<td>209,609</td>
</tr>
<tr>
<td>Promises to give, net of discount and estimated allowance for doubtful accounts of approximately $374,000 in 2015 and $331,000 in 2014</td>
<td>3,427,492</td>
<td>3,974,789</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>18,508</td>
<td>33,993</td>
</tr>
<tr>
<td>Other assets</td>
<td>16,300</td>
<td>85,600</td>
</tr>
<tr>
<td>Beneficial interest in charitable remainder trusts</td>
<td>1,504,548</td>
<td>1,351,695</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$14,869,354</td>
<td>$14,847,747</td>
</tr>
<tr>
<td>LIABILITIES AND NET ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>LIABILITIES</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>$58,947</td>
<td>$69,533</td>
</tr>
<tr>
<td>Due to related party</td>
<td>563,309</td>
<td>1,601,469</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>43,070</td>
<td>18,176</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES</strong></td>
<td>665,326</td>
<td>1,689,178</td>
</tr>
<tr>
<td>NET ASSETS</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted</td>
<td>1,135,372</td>
<td>1,192,642</td>
</tr>
<tr>
<td>Temporarily restricted</td>
<td>12,941,524</td>
<td>11,838,795</td>
</tr>
<tr>
<td>Permanently restricted</td>
<td>127,132</td>
<td>127,132</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND NET ASSETS</strong></td>
<td>$14,869,354</td>
<td>$14,847,747</td>
</tr>
</tbody>
</table>

See notes to financial statements.
## MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

### Statements of Activities

<table>
<thead>
<tr>
<th></th>
<th>Year Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td><strong>Changes in unrestricted net assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Revenue, investment gains and other support:</td>
<td></td>
</tr>
<tr>
<td>Unrestricted revenue and other contributions</td>
<td>$13,753</td>
</tr>
<tr>
<td>Interest, dividends and other income</td>
<td>40,453</td>
</tr>
<tr>
<td>Net realized gains on sale of investments</td>
<td>37,401</td>
</tr>
<tr>
<td>Change in net unrealized gains on investments</td>
<td>(30,117)</td>
</tr>
<tr>
<td>Support from Mountain States Health Alliance</td>
<td>1,015,268</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>2,043,250</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE, INVESTMENT GAINS AND OTHER SUPPORT</strong></td>
<td>3,120,008</td>
</tr>
<tr>
<td><strong>Expenses:</strong></td>
<td></td>
</tr>
<tr>
<td>Program expenses</td>
<td>718,020</td>
</tr>
<tr>
<td>Specific fund-raising</td>
<td>1,171,993</td>
</tr>
<tr>
<td>Support and general services</td>
<td>1,287,265</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>3,177,278</td>
</tr>
<tr>
<td><strong>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</strong></td>
<td>(57,270)</td>
</tr>
<tr>
<td><strong>Changes in temporarily restricted net assets:</strong></td>
<td></td>
</tr>
<tr>
<td>Contributions, net</td>
<td>3,359,713</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>(2,043,250)</td>
</tr>
<tr>
<td>Change in fair value of assets held in trust</td>
<td>(63,734)</td>
</tr>
<tr>
<td>Loss on uncollectible pledge</td>
<td>(150,000)</td>
</tr>
<tr>
<td><strong>INCREASE (DECREASE) IN TEMPORARILY RESTRICTED NET ASSETS</strong></td>
<td>1,102,729</td>
</tr>
<tr>
<td><strong>INCREASE (DECREASE) IN TOTAL NET ASSETS</strong></td>
<td>1,045,459</td>
</tr>
<tr>
<td>NET ASSETS, BEGINNING OF YEAR</td>
<td>13,158,569</td>
</tr>
<tr>
<td>NET ASSETS, END OF YEAR</td>
<td>$14,204,028</td>
</tr>
</tbody>
</table>

*See notes to financial statements.*
### MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

**Statements of Cash Flows**

<table>
<thead>
<tr>
<th></th>
<th>Year Ended June 30,</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2015</td>
</tr>
<tr>
<td>CASH FLOWS FROM OPERATING ACTIVITIES:</td>
<td></td>
</tr>
<tr>
<td>Increase (decrease) in net assets</td>
<td>$1,045,459</td>
</tr>
<tr>
<td>Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities:</td>
<td></td>
</tr>
<tr>
<td>Change in unrealized gains on investments</td>
<td>30,117</td>
</tr>
<tr>
<td>Net realized gains on sale of investments</td>
<td>(37,401)</td>
</tr>
<tr>
<td>Decrease (increase) in beneficial interest in charitable remainder trust, net</td>
<td>63,734</td>
</tr>
<tr>
<td>Decrease in other assets</td>
<td>69,300</td>
</tr>
<tr>
<td>Contribution of beneficial interest in charitable remainder trust</td>
<td>(216,587)</td>
</tr>
<tr>
<td>Increase (decrease) due to changes in:</td>
<td></td>
</tr>
<tr>
<td>Accounts receivable, net</td>
<td>(115,053)</td>
</tr>
<tr>
<td>Promises to give, net of discount and allowance</td>
<td>547,297</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>15,485</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>(10,586)</td>
</tr>
<tr>
<td>Due to related party</td>
<td>(1,038,160)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>24,894</td>
</tr>
<tr>
<td>Total adjustments</td>
<td>$(666,960)</td>
</tr>
<tr>
<td>NET CASH PROVIDED BY OPERATING ACTIVITIES</td>
<td>378,499</td>
</tr>
</tbody>
</table>

CASH FLOWS FROM INVESTING ACTIVITIES:

| Purchases of investments, net | $(1,548,131) | $(271,693) |
| Proceeds from sales of investments and maturities | 1,530,545 | 631,827 |

**NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES**

| (17,586) | 360,134 |

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

| 360,913   | 632,961 |

**CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR**

| 7,591,580 | 6,958,619 |

**CASH AND CASH EQUIVALENTS, END OF YEAR**

| $7,952,493 | $7,591,580 |

**NONCASH OPERATING TRANSACTIONS:**

Support from Mountain States Health Alliance

| $1,015,000 | $906,000 |

*See notes to financial statements.*
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements

Years Ended June 30, 2015 and 2014

NOTE A--ORGANIZATION

Mountain States Foundation, Inc. (the Foundation) is a not-for-profit foundation chartered on August 27, 1980 to coordinate the fund-raising and development activities of Mountain States Health Alliance (MSHA), the sole member of the Foundation. MSHA is a 501(c)(3) corporation involved primarily in healthcare and healthcare-related services.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Investments: Investments consist of bond mutual funds, equity mutual funds, and a real estate fund and are presented at their estimated fair value. The estimated fair values of investment securities with readily determinable fair values are based on quoted market prices for those investments. Investments without readily determinable fair values are reported at estimated fair value pursuant to Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 825, Financial Instruments. Investment income is recognized as a change in unrestricted net assets as it is earned unless explicitly restricted by the donor. Unrealized gains and losses on investments are recorded as a change in unrestricted net assets.

Contributions/Promises to Give: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using estimated risk-free interest rates applicable to the years in which the promises are received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. An estimated allowance for uncollectible pledges is recorded based on management’s evaluation of the collectability of promises to give. The Foundation’s policies do not require collateral for promises to give. The Foundation considers cash flows from contributions to be operating activities.
Notes to Financial Statements - Continued

Years Ended June 30, 2015 and 2014

Conditional promises to give, which depend on the occurrence of a specified future and uncertain event, and indications of intentions to give, are recognized as support or contribution revenue when the conditions on which they depend are substantially met or otherwise become unconditional.

Deferred revenue includes the transfer of cash or other assets to the Foundation under which the related promise is conditional upon certain specific requirements being met. These amounts are reported as deferred revenue until the related condition is met, at which time the deferral is released and amounts are recorded as temporarily restricted or unrestricted contributions.

Contributions are primarily from contributors in the East Tennessee area.

As part of its fund-raising activities, the Foundation receives merchandise, advertising, and other items for prizes and support of its fund-raising. These in-kind items are recorded in the Statement of Activities as contributions and fund-raising expense at their estimated fair value. Such amounts totaled approximately $683,000 and $362,000 for the years ended June 30, 2015 and 2014, respectively.

Contributed Services: Many individuals volunteer their time and perform a variety of tasks that assist the Foundation in its fundraising efforts. No amounts have been recorded as contributions in the financial statements for donated services as such services do not meet the criteria for recognition.

Income Taxes: The Foundation is classified as an organization exempt from federal income taxes under Internal Revenue Code (IRC) section 501(c)(3). Accordingly, no provision for income taxes has been included in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of section 509(a) of the IRC. The Foundation has no uncertain tax positions at June 30, 2015 and 2014. As such, no interest or penalties are recognized in the Statements of Activities related to uncertain tax positions for the years then ended. At June 30, 2015, informational tax returns for fiscal years 2012 through 2014 are eligible for examination by the Internal Revenue Service.

Date of Management’s Review: The Foundation has evaluated all events or transactions that occurred after June 30, 2015, through December 23, 2015, the date the financial statements were available to be issued. During this period, management did not note any material recognizable subsequent events that required recognition or disclosure in the accompanying financial statements.
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements - Continued

Years Ended June 30, 2015 and 2014

NOTE C--PROMISES TO GIVE

Promises to give consist of temporarily restricted corporate and individual promises. The amounts at June 30, 2015 and 2014, respectively, are due as follows:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major gift campaigns</td>
<td>$3,573,695</td>
<td>$4,077,084</td>
</tr>
<tr>
<td>Team member campaign and other pledges</td>
<td>227,564</td>
<td>228,746</td>
</tr>
<tr>
<td>Unconditional promises to give before unamortized discount and allowance for doubtful accounts</td>
<td>3,801,259</td>
<td>4,305,830</td>
</tr>
<tr>
<td>Less: Unamortized discount and estimated allowance for doubtful accounts</td>
<td>(373,767)</td>
<td>(331,041)</td>
</tr>
<tr>
<td>Net unconditional promises to give</td>
<td>$3,427,492</td>
<td>$3,974,789</td>
</tr>
</tbody>
</table>

Amounts due in:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Due in less than one year</td>
<td>$2,953,259</td>
<td>$1,984,247</td>
</tr>
<tr>
<td>Due in one to five years</td>
<td>646,000</td>
<td>2,017,583</td>
</tr>
<tr>
<td>Due in more than five years</td>
<td>202,000</td>
<td>304,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$3,801,259</strong></td>
<td><strong>$4,305,830</strong></td>
</tr>
</tbody>
</table>

Promises to give under the major gift campaigns include $1,967,500 and $2,017,500 from one major contributor at June 30, 2015 and 2014, respectively, and are temporarily restricted for The Niswonger Children’s Hospital of MSHA. Promises to give under the major gift campaigns also include $800,000 and $900,000 from one major contributor at June 30, 2015 and 2014, respectively, which is temporarily restricted for radiation oncology at MSHA. Another promise to give under the major gift campaign includes $250,000 and $500,000 from one contributor at June 30, 2015 and 2014, respectively, which are temporarily restricted for ongoing programs.

NOTE D--INVESTMENTS

Investments consist of the following as of June 30:

<table>
<thead>
<tr>
<th></th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit and cash equivalents</td>
<td>$62,449</td>
<td>$42,965</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>390,029</td>
<td>580,738</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>994,539</td>
<td>816,823</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>178,334</td>
<td>159,955</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>$1,625,351</strong></td>
<td><strong>$1,600,481</strong></td>
</tr>
</tbody>
</table>
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements - Continued

Years Ended June 30, 2015 and 2014

At June 30, 2015, the Foundation’s real estate fund investment as well as a single fixed income fund investment represents funds that individually exceed 10% of the investment portfolio.

NOTE E--CHARITABLE REMAINDER TRUSTS

The Foundation has been named as a beneficiary in an interest in an irrevocable charitable remainder trust. All assets named in the trust are administered by an independent trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $280,871 and $289,113 at June 30, 2015 and 2014, respectively. Changes in the estimated value of the trust are recognized as a change in temporarily restricted net assets. Upon the death of the donors, the specified amounts of the principal and income up to $1,000,000 remaining in the trust will be distributed to the Foundation. In determining the estimated fair value of the asset, the annual earnings of the trust were estimated to be 5% and a discount rate of 5% was used.

The Foundation is also named as a beneficiary in an interest in another irrevocable charitable remainder trust. All assets named in the trust are administered by MSHA as the trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $829,350 and $879,515 at June 30, 2015 and 2014, respectively. Changes in the value of the trust are recognized as a change in temporarily restricted net assets. Upon the death of the donors, the entire amount of the principal and income remaining in the trust, net of amounts due to the donors, will be distributed to the Foundation. In determining the present value of the asset, the annual earnings of the trust were estimated to be 6.5% and a discount rate of 6.5% was used as established at the time of inception of the trust.

On June 30, 2014, the Foundation was named as a beneficiary in an interest in a third irrevocable charitable remainder trust. All assets named in the trust are administered by MSHA as the trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $177,740 and $183,067 at June 30, 2015 and 2014, respectively. Changes in the value of the trust are recognized as a change in temporarily restricted net assets. Upon the death of the donors, the entire amount of the principal and income remaining in the trust, net of amounts due to the donors, will be distributed to the Foundation. In determining the present value of the asset, the annual earnings of the trust were estimated to be 5%, and a discount rate of 5% was used as established at the time of inception of the trust.

During 2015, the Foundation was named as a beneficiary in an interest in two additional irrevocable charitable remainder trusts. For one of these trusts, all assets named in the trust are administered by MSHA as the trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $7,039 at June 30, 2015. Changes in the value of the trust are recognized as a change in temporarily restricted net assets. Upon the death of the donors, the entire amount of the principal and income remaining in the trust, net of amounts due to the donors, will be distributed to the Foundation. In determining the present value of the asset, the annual earnings
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements - Continued

Years Ended June 30, 2015 and 2014

of the trust were estimated to be 5%, and a discount rate of 5% was used as established at the time of inception of the trust.

For the other trust added during 2015, all assets named in the trust are administered by an independent trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $209,548 at June 30, 2015. Changes in the value of the trust are recognized as a change in temporarily restricted net assets. Upon the death of the donors, the entire amount of the principal and income remaining in the trust, net of amounts due to the donors, will be distributed to the Foundation. In determining the present value of the asset, the annual earnings of the trust were estimated to be 6%, and a discount rate of 5% was used.

NOTE F--RESTRICTIONS ON NET ASSETS

Temporarily Restricted Net Assets: Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose or which have not yet been requested to be distributed to other MSHA entities. Investment earnings related to temporarily restricted net assets are generally not restricted by donors.

Temporarily restricted net assets are available for the following purposes at June 30:

<table>
<thead>
<tr>
<th>Fund Description</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Gift Campaign - Radiation Oncology</td>
<td>$1,458,818</td>
<td>$1,423,449</td>
</tr>
<tr>
<td>Niswonger Children's Hospital - including Major Gift</td>
<td>7,587,127</td>
<td>6,672,905</td>
</tr>
<tr>
<td>Team Member Campaign Fund (various designations)</td>
<td>205,805</td>
<td>200,859</td>
</tr>
<tr>
<td>Funds for Ongoing Programs</td>
<td>783,500</td>
<td>783,500</td>
</tr>
<tr>
<td>Growing Healthy</td>
<td>22,260</td>
<td>70,307</td>
</tr>
<tr>
<td>Cancer Treatment Center Fund</td>
<td>115,213</td>
<td>111,465</td>
</tr>
<tr>
<td>Greatest Need - Sycamore Shoals</td>
<td>236,499</td>
<td>237,137</td>
</tr>
<tr>
<td>Johnston Memorial Hospital</td>
<td>116,270</td>
<td>141,425</td>
</tr>
<tr>
<td>Smyth Co. Oncology Fund</td>
<td>195,244</td>
<td>195,244</td>
</tr>
<tr>
<td>Hospice House Fund</td>
<td>209,598</td>
<td>-</td>
</tr>
<tr>
<td>Dragon Boat Festival - Niswonger Children's Hospital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Epilepsy Monitoring</td>
<td>258,022</td>
<td>187,146</td>
</tr>
<tr>
<td>Spirit of Johnson City Raffle - Niswonger Children's Hospital</td>
<td>321,776</td>
<td>227,918</td>
</tr>
<tr>
<td>Other</td>
<td>1,431,392</td>
<td>1,587,440</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$12,941,524</strong></td>
<td><strong>$11,838,795</strong></td>
</tr>
</tbody>
</table>
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements - Continued

Years Ended June 30, 2015 and 2014

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors or as funds were received from restricted pledges outstanding where expenses or events specified by the donor have occurred. Such net assets released included amounts related to specific healthcare operations or facility construction of certain entities and specific fund-raising expenses. Net assets released from restrictions in 2015 and 2014 related primarily to the construction of The Niswonger Children’s Hospital of MSHA and the radiation oncology major gift campaign.

Permanently Restricted Net Assets: Permanently restricted net assets are those to be maintained by the Foundation in perpetuity. Investment earnings related to permanently restricted net assets are considered unrestricted, unless specifically designated to be used as intended by donors.

Permanently restricted net assets consist of the following at June 30:

<table>
<thead>
<tr>
<th>Fund</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulmonary Rehabilitation Endowment Fund</td>
<td>$9,487</td>
<td>$9,487</td>
</tr>
<tr>
<td>Memorial Scholarship Funds</td>
<td>100,000</td>
<td>100,000</td>
</tr>
<tr>
<td>Children's Hospital Endowment Fund</td>
<td>17,645</td>
<td>17,645</td>
</tr>
<tr>
<td><strong>Total Permanently Restricted Net Assets</strong></td>
<td><strong>$127,132</strong></td>
<td><strong>$127,132</strong></td>
</tr>
</tbody>
</table>

NOTE G--COMMITMENTS AND CONTINGENT LIABILITIES

**General:** The Foundation may be subject to legal proceedings and claims which arise in the ordinary course of business. Management is not aware of any pending or threatened litigation, claims or assessments at June 30, 2015 or 2014.

**Concentration of Credit Risk:** The Foundation held deposits at financial institutions in excess of the Federal Deposit Insurance Corporation limit at June 30, 2015. Management believes that the credit risk related to these deposits is minimal.

NOTE H--RELATED PARTY TRANSACTIONS

MSHA provides substantial operating support to the Foundation, including accounting, administrative services and capital needs. All employees of the Foundation are provided by MSHA. The Foundation is responsible for the repayment of certain salaries and related expenses to MSHA, some of which are allocated expenses, and to fund projects or programs administered by MSHA. The Foundation received approximately $1,015,000 and $906,000 in contributed support from MSHA during the years ended June 30, 2015 and 2014, respectively, and is included in support and general services expenses in the Statement of Activities and as Support from Mountain States Health Alliance. Amounts due to related party in the accompanying
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements - Continued

Years Ended June 30, 2015 and 2014

Statements of Financial Position includes a payable to MSHA of $563,309 at June 30, 2015 for these reimbursable expenses and funding of specific projects or programs and $1,601,469 at June 30, 2014 for these reimbursable salaries as well as expenses and funding of specific projects or programs. These amounts are generally settled within 30 days. The Foundation also receives contributions from board members, employees of MSHA and other related organizations of MSHA.

NOTE I--OPERATING LEASE

The Foundation leases office space for its administrative functions under an operating lease arrangement. The lease is for a five-year period and expires May 31, 2016. Total lease expense for the years ended June 30, 2015 and 2014 was $61,792 and $60,771, respectively. Future minimum lease payments under this facility lease for fiscal year 2016 are $45,599.

NOTE J--FAIR VALUE MEASUREMENT

FASB ASC 820, Fair Value Measurements and Disclosures, emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820 establishes a fair value hierarchy.

Valuation Hierarchy: FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- Level 1 - Quoted market prices in active markets for identical assets or liabilities.
- Level 2 - Observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3 - Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Foundation’s own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation’s assessment of the significance of a
MOUNTAIN STATES FOUNDATION, INC.  
(A Subsidiary of Mountain States Health Alliance)  

Notes to Financial Statements - Continued  

Years Ended June 30, 2015 and 2014  

particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.  

The following table sets forth, by level within the fair value hierarchy, the financial assets recorded at fair value on a recurring basis as of June 30, 2015 and 2014:  

<table>
<thead>
<tr>
<th>Carrying Value</th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets Measured at Fair Value on a Recurring Basis as of June 30, 2015:</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>$ 62,449</td>
<td>$ 62,449</td>
<td>-</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>390,029</td>
<td>390,029</td>
<td>-</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>994,539</td>
<td>994,539</td>
<td>-</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>178,334</td>
<td>178,334</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$ 1,625,351</strong></td>
<td><strong>$ 1,447,017</strong></td>
<td><strong>$ 178,334</strong></td>
</tr>
</tbody>
</table>

| **Assets Measured at Fair Value on a Recurring Basis as of June 30, 2014:** | | | |
| Certificates of deposit and cash equivalents | $ 42,965 | $ 42,965 | - | $ - | - |
| Bond mutual funds | 580,738 | 580,738 | - | - | - |
| Equity mutual funds | 816,823 | 816,823 | - | - | - |
| Real estate fund | 159,955 | - | 159,955 | - | - |
| **Total** | **$ 1,600,481** | **$ 1,440,526** | **$ 159,955** | $ - | - |

**Real Estate Fund:** The Foundation generally uses net asset value per unit as provided by external investment managers without further adjustment as the practical expedient estimate of the fair value of its investment in a real estate fund consistent with the provisions of FASB ASC 820. Accordingly, such values may differ from values that would have been used had an active market for the investments existed. The real estate investment funds invest primarily in U.S. commercial real estate. The Foundation may request redemption of all or a portion of its interests as of the end of a calendar quarter by delivering written notice to the fund managers at least 60 days prior to the end of the quarter. Such redemptions are subject to the capital requirements of the fund manager.  

**NOTE K—INTENTIONS TO GIVE**  

In August 2009, the Foundation was named as a beneficiary in the wills of two local area siblings. In each of the wills, the remainder of the respective sibling's estate, after debts, burial expenses and estate, inheritance and administrative taxes, are bequeathed to the other. Upon the death of the surviving sibling, a directed personal representative is responsible for giving items
of tangible personal property to charitable organizations of his or her choosing, thereby reducing the remainder of the estate. At that point, the remainder of the estate, which would consist of cash, is to be distributed. Fifteen percent of the remaining amount is currently to be distributed to the Foundation to be used exclusively for The Niswonger Children's Hospital of MSHA. As such arrangements are considered intentions, no amounts are recorded in the accompanying financial statements.
# MOUNTAIN STATES FOUNDATION, INC.
## (A Subsidiary of Mountain States Health Alliance)

## Statements of Financial Position

<table>
<thead>
<tr>
<th>June 30,</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>$8,785,646</td>
<td>$7,952,493</td>
</tr>
<tr>
<td>Investments</td>
<td>1,598,466</td>
<td>1,625,351</td>
</tr>
<tr>
<td>Accounts receivable, net of estimated allowances for doubtful accounts of approximately $16,000 in both 2016 and 2015</td>
<td>430,115</td>
<td>324,662</td>
</tr>
<tr>
<td>Promises to give, net of discount and estimated allowances for doubtful promises of approximately $362,000 in 2016 and $374,000 in 2015</td>
<td>3,117,038</td>
<td>3,427,492</td>
</tr>
<tr>
<td>Investments</td>
<td>15,111</td>
<td>18,508</td>
</tr>
<tr>
<td>Other assets</td>
<td>16,300</td>
<td>16,300</td>
</tr>
<tr>
<td>Assets held for resale</td>
<td>125,000</td>
<td>-</td>
</tr>
<tr>
<td>Beneficial interest in charitable remainder trusts</td>
<td>1,487,784</td>
<td>1,504,548</td>
</tr>
<tr>
<td><strong>TOTAL ASSETS</strong></td>
<td>$15,575,460</td>
<td>$14,869,354</td>
</tr>
</tbody>
</table>

| **LIABILITIES AND NET ASSETS** |            |            |
|**LIABILITIES** |            |            |
| Accounts payable and accrued expenses | $135,459 | $58,947 |
| Due to related party | 577,678 | 563,309 |
| Deferred revenue | 34,865 | 43,070 |
| **TOTAL LIABILITIES** | 748,002 | 665,326 |

| **NET ASSETS** |            |            |
| Unrestricted | 1,296,244 | 1,135,371 |
| Temporarily restricted | 13,504,082 | 12,941,525 |
| Permanently restricted | 27,132 | 127,132 |
| **TOTAL LIABILITIES AND NET ASSETS** | $14,827,458 | $14,204,028 |

See notes to financial statements.
## Statements of Activities

### Year Ended June 30, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue, investment gains and other support:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unrestricted revenue and other contributions</td>
<td>$186,708</td>
<td>$13,753</td>
</tr>
<tr>
<td>Interest, dividends and other income</td>
<td>$40,973</td>
<td>$40,453</td>
</tr>
<tr>
<td>Net realized gains on sale of investments</td>
<td>$57</td>
<td>$37,401</td>
</tr>
<tr>
<td>Change in net unrealized gains on investments</td>
<td>$(45,206)</td>
<td>$(30,117)</td>
</tr>
<tr>
<td>Support from Mountain States Health Alliance</td>
<td>$1,105,497</td>
<td>$1,015,268</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>$4,450,017</td>
<td>$2,043,250</td>
</tr>
<tr>
<td><strong>TOTAL REVENUE, INVESTMENT GAINS AND OTHER SUPPORT</strong></td>
<td>$5,738,046</td>
<td>$3,120,008</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Program expenses</td>
<td>$2,341,141</td>
<td>$718,020</td>
</tr>
<tr>
<td>Specific fund-raising</td>
<td>$1,795,048</td>
<td>$1,171,993</td>
</tr>
<tr>
<td>Support and general services</td>
<td>$1,440,984</td>
<td>$1,287,265</td>
</tr>
<tr>
<td><strong>TOTAL EXPENSES</strong></td>
<td>$5,577,173</td>
<td>$3,177,278</td>
</tr>
<tr>
<td><strong>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS</strong></td>
<td>$160,873</td>
<td>$(57,270)</td>
</tr>
<tr>
<td>Changes in temporarily restricted net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Contributions, net</td>
<td>$4,929,338</td>
<td>$3,359,713</td>
</tr>
<tr>
<td>Net assets released from restrictions</td>
<td>$(4,350,017)</td>
<td>$(2,043,250)</td>
</tr>
<tr>
<td>Change in fair value of beneficial interest in charitable remainder trusts</td>
<td>$(16,764)</td>
<td>$(63,734)</td>
</tr>
<tr>
<td>Loss on uncollectible pledge</td>
<td>-</td>
<td>$(150,000)</td>
</tr>
<tr>
<td><strong>INCREASE IN TEMPORARILY RESTRICTED NET ASSETS</strong></td>
<td>$562,557</td>
<td>$1,102,729</td>
</tr>
<tr>
<td>Changes in permanently restricted net assets:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net assets released from restrictions by donor</td>
<td>$(100,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>DECREASE IN PERMANENTLY RESTRICTED NET ASSETS</strong></td>
<td>$(100,000)</td>
<td>-</td>
</tr>
<tr>
<td><strong>INCREASE IN TOTAL NET ASSETS</strong></td>
<td>$623,430</td>
<td>$1,045,459</td>
</tr>
<tr>
<td><strong>NET ASSETS, BEGINNING OF YEAR</strong></td>
<td>$14,204,028</td>
<td>$13,158,569</td>
</tr>
<tr>
<td><strong>NET ASSETS, END OF YEAR</strong></td>
<td>$14,827,458</td>
<td>$14,204,028</td>
</tr>
</tbody>
</table>

See notes to financial statements.
### Statements of Cash Flows

#### Year Ended June 30, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase in net assets</td>
<td>$ 623,430</td>
<td>$ 1,045,459</td>
</tr>
<tr>
<td>Adjustments to reconcile increase in net assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Change in unrealized gains on investments</td>
<td>45,206</td>
<td>30,117</td>
</tr>
<tr>
<td>Net realized gains on sale of investments</td>
<td>(57)</td>
<td>(37,401)</td>
</tr>
<tr>
<td>Decrease in beneficial interest in charitable remainder trust</td>
<td>16,764</td>
<td>63,734</td>
</tr>
<tr>
<td>Decrease in other assets</td>
<td>-</td>
<td>69,300</td>
</tr>
<tr>
<td>Contribution of assets held for resale</td>
<td>(125,000)</td>
<td>-</td>
</tr>
<tr>
<td>Contribution of beneficial interest in charitable remainder trust</td>
<td>-</td>
<td>(216,587)</td>
</tr>
<tr>
<td>Increase (decrease) due to changes in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promises to give, net of discount and allowance</td>
<td>310,454</td>
<td>432,244</td>
</tr>
<tr>
<td>Prepaid expenses</td>
<td>3,397</td>
<td>15,485</td>
</tr>
<tr>
<td>Accounts payable and accrued expenses</td>
<td>76,512</td>
<td>(10,586)</td>
</tr>
<tr>
<td>Due to related party</td>
<td>14,369</td>
<td>(1,038,160)</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>(8,205)</td>
<td>24,974</td>
</tr>
<tr>
<td><strong>Total adjustments</strong></td>
<td>333,440</td>
<td>(666,960)</td>
</tr>
<tr>
<td><strong>NET CASH PROVIDED BY OPERATING ACTIVITIES</strong></td>
<td>956,870</td>
<td>378,499</td>
</tr>
</tbody>
</table>

#### CASH FLOWS FROM INVESTING ACTIVITIES:

<table>
<thead>
<tr>
<th>Description</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Purchases of investments, net</td>
<td>(179,692)</td>
<td>(1,548,131)</td>
</tr>
<tr>
<td>Proceeds from sales of investments and maturities</td>
<td>161,428</td>
<td>1,530,545</td>
</tr>
<tr>
<td><strong>NET CASH USED IN INVESTING ACTIVITIES</strong></td>
<td>(18,264)</td>
<td>(17,586)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>NET INCREASE IN CASH AND CASH EQUIVALENTS</strong></td>
<td>938,606</td>
<td>360,913</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</td>
<td>7,952,493</td>
<td>7,591,580</td>
</tr>
<tr>
<td>CASH AND CASH EQUIVALENTS, END OF YEAR</td>
<td>$ 8,891,099</td>
<td>$ 7,952,493</td>
</tr>
</tbody>
</table>

#### NONCASH OPERATING TRANSACTIONS:

- **Support from Mountain States Health Alliance**
  - 2016: $1,105,000
  - 2015: $1,015,000

- **Contribution of assets held for resale**
  - 2016: $125,000
  - 2015: $-
MOUNTAIN STATES FOUNDATION, INC.
(A Subsidiary of Mountain States Health Alliance)

Notes to Financial Statements

Years Ended June 30, 2016 and 2015

NOTE A--ORGANIZATION

Mountain States Foundation, Inc. (the Foundation) is a not-for-profit foundation chartered on August 27, 1980 to coordinate the fund-raising and development activities of Mountain States Health Alliance (MSHA), the sole member of the Foundation. MSHA is a 501(c)(3) corporation involved primarily in healthcare and healthcare-related services.

NOTE B--SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates: The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

Cash and Cash Equivalents: The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Uninvested cash in the securities portfolio is not included as cash and cash equivalents in the financial statements.

Investments: Investments primarily consist of bond mutual funds, equity mutual funds, and a real estate fund and are presented at their estimated fair value. The estimated fair values of mutual funds are based on quoted market prices for those investments. The real estate fund is reported at the net asset value per unit as provided by external investment managers as the practical expedient estimate of the fair value consistent with the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, Fair Value Measurements and Disclosures. Investment income is recognized as a change in unrestricted net assets as it is earned unless explicitly restricted by the donor. Unrealized gains and losses on investments are recorded as a change in unrestricted net assets.

Contributions/Promises to Give: Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using estimated risk-free interest rates applicable to the years in which the promises are received. Contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods, to be received in future periods, or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support that increases those net asset classes. An estimated allowance for uncollectible pledges is recorded based on management’s evaluation of the collectability of promises to give. The Foundation’s policies do not require collateral for promises to give. The Foundation considers cash flows from contributions to be operating activities.
Conditional promises to give, which depend on the occurrence of a specified future and uncertain event, and indications of intentions to give, are recognized as support or contribution revenue when the conditions on which they depend are substantially met or otherwise become unconditional.

Contributions are primarily from contributors in the East Tennessee area.

As part of its fund-raising activities, the Foundation receives merchandise, advertising, and other items for prizes and support of its fund-raising. These in-kind items are recorded in the Statement of Activities as contributions and fund-raising expense at their estimated fair value. Such amounts totaled approximately $991,000 and $683,000 for the years ended June 30, 2016 and 2015, respectively.

Assets Held for Resale: Assets held for resale represent real estate contributed to the Foundation by a donor during 2016. Management evaluates its investment and records non-temporary declines in value when it is determined the ultimate net realizable value is less than the recorded amount. No such declines were identified in 2016.

Deferred Revenue: Deferred revenue includes the transfer of cash or other assets to the Foundation under which the related promise is conditional upon certain specific requirements being met, generally fund-raising events being held. These amounts are reported as deferred revenue until the related condition is met, at which time the deferral is released and amounts are recorded as temporarily restricted or unrestricted contributions.

Contributed Services: Many individuals volunteer their time and perform a variety of tasks that assist the Foundation in its fundraising efforts. No amounts have been recorded as contributions in the financial statements for donated services as such services do not meet the criteria for recognition.

Income Taxes: The Foundation is classified as an organization exempt from federal income taxes under Internal Revenue Code (IRC) section 501(c)(3). Accordingly, no provision for income taxes has been included in the accompanying financial statements. In addition, the Foundation has been determined by the Internal Revenue Service not to be a “private foundation” within the meaning of section 509(a) of the IRC. The Foundation has no uncertain tax positions at June 30, 2016 and 2015. As such, no interest or penalties are recognized in the Statements of Activities related to uncertain tax positions for the years then ended. At June 30, 2016, informational tax returns for fiscal years 2013 through 2015 are eligible for examination by the Internal Revenue Service.

Date of Management’s Review: The Foundation has evaluated all events or transactions that occurred after June 30, 2016, through _____, 2016, the date the financial statements were
available to be issued. During this period, management did not note any material recognizable subsequent events that required recognition or disclosure in the accompanying financial statements.

Reclassifications: Certain 2015 amounts have been reclassified to conform to the 2016 presentation.

New Accounting Pronouncements: In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), (ASU-2014-09). ASU 2014-09 was issued to remove inconsistencies and weaknesses in revenue recognition, provide a more robust framework for addressing revenue issues, improve comparability of revenue recognition practices across entities, industries, and jurisdictions, provide more useful information through improved disclosure requirements, and simplify the preparation of financial statements by reducing the number of requirements to which an entity must refer. The guidance within this ASU will be effective for fiscal years beginning after December 15, 2017, as deferred by ASU No. 2015-14. Management is currently evaluating this ASU to determine its potential impact on the consolidated financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, Leases, which requires balance sheet recognition of a liability and right-to-use asset for substantially all leases. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and requires a modified retrospective transition approach for leases existing at the date of adoption. Management is currently evaluating the impact of the adoption of this standard on the financial statements.

In August 2016, the FASB issued ASU No. 2016-14, Not-for-Profit Entities: Presentation of Financial Statements of Not-for-Profit Entities, which requires not-for profit entities to present two classes of net assets in the financial statements, rather than the three classes required by current standards. The two classes of net assets under the ASU are “net assets with donor restrictions” and “net assets without donor restrictions.” ASU 2016-14 is effective for fiscal years beginning after December 15, 2017, and early adoption is permitted. Management is currently evaluating the impact of the adoption of this standard on the financial statements.

NOTE C--PROMISES TO GIVE

Promises to give consist of temporarily restricted corporate and individual promises. The amounts at June 30, 2016 and 2015, respectively, are due as follows:
Notes to Financial Statements - Continued

Years Ended June 30, 2016 and 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major gift campaigns</td>
<td>$ 3,229,387</td>
<td>$ 3,573,695</td>
</tr>
<tr>
<td>Team member campaign and other pledges</td>
<td>249,561</td>
<td>227,564</td>
</tr>
<tr>
<td>Unconditional promises to give before unamortized discount and allowance for doubtful accounts</td>
<td>3,478,948</td>
<td>3,801,259</td>
</tr>
<tr>
<td>Less: Unamortized discount and estimated allowance for doubtful accounts</td>
<td>(361,910)</td>
<td>(373,767)</td>
</tr>
<tr>
<td>Net unconditional promises to give</td>
<td>$ 3,117,038</td>
<td>$ 3,427,492</td>
</tr>
<tr>
<td>Amounts due in:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Due in less than one year</td>
<td>$ 2,178,548</td>
<td>$ 2,953,259</td>
</tr>
<tr>
<td>Due in one to five years</td>
<td>1,098,400</td>
<td>646,000</td>
</tr>
<tr>
<td>Due in more than five years</td>
<td>202,000</td>
<td>202,000</td>
</tr>
<tr>
<td></td>
<td>$ 3,478,948</td>
<td>$ 3,801,259</td>
</tr>
</tbody>
</table>

Promises to give under the major gift campaigns include $1,000,000 and $1,967,500 from one major contributor at June 30, 2016 and 2015, respectively, and are temporarily restricted for The Niswonger Children’s Hospital of MSHA. Promises to give under the major gift campaigns also include $800,000 from one major contributor at June 30, 2016 and 2015, which is temporarily restricted for radiation oncology at MSHA.

A separate promise to give received during 2016 includes $765,000 from one contributor. This promise to give includes a $50,000 cash donation and donations of real estate with a total estimated fair value of $715,000 as of June 30, 2016. Donations of the promise to give will be paid annually beginning in 2016 and extending through 2019. Property valued at $125,000 was donated and received during 2016 and is classified as assets held for resale on the Statements of Financial Position. The donor has designated the contribution as unrestricted, but future donations are recorded as a temporarily restricted net asset contribution due to receipts being in future periods.

Accounts receivable on the Statements of Financial Position, and the related allowances for doubtful accounts, are related to donor pledges from various fundraising events. These receivables total $430,115 and $324,662 at June 30, 2016 and 2015, respectively. Collection is expected within one year of the date of the promise.

NOTE D--INVESTMENTS

Investments consist of the following as of June 30:
Notes to Financial Statements - Continued

Years Ended June 30, 2016 and 2015

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit and cash equivalents</td>
<td>$10,611</td>
<td>$62,449</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>$369,745</td>
<td>$390,029</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>$1,022,776</td>
<td>$994,539</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>$195,334</td>
<td>$178,334</td>
</tr>
<tr>
<td><strong>Total investments</strong></td>
<td><strong>$1,598,466</strong></td>
<td><strong>$1,625,351</strong></td>
</tr>
</tbody>
</table>

At June 30, 2016, the Foundation’s real estate fund investment as well as a single fixed income mutual fund investment represents funds that individually exceed 10% of the investment portfolio. The mutual fund is valued at $232,182 at June 30, 2016.

NOTE E--CHARITABLE REMAINDER TRUSTS

The Foundation has been named as a beneficiary in an interest in five separate irrevocable charitable remainder trusts. For two of these trusts, all assets named in the trust are administered by an independent trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $490,419 at June 30, 2016 and 2015. Changes in the estimated value of the trust are recognized as a change in temporarily restricted net assets. Upon the death of the donors, the principal and income remaining in the trust will be distributed to the Foundation in accordance with the trust agreements. In determining the estimated fair value of the asset, the annual earnings of the trust were estimated to be between 5% and 6%, and a discount rate of 5% was used.

For the other three trusts, all assets named in the trust are administered by MSHA as the trustee. The Foundation has recorded its interest in the trust at the estimated fair value of $997,365 and $1,014,129 at June 30, 2016 and 2015, respectively. Changes in the value of the trust are recognized as a change in temporarily restricted net assets. Upon the death of the donors, the entire amount of the principal and income remaining in the trust, net of amounts due to the donors, will be distributed to the Foundation. In determining the present value of the trusts, the annual earnings of the trust were estimated to be 5-6.5%, and discount rates of 5-6.5% were used as established at the time of inception of the trusts.

NOTE F--RESTRICTIONS ON NET ASSETS

Temporarily Restricted Net Assets: Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose or which have not yet been requested to be distributed to other MSHA entities. Investment earnings related to temporarily restricted net assets are generally not restricted by donors.
Notes to Financial Statements - Continued

Years Ended June 30, 2016 and 2015

Temporarily restricted net assets are available for the following purposes at June 30:

<table>
<thead>
<tr>
<th>Purpose</th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Major Gift Campaign - Radiation Oncology</td>
<td>$1,323,311</td>
<td>$1,458,818</td>
</tr>
<tr>
<td>Niswonger Children's Hospital - including Major Gift Campaign</td>
<td>7,491,710</td>
<td>7,587,127</td>
</tr>
<tr>
<td>Team Member Campaign Fund (various designations)</td>
<td>242,843</td>
<td>205,805</td>
</tr>
<tr>
<td>Funds for Ongoing Programs</td>
<td>755,402</td>
<td>783,500</td>
</tr>
<tr>
<td>Hospice Fund</td>
<td>99,680</td>
<td>107,907</td>
</tr>
<tr>
<td>Cancer Treatment Center Fund</td>
<td>116,089</td>
<td>115,213</td>
</tr>
<tr>
<td>Greatest Need - Sycamore Shoals</td>
<td>235,277</td>
<td>236,499</td>
</tr>
<tr>
<td>Johnston County Health Rehab Renovation Fund</td>
<td>95,762</td>
<td>510</td>
</tr>
<tr>
<td>Johnston Memorial Hospital</td>
<td>100,620</td>
<td>116,270</td>
</tr>
<tr>
<td>Johnston Memorial Hospital Gala Fund</td>
<td>89,299</td>
<td>46,028</td>
</tr>
<tr>
<td>Indian Path Medical Center</td>
<td>83,853</td>
<td>90,603</td>
</tr>
<tr>
<td>Smyth Co. Oncology Fund</td>
<td>11,117</td>
<td>195,244</td>
</tr>
<tr>
<td>Hospice House Fund</td>
<td>209,598</td>
<td>209,598</td>
</tr>
<tr>
<td>Dragon Boat Festival - Niswonger Children's Hospital</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Epilepsy Monitoring</td>
<td>187,146</td>
<td>258,022</td>
</tr>
<tr>
<td>Spirit of Johnson City Raffle - Niswonger Children's Hospital</td>
<td>442,199</td>
<td>321,776</td>
</tr>
<tr>
<td>Time restriction only</td>
<td>1,045,871</td>
<td>280,871</td>
</tr>
<tr>
<td>Other</td>
<td>974,305</td>
<td>927,734</td>
</tr>
<tr>
<td></td>
<td><strong>$13,504,082</strong></td>
<td><strong>$12,941,525</strong></td>
</tr>
</tbody>
</table>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors or as funds were received from restricted pledges outstanding where expenses or events specified by the donor have occurred. Such net assets released included amounts related to specific healthcare operations or facility construction of certain entities and specific fund-raising expenses. Net assets released from restrictions in 2016 and 2015 related primarily to the construction of The Niswonger Children’s Hospital of MSHA.

Permanently Restricted Net Assets: Permanently restricted net assets are those to be maintained by the Foundation in perpetuity. Investment earnings related to permanently restricted net assets are considered unrestricted, unless specifically designated to be used as intended by donors. During the year ended June 30, 2016, $100,000 of net assets permanently restricted for Memorial Scholarship funds was released for unrestricted purposes in accordance with the donor’s request.
Notes to Financial Statements - Continued

Years Ended June 30, 2016 and 2015

Permanently restricted net assets consist of the following at June 30:

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pulmonary Rehabilitation Endowment Fund</td>
<td>$9,487</td>
<td>$9,487</td>
</tr>
<tr>
<td>Memorial Scholarship Funds</td>
<td>-</td>
<td>100,000</td>
</tr>
<tr>
<td>Children's Hospital Endowment Fund</td>
<td>17,645</td>
<td>17,645</td>
</tr>
<tr>
<td></td>
<td>$27,132</td>
<td>$127,132</td>
</tr>
</tbody>
</table>

NOTE G--COMMITMENTS AND CONTINGENT LIABILITIES

General: The Foundation may be subject to legal proceedings and claims which arise in the ordinary course of business. Management is not aware of any pending or threatened litigation, claims or assessments at June 30, 2016 or 2015.

Concentration of Credit Risk: The Foundation held deposits at financial institutions in excess of the Federal Deposit Insurance Corporation limit at June 30, 2016. Management believes that the credit risk related to these deposits is minimal.

NOTE H--RELATED PARTY TRANSACTIONS

MSHA provides substantial operating support to the Foundation, including accounting, administrative services and capital needs. All employees of the Foundation are provided by MSHA. The Foundation is responsible for the repayment of certain salaries and related expenses to MSHA, some of which are allocated expenses, and to fund projects or programs administered by MSHA. The Foundation received approximately $1,105,000 and $1,015,000 in contributed support from MSHA during the years ended June 30, 2016 and 2015, respectively, and is included in support and general services expenses in the Statement of Activities and as Support from Mountain States Health Alliance. Amounts due to related party in the accompanying Statements of Financial Position includes a payable to MSHA of $577,678 and $563,309 at June 30, 2016 and 2015, respectively, primarily for funding of specific projects or programs. These amounts are generally settled within 30 days. The Foundation also receives contributions from board members, employees of MSHA and other related organizations of MSHA.

NOTE I--OPERATING LEASE

The Foundation leases office space for its administrative functions under an operating lease arrangement. The lease expired June 30, 2016 and was extended at that time through June 30, 2019. Total lease expense for the years ended June 30, 2016 and 2015 was $63,049 and $61,792, respectively. Future minimum lease payments under this facility lease are as follows:
NOTE J--FAIR VALUE MEASUREMENT

FASB ASC 820, *Fair Value Measurements and Disclosures*, emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability. As a basis for considering market participant assumptions in fair value measurements, FASB ASC 820 establishes a fair value hierarchy.

Valuation Hierarchy: FASB ASC 820 establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels are defined as follows:

- **Level 1**: Quoted market prices in active markets for identical assets or liabilities.
- **Level 2**: Observable market-based inputs or unobservable inputs that are corroborated by market data.
- **Level 3**: Unobservable inputs that are supported by little or no market activity and are significant to the fair value of the assets or liabilities. Level 3 includes values determined using pricing models, discounted cash flow methodologies, or similar techniques reflecting the Foundation’s own assumptions.

In instances where the determination of the fair value hierarchy measurement is based on inputs from different levels of the fair value hierarchy, the level in the fair value hierarchy within which the entire fair value measurement falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The Foundation’s assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the asset or liability.

The following table sets forth, by level within the fair value hierarchy, the financial assets recorded at fair value on a recurring basis as of June 30, 2016 and 2015:
Notes to Financial Statements - Continued

Years Ended June 30, 2016 and 2015

<table>
<thead>
<tr>
<th>Carrying Value</th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assets Measured at Fair Value on a Recurring Basis as of June 30, 2016:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash equivalents</td>
<td>$10,726</td>
<td>$10,726</td>
<td>-</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>369,745</td>
<td>369,745</td>
<td>-</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>1,022,776</td>
<td>1,022,776</td>
<td>-</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>195,334</td>
<td>-</td>
<td>195,334</td>
</tr>
<tr>
<td>Total</td>
<td>$1,598,581</td>
<td>$1,403,247</td>
<td>$195,334</td>
</tr>
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</table>

Assets Measured at Fair Value on a Recurring Basis as of June 30, 2015:

<table>
<thead>
<tr>
<th>Carrying Value</th>
<th>Quoted Prices in Active Markets (Level 1)</th>
<th>Significant Other Observable Inputs (Level 2)</th>
<th>Significant Unobservable Inputs (Level 3)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Certificates of deposit and cash equivalents</td>
<td>$62,449</td>
<td>$62,449</td>
<td>-</td>
</tr>
<tr>
<td>Bond mutual funds</td>
<td>390,029</td>
<td>390,029</td>
<td>-</td>
</tr>
<tr>
<td>Equity mutual funds</td>
<td>994,539</td>
<td>994,539</td>
<td>-</td>
</tr>
<tr>
<td>Real estate fund</td>
<td>178,334</td>
<td>-</td>
<td>178,334</td>
</tr>
<tr>
<td>Total</td>
<td>$1,625,351</td>
<td>$1,447,017</td>
<td>$178,334</td>
</tr>
</tbody>
</table>

Real Estate Fund: The Foundation generally uses net asset value per unit as provided by external investment managers without further adjustment as the practical expedient estimate of the fair value of its investment in a real estate fund consistent with the provisions of FASB ASC 820. Accordingly, such values may differ from values that would have been used had an active market for the investments existed. The real estate investment funds invest primarily in U.S. commercial real estate. The Foundation may request redemption of all or a portion of its interests as of the end of a calendar quarter by delivering written notice to the fund managers at least 60 days prior to the end of the quarter. Such redemptions are subject to the capital requirements of the fund manager.

NOTE K--INTENTIONS TO GIVE

In August 2009, the Foundation was named as a beneficiary in the wills of two local area siblings. In each of the wills, the remainder of the respective sibling's estate, after debts, burial expenses and estate, inheritance and administrative taxes, are bequeathed to the other. Upon the death of the surviving sibling, a directed personal representative is responsible for giving items of tangible personal property to charitable organizations of his or her choosing, thereby reducing the remainder of the estate. At that point, the remainder of the estate, which would consist of cash, is to be distributed. Fifteen percent of the remaining amount is currently to be distributed to the Foundation to be used exclusively for The Niswonger Children's Hospital of MSHA. As such arrangements are considered intentions, no amounts are recorded in the accompanying financial statements.
APPENDIX S

25. Existing Foundations or Restricted Donations. Attach as Appendix S any and all documents reflecting any existing foundations or other restricted donations, including, but not limited to, trusts that are designated or intended to benefit the Public Benefit Hospital. Include a detailed statement setting forth your intention with regard to such restricted donations.

Discussion of Restricted Donations

The Master Affiliation Agreement between Mountain States and Wellmont sets forth clearly that all original donor designations and intentions will be honored by Newco after closing. See Master Affiliation Agreement, Sections 9.04, 9.12 (Question 16/Appendix H). This will be accomplished by preserving all original documentation related to donor restrictions, maintaining gift recording systems and continuing with committed projects to fulfill all current obligations to donors.

Temporarily restricted net assets are those whose use by the Foundation has been limited by donors to a specific time period or purpose or which have not yet been requested to be distributed to other MSHA entities. Investment earnings related to temporarily restrict net assets are generally not restricted by donors. As of June 30, 2016, temporarily restricted net assets are available for the following purposes: Approximately $1.3 million for Radiation Oncology, $7.49 million for Niswonger Children’s Hospital, $242,000 for Team Member Campaign Fund (includes various designations), $99,000 for Hospice, $116,000 for Cancer Treatment Center, $755,000 for Funds for Ongoing Programs, $235,000 for Sycamore Shoals (Greatest Need), $95,000 for Johnson County Health Rehab Renovation, $100,000 for Johnston Memorial Hospital, $89,000 for JMH Gala Fund, $83,000 for Indian Path Medical Center, $11,000 for Smyth County Oncology Fund, $209,000 for Hospice House Fund, $187,000 for Niswonger Children’s Hospital Epilepsy Monitoring, $442,000 for Raffle Funds for Niswonger Children’s Hospital, $1.04 million for Time Restriction Funds, and $974,000 restricted for other ongoing functions to support the needs of the health system. Please see the Mountain States Foundation, Inc. Preliminary Draft of Audited Consolidated Financial Statements, Years Ended June 30, 2016 and 2015, attached to Question 24/Appendix R for additional information.

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of other events specified by the donors or as funds were received from restricted pledges outstanding where expenses or events specified by the donor have occurred. Such net assets released included amounts related to specific healthcare operations or facility construction of certain entities and specific fund-raising expenses. Net assets released from restrictions in 2016 and 2015 related primarily to construction of The Niswonger Children’s Hospital of MSHA.

Permanently restricted net assets are those to be maintained by the Foundation in perpetuity. Investment earnings related to permanently restrict net assets are considered unrestricted, unless specifically designated to be used as intended by donors. During the year ended June 30, 2016, $100,000 of net assets permanently restricted for Memorial Scholarship funds was released for unrestricted purposes in accordance with the donor’s request.

Additional detail on the use of the Foundation’s assets can be found in the audited financial statements attached to Exhibit R.

There are no current plans for the Mountain States Foundation related to mergers or changes in board structure or membership. It is anticipated that Mountain States Foundation and Wellmont Foundation will merge at some time in the future to form Ballad Health Foundation. In such an event, the assets of each foundation would be combined, and all gift restrictions whether permanent or temporary would be maintained and honored. The new foundation would operate under a single management and
governing board structure to be approved by the Ballad Health Board of Directors. The unified governing board would have fiduciary oversight for the newly incorporated 501(c)(3) organization, the sole member of which would be Ballad Health, Inc.

Mountain States Foundation Organizational Documents

Index

1. Charter Documents (Full Charters and Material Amendments)
   - Initial Filing, August 27, 1980
   - Articles of Amendment, March 23, 1981
   - Articles of Amendment, October 28, 1987
   - Articles of Amendment, April 30, 1999
   - Articles of Amendment, February 23, 2004

2. Bylaws
   - Bylaws, October 19, 2000
   - Bylaws, as amended, January 22, 2004
   - Bylaw Amendment, March 25, 2004
   - Bylaws, as amended, June 3, 2005
   - Bylaws, as amended, November 4, 2005
   - Board of Trustees By-Laws, March 23, 2009

3. Community Foundation Board Bylaws
   - Carter County Community Foundation Board Bylaws, March 18, 2009
   - Dickenson Community Foundation Board Bylaws, March 18, 2009
   - Johnson County Community Hospital Foundation Board Bylaws, March 18, 2009
   - Norton Community Foundation Board Bylaws, March 18, 2009
   - Russell County Community Foundation Board Bylaws, March 18, 2009
   - Smyth County Community Foundation Board Bylaws, March 18, 2009
   - Sullivan County Community Foundation Board Bylaws, March 18, 2009
   - Washington County Community Foundation Board Bylaws, March 18, 2009

MSHA7506
CHARTER OF INCORPORATION
OF
JOHNSON CITY MEDICAL CENTER FOUNDATION, INC.

The undersigned natural persons, having capacity to contract and acting as the incorporators of a corporation under the Tennessee General Corporation Act, adopt the following charter for such corporation:

1. The name of the corporation is:
   JOHNSON CITY MEDICAL CENTER FOUNDATION, INC.

2. The duration of the corporation is perpetual.

3. The address of the principal office of the corporation in the State of Tennessee shall be 400 State of Franklin Road, Johnson City, Tennessee, 37601.

4. The corporation is not for profit.

5. The purpose for which this corporation is organized is: to benefit medical education, research, medical teaching activities and worthwhile patient service in the Johnson City and Washington County area.

6. This corporation shall have members who have contributed the sum of Ten ($10.00) Dollars, or more, to the corporation.

7. This corporation is one which is organized solely for non-profit purposes. Any and all assets of the corporation are irrevocably dedicated to only educational, charitable, and/or religious purposes, and no part of its net earnings or assets shall inure to the benefit of any member thereof, or any other person or individual. Upon the winding up and the dissolution of this corporation, after paying or adequately providing for debts and obligations of the corporation, the remaining assets shall be distributed to a non-profit fund, foundation, or corporation which is organized and operated
exclusively for charitable, religious or educational purposes and which has established its non-exempt status under the appropriate sections of the Internal Revenue Code.

Dated: July 25, 1980

[Signatures]

INCorPORATORS
ARTICLES OF AMENDMENT TO THE CHARTER

OF

JOHNSON CITY MEDICAL CENTER FOUNDATION, INC.

Pursuant to the provisions of Section 48-303 of the Tennessee General Corporation Act, the undersigned corporation adopts the following articles of amendment to its charter:

1. The name of the corporation is JOHNSON CITY MEDICAL CENTER FOUNDATION, INC.

2. The amendment to be adopted is as follows:

(a) To add to the language in Item 5 of said Charter the following:

Notwithstanding any other provision of these articles, the purposes for which the corporation is organized are exclusively charitable and educational within the meaning of section 501(c)(3) of the Internal Revenue Code.

(b) To delete the last sentence of Item 7 of said Charter and to insert in lieu thereof the following:

In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations which themselves are exempt as organizations described in sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future law, or to the Federal, State, or local government for exclusive public purpose.

Notwithstanding any other provision of these articles, this corporation will not carry on any other activities not permitted to be carried on by (a) a corporation exempt from Federal income tax under sections 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States internal revenue law or (b) a corporation contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1954 or any other corresponding provision of any future United States internal revenue law.

3. The amendment was duly adopted by the unanimous written consent of the members on 3-17, 1981.

4. This amendment is to be effective when these articles are filed by the Secretary of State.

Dated: 3-19, 1981.

JOHNSON CITY MEDICAL CENTER FOUNDATION, INC.

By [Signature] (Title)
CONSENT TO AMENDMENT TO CHARTER

I, the undersigned, being the only member of the Johnson City Medical Center Foundation, Inc., hereby give my written consent to amending the Charter of the Johnson City Medical Center Foundation, Inc. as follows:

1. By adding to the language in Item 5 of said Charter the following:

   Notwithstanding any other provision of these articles, the purposes for which the corporation is organized are exclusively charitable and educational within the meaning of section 501(c)(3) of the Internal Revenue Code.

2. By deleting the last sentence of Item 7 of said Charter and inserting in lieu thereof the following:

   In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations which themselves are exempt as organizations described in sections 501(c)(3) and 170(c)(2) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future law, or to the Federal, State, or local government for exclusive public purpose.

   Notwithstanding any other provision of these articles, this corporation will not carry on any other activities not permitted to be carried on by (a) a corporation exempt from Federal Income tax under sections 501(c)(3) of the Internal Revenue Code of 1954 or the corresponding provision of any future United States Internal revenue law or (b) a corporation contributions to which are deductible under section 170(c)(2) of the Internal Revenue Code of 1954 or any other corresponding provision of any future United States Internal revenue law.

   Dated this the 19 day of March, 1981.

   [Signature]
ARTICLES OF AMENDMENT TO THE CHARTER
OF
JOHNSON CITY MEDICAL CENTER FOUNDATION, INC.

Pursuant to the provisions of Section 48-1-301 et seq. of the
Tennessee General Corporation Act, the undersigned corporation adopts
the following articles of amendment to its charter:

1. The name of the corporation is JOHNSON CITY MEDICAL CENTER
   FOUNDATION, INC.

2. The amendment adopted is as follows:

   To delete Item 6 of the corporation's charter and to insert
   in lieu thereof, the following:

   "The corporation shall have members. The requirements for
   membership shall be as specified in the By-laws."

3. The amendment was duly adopted at a special meeting of the
   membership on October 22, 1987.

4. The amendment shall become effective upon the filing of these
   articles with the Secretary of State.


JOHNSON CITY MEDICAL CENTER
FOUNDATON, INC.

President
(Official Capacity)
Articles of Amendment
to the Charter of
Johnson City Medical Center Foundation, Inc.

The following amendment to the Charter of Johnson City Medical Center Foundation, Inc. is made pursuant to T.C.A. § 48-60-102, action of the Board of Directors and upon the approval of the Membership:

1. The current name of this non-profit corporation is Johnson City Medical Center Foundation, Inc.

2. The amendment adopted by the Board of Directors and approved by the Members is:

   The name of this non-profit corporation shall be changed to:
   Mountain States Health Foundation

3. This amendment was adopted by the Board of Directors at a regularly called monthly meeting on February 25, 1999. The approval of the members was obtained pursuant to T.C.A. § 48-57-108.

4. The Charter does not require approval by third persons pursuant to T.C.A. § 48-60-301.

5. This Amendment is to be effective as of the date of filing by the Secretary of State.

Dated this _______ day of April, 1999.

JOHNSON CITY MEDICAL CENTER FOUNDATION, INC.

By: [Signature]
Tom Chase
Chairman
ARTICLES OF AMENDMENT
TO THE CHARTER
(Nonprofit)

CORPORATE CONTROL NUMBER (IF KNOWN) 0095471

PURSUANT TO THE PROVISIONS OF SECTION 48-50-105 OF THE TENNESSEE NONPROFIT
CORPORATION ACT, THE UNDERSIGNED CORPORATION ADOPTS THE FOLLOWING ARTICLES
OF AMENDMENT TO ITS CHARTER:

1. PLEASE INSERT THE NAME OF THE CORPORATION AS IT APPEARS OF RECORD:
   Mountain States Health Foundation
   IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:
   Mountain States Foundation

2. PLEASE MARK THE BLOCK THAT APPLIES:
   ☒ AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.
   ☐ AMENDMENT IS TO BE EFFECTIVE, ____________ (MONTH, DAY, YEAR)
   (NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED,
   THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING.

3. PLEASE INSERT ANY CHANGES THAT APPLY:
   A. PRINCIPAL ADDRESS:
      STREET ADDRESS
      CITY
      STATE/COUNTY
      ZIP CODE
   B. REGISTERED AGENT:
   C. REGISTERED ADDRESS:
      STREET ADDRESS
      CITY
      STATE
      ZIP CODE
      COUNTY
   D. OTHER CHANGES:

4. THE CORPORATION IS A NONPROFIT CORPORATION.

5. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR IMPLEMENTATION OF ANY EX-
   CHANGE, RECLASSIFICATION, OR CANCELLATION OF MEMBERSHIPS IS AS FOLLOWS:
   not applicable

6. THE AMENDMENT WAS DULY ADOPTED ON January 9, 2004 ____________ (MONTH, DAY, YEAR)
   BY (Please mark the block that applies):
   ☐ THE INCORPORATORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.
   ☐ THE BOARD OF DIRECTORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.
   ☒ THE MEMBERS

7. INDICATE WHICH OF THE FOLLOWING STATEMENTS APPLIES BY MARKING THE APPLICABLE
   BLOCK:
   ☒ ADDITIONAL APPROVAL FOR THE AMENDMENT (AS PERMITTED BY §48-60-301 OF THE
   TENNESSEE NONPROFIT CORPORATION ACT) WAS NOT REQUIRED.
   ☐ ADDITIONAL APPROVAL FOR THE AMENDMENT WAS REQUIRED BY THE CHARTER AND WAS
   OBTAINED.

President
SIGNER'S CAPACITY __________________________

DATE February 17, 2004

Larry S. Warkoczeski
NAME OF SIGNER (TYPED OR PRINTED)

SS-4416 (Rev. 10/01) Filing Fee: $20

ROA 1678

MSHA7513
BYLAWS
OF THE
MOUNTAIN STATES HEALTH FOUNDATION

ADOPTED OCTOBER 19, 2000
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</tr>
</tbody>
</table>
MOUNTAIN STATES HEALTH FOUNDATION
BYLAWS

ARTICLE I – NAME AND PURPOSES

Section 1  The name of this organization is the Mountain States Health Foundation.

Section 2  Purposes. The Foundation’s purposes shall be:

a. To encourage, foster, and generate public support for the Mountain States Health Alliance (MSHA).

b. To encourage, foster and conduct year round public information, publicity, and fund raising campaigns to support the MSHA and its related programs.

c. To encourage and seek the support of other organizations to assist the MSHA through their own philanthropic efforts.

d. To maintain a good working relationship with the Administration, Board of Directors, and Staff of the MSHA.

e. To help assure the continued excellence in health care dispensed by the MSHA.

f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at the MSHA.

Section 3  Offices. The office of the Foundation shall be located in Johnson City, Tennessee. The Foundation may also maintain offices at such other places as the Board of Trustees may determine.

ARTICLE II – MEMBERSHIP

Section 1  The members of the Foundation shall be composed of persons of good moral character who support the purposes and objectives of this organization.
Section 2  The membership consists of those people who have contributed the sum of One Hundred ($100) Dollars or more to the Foundation and who thereafter make annual contributions of One Hundred ($100) Dollars or more.

Section 3  Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

ARTICLE III – BOARD OF TRUSTEES

Section 1  The Foundation Board of Trustees ("Board") shall govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the Foundation's Articles of Incorporation.

Section 2  The number of Trustees of the Foundation shall be not less than nine (9) nor more than thirty (30) unless and until otherwise determined by vote of a majority of the entire Board of Trustees. The president and chief executive officer of the Mountain States Health Alliance and the president of the MSHA Auxiliary, shall serve as ex-officio voting members of the Board of Trustees. The president of the Foundation and the legal counsel of the MSHA shall serve as ex-officio non-voting members of the Board of Trustees.

Section 3  The members of the Board of Trustees shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year. The slate of candidates elected by the Board of Trustees
each May shall be immediately forwarded to the Board of Directors of MSHA for its approval of the individuals elected to the Board of Trustees. Upon approval by the Board of Directors of MSHA, newly elected members of the Board of Trustees shall assume their positions on July 1.

Section 4 The Trustees shall be elected for a term of three (3) years and the term of office will begin July 1. Approximately one-third of the Trustees shall be elected each year for a three-year term, so that said terms are staggered. Trustees may succeed themselves in office, if nominated by the Board Development Committee, elected by the Board of Trustees and approved by the Board of Directors of MSHA.

Section 5 Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the Board of Directors of MSHA for its consideration and approval. A trustee thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6 Foundation membership shall be a requirement to serve on the Foundation Board of Trustees, although it is not required to be nominated for such position. All Board Members are strongly encouraged to support financially the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Trustee Expectations document.

Section 7 The Board shall cause the management of the Foundation to provide an annual report to the Board of Directors of MSHA on the results of the
programs and other operations of the Foundation since the previous report to the
MSHA Board.

Section 8 Written notice of all committee and sub-committee meetings of the
Board shall be sent to each committee member at least five days before the date
of the meeting.

ARTICLE IV – OFFICERS

Section 1 The Officers of the Foundation Board shall be the Chairperson,
Vice Chairperson/Chairperson-Elect, Secretary and Treasurer.

Section 2 The terms of office of each officer shall be for two (2) years and
until the next annual meeting thereafter provided, however, that the Vice
Chairperson/Chairperson Elect shall assume automatically the office of
Chairperson at the end of his/her term. The Vice Chairperson/Chairperson Elect
shall hold the office of Chairperson for the ensuing two years and until the next
annual meeting thereafter.

Section 3 The officers of the Foundation shall be elected from among the
members of the Board of Trustees at the May Board meeting and are to begin
their terms July 1. The Board Development Committee shall propose a slate of
candidates. Board members may nominate other candidates from the floor.

Section 4 A. The Chairperson shall preside at all meetings of the Board, the
Membership, and of the Executive Committee. The
Chairperson shall appoint Chairpersons of the Standing
Committees and sub-committees and create other
committees as required.
B. The Vice Chairperson, in the absence or inability of the Chairperson to perform and in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and Sub-committees Chairmen in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

D. The Treasurer shall render periodic financial statements to the Executive Committee, Board of Trustees, and membership as requested. The Treasurer shall also work closely with the Foundation staff and others as required to maintain adequate fiscal control of all funds and accounts.

Section 5  Vacancies in officer's positions shall be filled by majority vote of the Executive Committee for the rest of the unexpired term of office.
ARTICLE V – STANDING AND AD HOC COMMITTEES

Section 1  Standing Committees include: The Executive Committee; the Resources Committee which has three standing sub-committees: Special Events, Major Gifts and Planned Giving; the Finance Committee; and the Board Development Committee. Ad hoc committees and sub-committees may be created or dissolved by a majority vote at the discretion of the Executive Committee. Active membership of Board of Trustees shall not be required to serve on Foundation committees or subcommittees. The Chairperson of the Board and the Chairperson of the Standing committees and sub-committee, in consultation with the president of the Foundation, shall select committee members.

Section 2  The Chairperson may appoint ad hoc committees and define their duties. Ad hoc committees shall automatically cease to exist at the end of the term of office of the appointing Chairperson unless continued by the new Chairperson.

Section 3  The Chairperson shall be an ex-officio voting member of all committees and subcommittees.

Section 4  The President of the Foundation shall serve as an ex-officio non-voting member of all committees and subcommittees.

ARTICLE VI – EXECUTIVE COMMITTEE

Section 1  The Executive Committee shall consist of the officers of the Foundation Board of Trustees plus the chairpersons of the standing committees.
The President/CEO of MSHA and the past Chairperson of the Foundation Board shall serve as voting members of the Executive Committee. The Committee shall regularly report to the Board of Trustees.

Section 2 The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Board of Trustees, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Board of Trustees, and that it shall refer all matters of major importance to the Board of Trustees. Should any matter of extreme urgency arise between meetings of the Board of Trustees, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board of Trustees.

Section 3 The Executive Committee shall hold meetings as required.

Section 4 The quorum necessary to transact business at an Executive Committee meeting will consist of a minimum of three (3) members.

ARTICLE VII – RESOURCES COMMITTEE

Section 1 The Resources Committee shall review and recommend development, fund raising, special events, major gifts and planned giving programs which are deemed necessary to enable the Board of Trustees to carry out its purpose.

Section 2 Special Events Sub-committee

The Special Events Sub-committee shall be responsible for promoting and coordinating all activities and events of the Foundation.
Section 3  Major Gifts Sub-committee

The Major Gifts Sub-committee is charged with the identification, cultivation and solicitation of major donor prospects.

Section 4  Planned Giving Sub-committee

The Planned Giving Sub-committee is charged with developing a comprehensive Planned Giving Program which will encourage individuals to consider including the MSH Foundation in their estate planning.

Section 5  The Sub-committees can enlist individuals who are not Foundation trustees to assist with their work.

ARTICLE VIII – FINANCE COMMITTEE

Section 1  The Finance Committee shall review and approve annually a budget for the year which is prepared by the Foundation Staff and shall submit the budget to the Board of Trustees at its May meeting for consideration and approval. Then the budget will be forwarded to the MSHA Board of Directors for final approval. During the year, the Committee shall review major financial transactions not provided for in the budget and submit proposed variances with recommendations to the Foundation Board or Executive Committee.

Section 2  The Committee may employ investment counsel and may delegate authority to purchase or sell securities for the account of the Foundation to such investment counsel subject to such limitations as the Foundation Board may impose. The Committee shall report changes in investments to the Board of Trustees at each meeting.
Section 3  The Treasurer shall be an ex-officio voting member of the Committee.

Section 4  The Finance Committee of the Board of Trustees shall annually cause an audit of the financial operations of the Foundation to be performed by a duly qualified accounting firm. The results of such audit shall be presented to the entire Board of Trustees. After review by the Board of Trustees, the annual audit report shall be forwarded to the Board of Directors of Mountain States Health Alliance for its consideration and approval.

ARTICLE IX –BOARD DEVELOPMENT COMMITTEE

Section 1  The Board Development Committee shall present to the Board of Trustees at the May meeting nominations for Trustees to be elected by the Board, and the offices of Chairperson, Vice Chairperson/Chairman-Elect, Secretary, and Treasurer. The Committee shall furnish information relating to the background and qualifications of all such nominees five days prior to the Board meeting at which an election is to take place. Potential trustees will be personally informed of trustee expectations by members of the Board Development Committee. The Committee shall develop and administer a program of orientation for newly-elected Trustees and conduct a yearly evaluation of all Trustees. It shall report to the Board at the May meeting and otherwise as circumstances dictate.

Section 2  A Trustee is expected to attend every meeting of the Board and any absence may be excused for material reasons, such as illness, absence from the
city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Trustee who shall be absent from three (3) successive Board Meetings shall be automatically removed from the Board. The Secretary shall solicit information from a Trustee absent from a meeting as to whether the reason for such absence merits excuse from attendance.

**Section 3** Prior to each May meeting of the Board of Trustees, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the Board.

**ARTICLE X – CONFLICTS OF INTEREST**

**Section 1** A Trustee shall be considered to have a conflict of interest if:

A. Such Trustee has existing or potential financial or other interests which impair or might reasonably appear to impair such member’s independent, unbiased judgement in the discharge of his or her responsibilities to the Foundation.

OR

B. Such Trustee is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Trustee), or any organization in which Trustee (or member of his or her
family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.

Section 2   All trustees shall disclose to the Board any possible conflict of interest at the earliest practicable time. No Trustee shall vote on any matter under consideration at a Board or committee meeting in which such Trustee has a conflict of interest. The minutes of said meeting shall reflect that a disclosure was made and that the Trustee having a conflict or interest abstained from voting. Any Trustee who is uncertain whether a conflict of interest may exist in any matter may request the Board or Committee to resolve the questions by majority vote.

Each trustee shall execute a conflict of interest disclosure statement and shall otherwise comply with the Conflict of Interest Policy established by MSHA.

ARTICLE XI – DISCRIMINATION PROHIBITED

Section 1   The Foundation does not discriminate on the basis of race, color, sex, religion, national or ethnic origin, physical handicap, age or marital status in employment, or in any other aspects of its work.

ARTICLE XII – TRUSTEES’ AND OFFICERS’ LIABILITY

Section 1   In any proceeding brought in the right of the Foundation or brought by or on behalf of the members of the Foundation, no Trustee shall be liable to the Foundation or its members for monetary damages with respect to any
transaction, occurrence or course of conduct, except for liability resulting from any Trustee having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2 The Mountain States Health Foundation shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Trustee or Officer of Mountain States Health Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This indemnification may include Mountain States Health Foundation advancing reasonable expenses incurred by a Trustee or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

ARTICLE XIII – MEETINGS

Section 1 The Annual Meeting of the membership shall be held within four (4) months after the close of the fiscal year of the Foundation, for the purpose of sharing the annual report of the previous year and giving an overview of the year in progress.

Section 2 The Board of Trustees of the Foundation will meet throughout the year, as needed. The Chairperson of the Board as required may call special meetings at any time.

Section 3 All meetings of the Board of Trustees or Membership shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.
Section 4   The presence at the commencement of meetings of the Board of Trustees of twenty-five percent (25%) of the elected Board Members or seven (7), whichever is less, shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting.

Section 5   The presence at the commencement of a meeting of the membership of 10% of the membership or twenty-five (25), whichever is less, shall be necessary and sufficient to constitute a quorum for the transaction of business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting.

ARTICLE XIV – VOTING

Section 1   Any corporate action to be taken by vote of the Board of Trustees or Membership shall be authorized by the majority of votes cast.

Section 2   Each member of the Board of Trustees shall be entitled to one (1) vote at the Board of Trustees' Meeting.

Section 3   Each member of the Foundation shall be entitled to one (1) vote at a membership meeting.

Section 4   The Foundation Office shall endeavor to contact all Members in good standing at least 10 days prior to a planned annual Membership Meeting. Such announcement should state the purpose for said meeting.
ARTICLE XV – FISCAL YEAR

Section 1  The fiscal year of the Foundation shall run from July 1 through June 30.

ARTICLE XVI – PARLIAMENTARY PROCEDURE

Section 1  The latest revised edition of Robert’s Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2  Such rules may be suspended by a two-thirds vote of the members present at a given session.

ARTICLE XVII – REVIEW AND AMENDMENT OF THE BYLAWS

Section 1  These Bylaws may be amended at any regular or special meeting of the Board by a two-thirds vote of the Trustees present, provided a quorum of the Trustees shall be present and participating in the meeting, approval of the proposed change (s) by the Executive Committee or at a previous Board meeting has occurred and at least five (5) days notice of the proposed amendment (s) having been given to all Trustees before the final action thereon shall be taken.

Any change made to the Bylaws by the Board of Trustees shall be submitted to the Board of Directors of MSHA for its comment and approval. Upon approval by the Board of Directors of MSHA, such changes shall become final and effective.

Section 2  Prior to each May meeting of the Board of Trustees, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the Board.
ARTICLE XVIII – DISSOLUTION OF THE FOUNDATION

Section 1 In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations which themselves are exempt as organizations described in Section 501 (C) (3) and 170 (C) (2) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future law, or to the federal, state or local government for exclusive public purpose.

Notwithstanding any other provisions of these Articles, the Foundation will not carry on any other activities not to be carried on by (a) a corporation exempt from Federal Income Tax under sections 501 (C) (3) of Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law or (b) a corporation whose contributions are deductible under section 170 (C) (2) of the Internal Revenue Code of 1954 or any other corresponding provisions of any future United States Internal Revenue Law.

Date of last review and revision: October 19, 2000

Approved by Board of Trustees on October 19, 2000

Maureen MacIver, Chairperson, Board of Trustees

Larry S. Warkoczewski, President
AMENDMENTS TO THE BYLAWS OF
MOUNTAIN STATES HEALTH FOUNDATION

Pursuant to action of the Board of Trustees, at their regularly scheduled meeting on the 22nd day of January, 2004, the Bylaws of Mountain States Health Foundation are hereby amended as follows:

1. Officer titles and the words: Foundation, Trustee(s) and Board shall be capitalized in all sections of the bylaws. The words Member(s) and Membership shall be capitalized in all sections of the bylaws when referencing Foundation Members/Membership.

2. Article I, Section 1. The following shall be added as the last word of the sentence “(“Foundation”).”

3. Article I, Section 2, subsection a. Quotation marks (“””) shall be placed around MSHA.

4. Article I, Section 2. The word “the” shall be deleted before each instance of “MSHA.”

5. Article III, Section 2. The final sentence shall be deleted, amended and replaced with, “THE PRESIDENT OF THE FOUNDATION SHALL SERVE AS AN EX-OFFICIO VOTING MEMBER OF THE BOARD OF TRUSTEES.”

6. Article III, Section 3. The following shall be added to the end of the first sentence, “...OR AT OTHER SUCH TIME AS THE BOARD DEVELOPMENT COMMITTEE DEEMS NECESSARY AND APPROPRIATE.”

7. Article III, Section 3. The following shall be deleted from the second sentence, “...each May.”

8. Article III, Section 3. The following sentence shall be added as the last sentence of the section, “TRUSTEES THAT ARE ELECTED AT TIMES OTHER THAN THE ANNUAL ELECTION SHALL ASSUME THEIR POSITIONS AS SOON AS APPROVAL BY THE BOARD OF DIRECTORS OF MSHA IS OBTAINED.”

9. Article III, Section 4. The following shall be added as the second sentence of the section, “FOR THE PURPOSES OF ELECTIONS, TRUSTEES THAT ARE ELECTED AND ASSUME THEIR POSITIONS MID-YEAR SHALL BE CONSIDERED AS BEGINNING THEIR TERM ON THE JULY 1 PRECEDING THE DATE THEY ACTUALLY ASSUME THEIR POSITIONS.”

10. Article III, Section 4. The following shall be added as the last sentence in the section, “THE NUMBER OF TERMS A TRUSTEE MAY SERVE IS NOT LIMITED.”
11. Article III, Section 6. In the second sentence, the word “financially” shall be moved from after the word “support” to before the word “support.”

12. Article III, Section 8. The number five in parentheses “(5)” shall be added after the word “five.”

13. Article IV, Section 2. The first sentence shall be deleted, amended and replaced to read, “THE TERMS OF OFFICE OF EACH OFFICER SHALL BE FOR TWO (2) YEARS AND SHALL CONTINUE UNTIL THE NEWLY ELECTED OFFICERS TAKE OFFICE IN JULY OF THE YEAR OF EXPIRATION OF THE CURRENT OFFICERS’ TERMS PROVIDED, HOWEVER, ...”

14. Article IV, Section 2. The number “(2)” shall be added after the word ‘two’ in the last sentence.

15. Article IV, Section 2. The following shall be deleted from the last sentence, “annual meeting thereafter” and shall be replaced with “VICE CHAIRPERSON/CHAIRPERSON ELECT ASSUMES THE OFFICE IN JULY OF THE YEAR OF EXPIRATION OF THE TERM.”

16. Article IV, Section 3. The following shall be deleted from the first sentence, “at the May Board meeting.”

17. Article IV, Section 4, Subsection B. The word “and” shall be deleted from the first sentence.

18. Article IV, Section 4, Subsection B. In the second sentence, the “s” shall be deleted from the word “sub-committees” in the first instance of the word.

19. Article IV, Section 4, Subsection B. The word “Chairmen” in the second sentence shall be deleted and replaced with “CHAIRPERSONS.”

20. Article V, Section 1. The first sentence shall be deleted, amended, and replaced with, “THE FOLLOWING COMMITTEES SHALL BE STANDING COMMITTEES: EXECUTIVE COMMITTEE, BOARD DEVELOPMENT COMMITTEE, PLANNED GIVING COMMITTEE, SPECIAL EVENTS COMMITTEE, SIGNATURE GIFTS COMMITTEE, SPECIAL GIFTS COMMITTEE, CORPORATE FRIENDS COMMITTEE, ANNUAL FRIENDS COMMITTEE, AND SERVICES COMMITTEE.”

21. Article V, Section 1. The following sentence shall be added and become the fourth sentence of the section, “THE CHAIRPERSON OF THE BOARD TOGETHER WITH THE PRESIDENT OF THE FOUNDATION SHALL SELECT STANDING AND AD HOC COMMITTEE CHAIRPERSONS.”

22. Article V, Section 1. The phrase “in consultation” shall be deleted from the last sentence of the section and replaced with “TOGETHER.”
23. Article V, Section 4. The word “non-voting” shall be deleted and replaced with “VOTING.”


25. Article VI, Section 1. The following shall be added as the second sentence of the section, “AT LEAST SIXTY PERCENT (60%) OF THE EXECUTIVE COMMITTEE SHALL CONSIST OF MEMBERS OF THE BOARD OF TRUSTEES.”

26. Article VII shall be deleted in its entirety.

27. The following shall be added as Article VII. “ARTICLE VII – PLANNED GIVING COMMITTEE. SECTION 1. THE PLANNED GIVING COMMITTEE SHALL PROVIDE EDUCATION, CULTIVATION, AND A POSITIVE ENVIRONMENT IN WHICH TO ENCOURAGE ESTATE GIFTS.”

28. Article VIII shall be deleted in its entirety.

29. The following shall be added as Article VIII. “ARTICLE VIII – SIGNATURE GIFTS COMMITTEE. SECTION 1. THE SIGNATURE GIFTS COMMITTEE SHALL IDENTIFY, SOLICIT, AND RECOGNIZE DONORS OF FIFTY THOUSAND DOLLARS ($50,000) AND GREATER GIFTS. THE COMMITTEE SHALL ALSO RECOMMEND NAMING OPPORTUNITIES FOR SPECIFIC PROJECTS TO ALLOW A DONOR TO PUT HIS OR HER “SIGNATURE” ON A FACILITY OR PROGRAM.”

30. Article IX, Sections 1 and 3 shall be renumbered and become Article XIV, Sections 1 and 2.

31. Article IX Section 2 shall be renumbered and become Article XVIII, Section 4.

32. The following shall be added as Article IX. “ARTICLE IX – SPECIAL GIFTS COMMITTEE. SECTION 1. THE SPECIAL GIFTS COMMITTEE SHALL IDENTIFY, CULTIVATE, SOLICIT, AND RECOGNIZE PLEDGES OF TEN THOUSAND DOLLARS ($10,000) TO FIFTY THOUSAND DOLLARS ($50,000) FROM INDIVIDUALS.”

33. Article X in its entirety shall be renumbered and become Article XV.
34. The following shall be added as Article X. “ARTICLE X – SPECIAL EVENTS COMMITTEE. SECTION 1. THE SPECIAL EVENTS COMMITTEE SHALL DEVELOP, OVERSEE, AND ENSURE SUCCESSFUL OPERATION OF ALL SPECIAL EVENTS.”

35. Article XI in its entirety shall be renumbered and become Article XVI.

36. The following shall be added as Article XI. “ARTICLE XI – CORPORATE FRIENDS COMMITTEE. SECTION 1. THE CORPORATE FRIENDS COMMITTEE SHALL ESTABLISH CLOSER RELATIONSHIPS WITH THE CORPORATE COMMUNITY IN ORDER TO STRENGTHEN COMMUNICATION, SERVICE PROGRAMS, AND CHARITABLE SUPPORT.”

37. Article XII in its entirety shall be renumbered and become Article XVII.

38. The following shall be added as Article XII. “ARTICLE XII – ANNUAL FRIENDS COMMITTEE. SECTION 1. THE ANNUAL FRIENDS COMMITTEE SHALL WORK TO BROADEN THE BASE OF FRIENDS AND DONORS GIVING TO THE ORGANIZATION THROUGH VARIOUS PROGRAMS AND EVENTS THAT ENCOURAGE ENTRY-LEVEL GIVING.”

39. Article XIII in its entirety shall be renumbered and become Article XVIII.

40. The following shall be added as Article XIII. “Article XIII – SERVICES COMMITTEE. SECTION 1. THE SERVICES COMMITTEE SHALL OVERSEE AND ENSURE THE APPROPRIATE SUPPORT OF THE SERVICES IDENTIFIED AND APPROVED BY THE FOUNDATION BOARD OF TRUSTEES. THIS COMMITTEE SHALL PERIODICALLY REVIEW THE FINANCIAL RESOURCES ALLOCATED TO THE SERVICES AND RECOMMEND FUTURE PLANS OF FUNDING TO THE BOARD OF TRUSTEES.”

41. Article XIV in its entirety shall be renumbered and become Article XIX.

42. Article XV in its entirety shall be renumbered and become Article XX.

43. Article XVI in its entirety shall be renumbered and become Article XXI.

44. Article XVII in its entirety shall be renumbered and become Article XXII.

45. Article XVIII in its entirety shall be renumbered and become Article XXIII.

The following amendments apply to the newly renumbered sections as noted above:

46. Article XIV, Section 1. The words, “at the May meeting” in the first sentence shall be deleted.
47. Article XIV, Section 1. The word “Chairman-Elect” shall be deleted and replaced with “Chairperson-Elect.”

48. Article XIV, Section 1. In the second sentence, the number five in parentheses “(5)” shall be added after the word “five.”

49. Article XIV, Section 1. In the last sentence, the word “It” shall be deleted and replaced with “THIS COMMITTEE.”

50. Article XIV, Section 1. In the last sentence, the words “circumstances dictate” shall be deleted and replaced with “REQUIRED.”

51. Article XV, Section 1, Subsections A and B. The uppercase letters of the first word of both subsections shall be deleted and replaced with lowercase letters.

52. Article XV, Section 1, Subsection A. A semicolon “;” shall be added to the end of the subsection.

53. Article XV, Section 2. In the last sentence, the phrase “, AS THE CASE MAY BE,” shall be added after the word “Committee.”

54. Article XVII, Section 2. The words “Mountain States Health” shall be deleted in front of each instance of the word “Foundation” and replaced with the word “THE.”

55. Article XVIII, Section 4 shall be renumbered and become Article XVIII, Section 5.

56. Article XVIII, Section 5 shall be renumbered and become Article XVIII, Section 6.

57. Article XVIII, Section 5. In the first sentence, the word “meetings” shall be deleted and replaced with the phrase “a meeting.”

58. Article XIX, Section 1. The first sentence shall be deleted, amended and replaced with, “ANY CORPORATE ACTION TO BE TAKEN BY VOTE OF THE BOARD OF TRUSTEES OR MEMBERSHIP, OTHER THAN A CHARTER AMENDMENT, SHALL BE AUTHORIZED BY A MAJORITY OF THE VOTES CAST.” A second sentence shall be added which reads, “ANY AMENDMENT TO THE CHARTER SHALL BE AUTHORIZED BY THE LESSER OF A TWO-THIRDS AFFIRMATIVE VOTE OF ALL MEMBERSHIP VOTES CAST OR A MAJORITY OF THE TOTAL MEMBERSHIP VOTING POWER.”

59. Article XIX, Section 4. In the first sentence, the word “TEN” shall be added before the number 10 and parentheses shall be placed around the number 10.

60. Article XXIII, Section 1. An “s” shall be added to the word “Section” in the first sentence. The “s” in the two other instances of “section” in this paragraph shall be capitalized.
These amendments hereby adopted as of this 22nd day of January, 2004.

Mountain States Health Foundation

By: [Signature]

Marcy E. Walker
Chairperson of the Board
# MOUNTAIN STATES HEALTH FOUNDATION

**BYLAWS**

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MOUNTAIN STATES HEALTH FOUNDATION

BYLAWS

ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is Mountain States Health Foundation ("Foundation").

Section 2. Purposes. The Foundation’s purposes shall be:

a. To encourage, foster, and generate public support for the Mountain States Health Alliance ("MSHA").

b. To encourage, foster and conduct year round public information, publicity, and fundraising campaigns to support MSHA and its related programs.

c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.

d. To maintain a good working relationship with the Administration, Board of Directors, and Staff of MSHA.

e. To help assure the continued excellence in health care dispensed by MSHA.

f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee. The Foundation may also maintain offices at such other places as the Board of Trustees may determine.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Foundation shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.
ARTICLE III - BOARD OF TRUSTEES

Section 1. The Foundation Board of Trustees ("Board") shall govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the Foundation's Articles of Incorporation.

Section 2. The number of Trustees of the Foundation shall be not less than nine (9) nor more than thirty (30) unless and until otherwise determined by vote of a majority of the entire Board of Trustees. The President and Chief Executive Officer of the Mountain States Health Alliance and the President of the MSHA Auxiliary shall serve as ex-officio voting members of the Board of Trustees. The President of the Foundation shall serve as an ex-officio voting member of the Board of Trustees.

Section 3. The members of the Board of Trustees shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board of Trustees shall be immediately forwarded to the Board of Directors of MSHA for its approval of the individuals elected to the Board of Trustees. Upon approval by the Board of Directors of MSHA, newly elected members of the Board of Trustees shall assume their positions on July 1. Trustees that are elected at times other than the annual election shall assume their positions as soon as approval by the Board of Directors of MSHA is obtained.

Section 4. The trustees shall be elected for a term of three (3) years and the term of office will begin July 1. For the purposes of elections, Trustees that are elected and assume their positions mid-year shall be considered as beginning their term on the July 1 preceding the date they actually assume their positions. Approximately one-third of the Trustees shall be elected each year for a three-year term, so that said terms are staggered. Trustees may succeed themselves in office, if nominated by the Board Development Committee, elected by the Board of Trustees and approved by the Board of Directors of MSHA. The number of terms a Trustee may serve is not limited.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the Board of Directors of MSHA for its consideration and approval. A trustee thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Foundation Board of Trustees, although it is not required to be nominated for such position. All Board Members are strongly encouraged to financially support the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Trustee Expectations document.

Section 7. The Board shall cause the management of the Foundation to provide an annual report to the Board of Directors of MSHA on the results of the programs and other operations of the Foundation since the previous report to the MSHA Board.

Section 8. Written notice of all committee and sub-committee meetings of the Board shall be sent to each committee member at least five (5) days before the date of the meeting.
ARTICLE IV - OFFICERS

Section 1. The Officers of the Foundation Board shall be the Chairperson, Vice Chairperson/Chairperson-Elect, Secretary and Treasurer.

Section 2. The terms of office of each officer shall be for two (2) years and shall continue until the newly elected officers take office in July of the year of expiration of the current officers' terms, provided, however, that the Vice Chairperson/Chairperson Elect shall assume automatically the office of Chairperson at the end of his/her term. The Vice Chairperson/Chairperson Elect shall hold the office of Chairperson for the ensuing two (2) years and until the next Vice Chairperson/Chairperson Elect assumes the office in July of the year of expiration of the term.

Section 3. The officers of the Foundation shall be elected from among the members of the Board of Trustees and are to begin their terms July 1. The Board Development Committee shall propose a slate of candidates. Board members may nominate other candidates from the floor.

Section 4.

A. The Chairperson shall preside at all meetings of the Board. The Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required.

B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

D. The Treasurer shall render periodic financial statements to the Executive Committee, Board of Trustees, and membership as requested. The Treasurer shall also work closely with the Foundation staff and others as required to maintain adequate fiscal control of all funds and accounts.

Section 5. Vacancies in officer's positions shall be filled by majority vote of the Executive Committee for the rest of the unexpired term of office.

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Section 1. The following committees shall be Standing Committees: Executive Committee, Board Development Committee, Planned Giving Committee, Special Events Committee, Signature Gifts Committee, Special Gifts Committee, Corporate Friends Committee, Annual Friends Committee, and Services Committee. Ad hoc committees and sub-committees may be created or dissolved by a majority vote at the discretion of the Executive Committee. Active
membership of Board of Trustees shall not be required to serve on Foundation committees or subcommittees. The Chairperson of the Board together with the President of the Foundation shall select Standing and ad hoc committee chairpersons. The Chairperson of the Board and the Chairperson of the Standing committees and sub-committee together with the President of the Foundation shall select committee members.

Section 2. The Chairperson may appoint ad hoc committees and define their duties. Ad hoc committees shall automatically cease to exist at the end of the term of office of the appointing Chairperson unless continued by the new Chairperson.

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Section 1. The Executive Committee shall consist of the Officers of the Foundation; the immediate past Chairperson of the Foundation Board; the President/CEO of MSHA; the President of the Foundation; the Campaign Chairperson, if different from the Chairperson of the Foundation Board; the Board Development Committee Chairperson; the Special Events Committee Chairperson; and the Services Committee Chairperson. At least sixty percent (60%) of the Executive Committee shall consist of members of the Board of Trustees. The Committee shall regularly report to the Board of Trustees.

Section 2. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Board of Trustees, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Board of Trustees, and that it shall refer all matters of major importance to the Board of Trustees. Should any matter of extreme urgency arise between meetings of the Board of Trustees, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board of Trustees.

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Section 1. The Board Development Committee shall present to the Board of Trustees nominations for Trustees to be elected by the Board, and the offices of Chairperson, Vice Chairperson/Chairperson-Elect, Secretary, and Treasurer. The Committee shall furnish information relating to the background and qualifications of all such nominees five (5) days prior to the Board meeting at which an election is to take place. Potential trustees will be personally informed of trustee expectations by members of the Board Development Committee. The Committee shall develop and administer a program of orientation for newly-elected Trustees and conduct a yearly evaluation of all Trustees. This Committee shall report to the Board at the May meeting and otherwise as required.

Section 2. Prior to each May meeting of the Board of Trustees, the Board Development committee shall review the Bylaws and propose any necessary changes thereto to the Board.
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Section 1. A Trustee shall be considered to have a conflict of interest if:

A. such Trustee has existing or potential financial or other interests which impair or might reasonably appear to impair such member's independent, unbiased judgment in the discharge of his or her responsibilities to the Foundation;

OR

B. such Trustee is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Trustee), or any organization in which Trustee (or member of his or her family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.

Section 2. All trustees shall disclose to the Board any possible conflict of interest at the earliest practicable time. No Trustee shall vote on any matter under consideration at a Board or committee meeting in which such Trustee has a conflict of interest. The minutes of said meeting shall reflect that a disclosure was made and that the Trustee having a conflict of interest abstained from voting. Any Trustee who is uncertain whether a conflict of interest may exist in any matter may request the Board or Committee, as the case may be, to resolve the questions by majority vote.

Each trustee shall execute a conflict of interest disclosure statement and shall otherwise comply with the Conflict of Interest Policy established by MSHA.

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Section 1. In any proceeding brought in the right of the Foundation or brought by or on behalf of the members of the Foundation, no Trustee shall be liable to the Foundation or its members for monetary damages with respect to any transaction, occurrence or course of conduct, except for liability resulting from any Trustee having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2. The Foundation shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Trustee or Officer of the Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This indemnification may include the Foundation advancing reasonable expenses incurred by a Trustee or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.
ARTICLE XVIII - MEETINGS

Section 1. The Annual Meeting of the Membership shall be held within four (4) months after the close of the fiscal year of the Foundation, for the purpose of sharing the annual report of the previous year and giving an overview of the year in progress.

Section 2. The Board of Trustees of the Foundation will meet throughout the year, as needed. The Chairperson of the Board, as required, may call special meetings at any time.

Section 3. All meetings of the Board of Trustees or Membership shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 4. A Trustee is expected to attend every meeting of the Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Trustee who shall be absent from three (3) successive Board meetings shall be automatically removed from the Board. The Secretary shall solicit information from a Trustee absent from a meeting as to whether the reason for such absence merits excuse from attendance.

Section 5. The presence at the commencement of a meeting of the Board of Trustees of twenty-five percent (25%) of the elected Board Members or seven (7), whichever is less, shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting.

Section 6. The presence at the commencement of a meeting of the Membership of 10% of the membership or twenty-five (25), whichever is less, shall be necessary and sufficient to constitute a quorum for the transaction of business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting.

ARTICLE XIX - VOTING

Section 1. Any corporate action to be taken by vote of the Board of Trustees or Membership, other than a charter amendment, shall be authorized by a majority of the votes cast. Any amendment to the charter shall be authorized by the lesser of a two-thirds affirmative vote of all membership votes cast or a majority of the total membership voting power.

Section 2. Each member of the Board of Trustees shall be entitled to one (1) vote at the Board of Trustee’s Meeting.

Section 3. Each member of the Foundation shall be entitled to one (1) vote at a membership meeting.

Section 4. The Foundation Office shall endeavor to contact all Members in good standing at least ten (10) days prior to a planned annual Membership Meeting. Such announcement should state the purpose for said meeting.
ARTICLE XX - FISCAL YEAR

Section 1. The fiscal year of the Foundation shall run from July 1 through June 30.

ARTICLE XXI - PARLIAMENTARY PROCEDURE

Section 1. The latest revised edition of Robert’s Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.

ARTICLE XXII - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended at any regular or special meeting of the Board by a two-thirds vote of the Trustees present, provided a quorum of the Trustees shall be present and participating in the meeting, approval of the proposed change(s) by the Executive Committee or at a previous Board meeting has occurred and at least five (5) days notice of the proposed amendment(s) having been given to all Trustees before the final action thereon shall be taken. Any change made to the Bylaws by the Board of Trustees shall be submitted to the Board of Directors of MSHA for its comment and approval. Upon approval by the Board of Directors of MSHA, such changes shall become final and effective.

Section 2. Prior to each May meeting of the Board of Trustees, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the Board.

ARTICLE XXIII - DISSOLUTION OF THE FOUNDATION

Section 1. In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations which themselves are exempt as organizations described in Sections 501(c)(3) and 170 (c)(2) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future law, or to the federal, state or local government for exclusive public purpose. Notwithstanding any other provisions of these Articles, the Foundation will not carry on any other activities not to be carried on by (a) a corporation exempt from Federal Income Tax under Sections 501(c)(3) of Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law or (b) a corporation whose contributions are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or any other corresponding provisions of any future United States Internal Revenue Law.

Date of last review and revision: January 22, 2004

Approved by Board of Trustees: January 22, 2004

Marey E. Walker, Chairperson
Board of Trustees

Larry S. Warkoczeski, President
AMENDMENT TO THE BYLAWS OF
MOUNTAIN STATES HEALTH FOUNDATION
TO REFLECT CHANGE OF NAME OF CORPORATION

Pursuant to action of the Board of Trustees, at their regularly scheduled meeting on the 25th day of March 2004, the Bylaws of Mountain States Health Foundation are hereby amended as follows:

That for each reference in the Bylaws which designates the name of the corporation to be “Mountain States Health Foundation,” said designation shall be amended, deleted, and replaced with the new name of the corporation, “MOUNTAIN STATES FOUNDATION,” in order to comply with the Articles of Amendment To Charter filed with the state of Tennessee, in order to change the legal name of the corporation from “Mountain States Health Foundation” to “Mountain States Foundation.”

This amendment adopted as of March 25, 2004.

Mountain States Health Foundation

By: Marcy E. Walker
Chairperson of the Board
AMENDMENTS TO THE BYLAWS OF MOUNTAIN STATES FOUNDATION

Pursuant to action of the Board of Trustees, at their regularly scheduled meeting on the 26\textsuperscript{th} day of May, 2005, the Bylaws of Mountain States Foundation are hereby amended as follows:

1. Article V, Section 1. The following shall be added to the end of the third sentence: “except for the Executive Committee which requires all members to be active board members”.

2. Article VI, Section 1. The sentence “At least sixty percent (60\%) of the Executive Committee shall consist of members of the Board of Trustees” shall be deleted and replaced with the sentence “All Members of the Executive Committee shall be active members of the Board of Trustees”.

These Amendments were hereby adopted by the Board of Trustees of the Mountain States Foundation as of this 26\textsuperscript{th} day of May, 2005.

These Amendments were hereby adopted by the Board of Trustees of Mountain States Health Alliance as of the 3\textsuperscript{rd} day of June, 2005.

MOUNTAIN STATES FOUNDATION

By: 

Marcy E. Walker  
Chairperson of the Board

MOUNTAIN STATES HEALTH ALLIANCE

By: 

Donald R. Jeans  
Chairman of the Board
# MOUNTAIN STATES FOUNDATION

**BYLAWS**

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MOUNTAIN STATES FOUNDATION

BYLAWS

ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is Mountain States Foundation ("Foundation").

Section 2. Purposes. The Foundation's purposes shall be:

a. To encourage, foster, and generate public support for the Mountain States Health Alliance ("MSHA").

b. To encourage, foster and conduct year round public information, publicity, and fundraising campaigns to support MSHA and its related programs.

c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.

d. To maintain a good working relationship with the Administration, Board of Directors, and Staff of MSHA.

e. To help assure the continued excellence in health care dispensed by MSHA.

f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee. The Foundation may also maintain offices at such other places as the Board of Trustees may determine.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Foundation shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

ARTICLE III - BOARD OF TRUSTEES
Section 1. The Foundation Board of Trustees ("Board") shall govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the Foundation's Articles of Incorporation.

Section 2. The number of Trustees of the Foundation shall be not less than nine (9) nor more than thirty (30) unless and until otherwise determined by vote of a majority of the entire Board of Trustees. The President and Chief Executive Officer of the Mountain States Health Alliance and the President of the MSHA Auxiliary shall serve as ex-officio voting members of the Board of Trustees. The President of the Foundation shall serve as an ex-officio voting member of the Board of Trustees.

Section 3. The members of the Board of Trustees shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board of Trustees shall be immediately forwarded to the Board of Directors of MSHA for its approval of the individuals elected to the Board of Trustees. Upon approval by the Board of Directors of MSHA, newly elected members of the Board of Trustees shall assume their positions on July 1. Trustees that are elected at times other than the annual election shall assume their positions as soon as approval by the Board of Directors of MSHA is obtained.

Section 4. The trustees shall be elected for a term of three (3) years and the term of office will begin July 1. For the purposes of elections, Trustees that are elected and assume their positions mid-year shall be considered as beginning their term on the July 1 preceding the date they actually assume their positions. Approximately one-third of the Trustees shall be elected each year for a three-year term, so that said terms are staggered. Trustees may succeed themselves in office, if nominated by the Board Development Committee, elected by the Board of Trustees and approved by the Board of Directors of MSHA. The number of terms a Trustee may serve is not limited.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the Board of Directors of MSHA for its consideration and approval. A trustee thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Foundation Board of Trustees, although it is not required to be nominated for such position. All Board Members are strongly encouraged to financially support the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Trustee Expectations document.

Section 7. The Board shall cause the management of the Foundation to provide an annual report to the Board of Directors of MSHA on the results of the programs and other operations of the Foundation since the previous report to the MSHA Board.

Section 8. Written notice of all committee and sub-committee meetings of the Board shall be sent to each committee member at least five (5) days before the date of the meeting.

ARTICLE IV - OFFICERS
Section 1. The Officers of the Foundation Board shall be the Chairperson, Vice Chairperson/Chairperson-Elect, Secretary and Treasurer.

Section 2. The terms of office of each officer shall be for two (2) years and shall continue until the newly elected officers take office in July of the year of expiration of the current officers' terms, provided, however, that the Vice Chairperson/Chairperson Elect shall assume automatically the office of Chairperson at the end of his/her term. The Vice Chairperson/Chairperson Elect shall hold the office of Chairperson for the ensuing two (2) years and until the next Vice Chairperson/Chairperson Elect assumes the office in July of the year of expiration of the term.

Section 3. The officers of the Foundation shall be elected from among the members of the Board of Trustees and are to begin their terms July 1. The Board Development Committee shall propose a slate of candidates. Board members may nominate other candidates from the floor.

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A. The Chairperson shall preside at all meetings of the Board. The Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required.

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C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

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Section 2. The Foundation shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Trustee or Officer of the Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This
indemnification may include the Foundation advancing reasonable expenses incurred by a Trustee or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

ARTICLE XVIII - MEETINGS

Section 1. The Annual Meeting of the Membership shall be held within four (4) months after the close of the fiscal year of the Foundation, for the purpose of hearing the annual report of the previous year and giving an overview of the year in progress.

Section 2. The Board of Trustees of the Foundation will meet throughout the year, as needed. The Chairperson of the Board, as required, may call special meetings at any time.

Section 3. All meetings of the Board of Trustees or Membership shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 4. A Trustee is expected to attend every meeting of the Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Trustee who shall be absent from three (3) successive Board meetings shall be automatically removed from the Board. The Secretary shall solicit information from a Trustee absent from a meeting as to whether the reason for such absence merits excuse from attendance.

Section 5. The presence at the commencement of a meeting of the Board of Trustees of twenty-five percent (25%) of the elected Board Members or seven (7), whichever is less, shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting.

Section 6. The presence at the commencement of a meeting of the Membership of 10% of the membership or twenty-five (25), whichever is less, shall be necessary and sufficient to constitute a quorum for the transaction of business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting.

ARTICLE XIX - VOTING

Section 1. Any corporate action to be taken by vote of the Board of Trustees or Membership, other than a charter amendment, shall be authorized by a majority of the votes cast. Any amendment to the charter shall be authorized by the lesser of a two-thirds affirmative vote of all membership votes cast or a majority of the total membership voting power.

Section 2. Each member of the Board of Trustees shall be entitled to one (1) vote at the Board of Trustee’s Meeting.

Section 3. Each member of the Foundation shall be entitled to one (1) vote at a membership meeting.
Section 4. The Foundation Office shall endeavor to contact all Members in good standing at least ten (10) days prior to a planned annual Membership Meeting. Such announcement should state the purpose for said meeting.

ARTICLE XX - FISCAL YEAR

Section 1. The fiscal year of the Foundation shall run from July 1 through June 30.

ARTICLE XXI - PARLIAMENTARY PROCEDURE

Section 1. The latest revised edition of Robert's Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.

ARTICLE XXII - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended at any regular or special meeting of the Board by a two-thirds vote of the Trustees present, provided a quorum of the Trustees shall be present and participating in the meeting, approval of the proposed change(s) by the Executive Committee or at a previous Board meeting has occurred and at least five (5) days notice of the proposed amendment(s) having been given to all Trustees before the final action thereon shall be taken. Any change made to the Bylaws by the Board of Trustees shall be submitted to the Board of Directors of MSHA for its comment and approval. Upon approval by the Board of Directors of MSHA, such changes shall become final and effective.

Section 2. Prior to each May meeting of the Board of Trustees, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the Board.

ARTICLE XXIII - DISSOLUTION OF THE FOUNDATION

Section 1. In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations which themselves are exempt as organizations described in Sections 501(c)(3) and 170 (c)(2) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future law, or to the federal, state or local government for exclusive public purpose. Notwithstanding any other provisions of these Articles, the Foundation will not carry on any other activities not to be carried on by (a) a corporation exempt from Federal Income Tax under Sections 501(c)(3) of Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law or (b) a corporation whose contributions are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or any other
corresponding provisions of any future United States Internal Revenue Law.

Date of last review and revision: January 22, 2004

Approved by Mountain States Health
Foundation Board of Trustees: May 25, 2005

Approved by Mountain States Health
Alliance Board of Directors: June 3, 2005

Marcy E. Walker, Chairperson
Board of Trustees

Larry S. Markoczeski, President
AMENDMENT TO THE BYLAWS OF MOUNTAIN STATES FOUNDATION

Pursuant to an action of the Board of Trustees, at their regularly scheduled meeting on the 22nd day of September, 2005, the Bylaws of Mountain States Foundation are hereby amended as follows:

1. Article III, Section 2. The second sentence is hereby amended as follows:

"The President and Chief Executive Officer of the Mountain States Health Alliance and the President of the MSHA Auxiliary, or their Auxiliary designee, shall serve as ex-officio voting members of the Board of Trustees."

This Amendment was hereby adopted by the Board of Trustees of Mountain States Foundation as of the 22nd day of September, 2005.

This Amendment was hereby adopted by the Board of Directors of Mountain States Health Alliance as of the 4th day of November, 2005.

MOUNTAIN STATES FOUNDATION

By: [Signature]
John Speropulos, Chairperson
Board of Trustees

MOUNTAIN STATES HEALTH ALLIANCE

By: [Signature]
Donald R. Jeanes, Chairman
Board of Directors
ARTICLE I - NAME AND PURPOSES

ARTICLE II - MEMBERSHIP

ARTICLE III - BOARD OF TRUSTEES

ARTICLE IV - OFFICERS

ARTICLE V - STANDING AND AD HOC COMMITTEES

ARTICLE VI - EXECUTIVE COMMITTEE

ARTICLE VII - PLANNED GIVING COMMITTEE

ARTICLE VIII - SIGNATURE GIFTS COMMITTEE

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ARTICLE XIII - SERVICES COMMITTEE

ARTICLE XIV - BOARD DEVELOPMENT COMMITTEE

ARTICLE XV - CONFLICTS OF INTEREST

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ARTICLE XX - FISCAL YEAR

ARTICLE XXI - PARLIAMENTARY PROCEDURE

ARTICLE XXII - REVIEW AND AMENDMENT OF THE BYLAWS

ARTICLE XXIII - DISSOLUTION OF THE FOUNDATION
MOUNTAIN STATES FOUNDATION

BYLAWS

ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is Mountain States Foundation ("Foundation").

Section 2. Purposes. The Foundation's purposes shall be:

a. To encourage, foster, and generate public support for the Mountain States Health Alliance ("MSHA").

b. To encourage, foster and conduct year round public information, publicity, and fundraising campaigns to support MSHA and its related programs.

c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.

d. To maintain a good working relationship with the Administration, Board of Directors, and Staff of MSHA.

e. To help assure the continued excellence in health care dispensed by MSHA.

f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee. The Foundation may also maintain offices at such other places as the Board of Trustees may determine.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Foundation shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

ARTICLE III - BOARD OF TRUSTEES
Section 1. The Foundation Board of Trustees ("Board") shall govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the Foundation's Articles of Incorporation.

Section 2. The number of Trustees of the Foundation shall be not less than nine (9) nor more than thirty (30) unless and until otherwise determined by vote of a majority of the entire Board of Trustees. The President and Chief Executive Officer of the Mountain States Health Alliance and the President of the MSHA Auxiliary, or their Auxiliary designee, shall serve as ex-officio voting members of the Board of Trustees. The President of the Foundation shall serve as an ex-officio voting member of the Board of Trustees.

Section 3. The members of the Board of Trustees shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board of Trustees shall be immediately forwarded to the Board of Directors of MSHA for its approval of the individuals elected to the Board of Trustees. Upon approval by the Board of Directors of MSHA, newly elected members of the Board of Trustees shall assume their positions on July 1. Trustees that are elected at times other than the annual election shall assume their positions as soon as approval by the Board of Directors of MSHA is obtained.

Section 4. The trustees shall be elected for a term of three (3) years and the term of office will begin July 1. For the purposes of elections, Trustees that are elected and assume their positions mid-year shall be considered as beginning their term on the July 1 preceding the date they actually assume their positions. Approximately one-third of the Trustees shall be elected each year for a three-year term, so that said terms are staggered. Trustees may succeed themselves in office, if nominated by the Board Development Committee, elected by the Board of Trustees and approved by the Board of Directors of MSHA. The number of terms a Trustee may serve is not limited.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the Board of Directors of MSHA for its consideration and approval. A trustee thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Foundation Board of Trustees, although it is not required to be nominated for such position. All Board Members are strongly encouraged to financially support the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Trustee Expectations document.

Section 7. The Board shall cause the management of the Foundation to provide an annual report to the Board of Directors of MSHA on the results of the programs and other operations of the Foundation since the previous report to the MSHA Board.

Section 8. Written notice of all committee and sub-committee meetings of the Board shall be sent to each committee member at least five (5) days before the date of the meeting.

ARTICLE IV - OFFICERS
Section 1. The Officers of the Foundation Board shall be the Chairperson, Vice Chairperson/Chairperson-Elect, Secretary and Treasurer.

Section 2. The terms of office of each officer shall be for two (2) years and shall continue until the newly elected officers take office in July of the year of expiration of the current officers’ terms, provided, however, that the Vice Chairperson/Chairperson Elect shall assume automatically the office of Chairperson at the end of his/her term. The Vice Chairperson/Chairperson Elect shall hold the office of Chairperson for the ensuing two (2) years and until the next Vice Chairperson/Chairperson Elect assumes the office in July of the year of expiration of the term.

Section 3. The officers of the Foundation shall be elected from among the members of the Board of Trustees and are to begin their terms July 1. The Board Development Committee shall propose a slate of candidates. Board members may nominate other candidates from the floor.

Section 4.

A. The Chairperson shall preside at all meetings of the Board. The Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required.

B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

D. The Treasurer shall render periodic financial statements to the Executive Committee, Board of Trustees, and membership as requested. The Treasurer shall also work closely with the Foundation staff and others as required to maintain adequate fiscal control of all funds and accounts.

Section 5. Vacancies in officer’s positions shall be filled by majority vote of the Executive Committee for the rest of the unexpired term of office.

ARTICLE V - STANDING AND AD HOC COMMITTEES

Section 1. The following committees shall be Standing Committees: Executive Committee, Board Development Committee, Planned Giving Committee, Special Events Committee, Signature Gifts Committee, Special Gifts Committee, Corporate Friends Committee, Annual Friends Committee, and Services Committee. Ad hoc committees and sub-committees may be created or dissolved by a majority vote at the discretion of the Executive Committee. Active membership of Board of Trustees shall not be required to serve on Foundation committees or
subcommittees, except for the Executive Committee which requires all members to be active board members. The Chairperson of the Board together with the President of the Foundation shall select Standing and ad hoc committee chairpersons. The Chairperson of the Board and the Chairperson of the Standing committees and sub-committee together with the President of the Foundation shall select committee members.

Section 2. The Chairperson may appoint ad hoc committees and define their duties. Ad hoc committees shall automatically cease to exist at the end of the term of office of the appointing Chairperson unless continued by the new Chairperson.

Section 3. The Chairperson shall be an ex-officio voting member of all committees and subcommittees.

Section 4. The President of the Foundation shall serve as an ex-officio voting member of all committees and subcommittees.

ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. The Executive Committee shall consist of the Officers of the Foundation; the immediate past Chairperson of the Foundation Board; the President/CEO of MSHA; the President of the Foundation; the Campaign Chairperson, if different from the Chairperson of the Foundation Board; the Board Development Committee Chairperson; the Special Events Committee Chairperson; and the Services Committee Chairperson. All members of the Executive Committee shall be active members of the Board of Trustees. The Committee shall regularly report to the Board of Trustees.

Section 2. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Board of Trustees, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Board of Trustees, and that it shall refer all matters of major importance to the Board of Trustees. Should any matter of extreme urgency arise between meetings of the Board of Trustees, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board of Trustees.

Section 3. The Executive Committee shall hold meetings as required.

Section 4. The quorum necessary to transact business at an Executive Committee meeting will consist of a minimum of three (3) members.

ARTICLE VII – PLANNED GIVING COMMITTEE

Section 1. The Planned Giving Committee shall provide education, cultivation, and a positive environment in which to encourage estate gifts.
ARTICLE VIII – SIGNATURE GIFTS COMMITTEE

Section 1. The Signature Gifts Committee shall identify, solicit, and recognize donors of fifty thousand dollars ($50,000) and greater gifts. The committee shall also recommend naming opportunities for specific projects to allow a donor to put his or her “signature” on a facility or program.

ARTICLE IX – SPECIAL GIFTS COMMITTEE.

Section 1. The Special Gifts Committee shall identify, cultivate, solicit, and recognize pledges of ten thousand dollars ($10,000) to fifty thousand dollars ($50,000) from individuals.

ARTICLE X – SPECIAL EVENTS COMMITTEE.

Section 1. The Special Events Committee shall develop, oversee, and ensure successful operation of all special events.

ARTICLE XI – CORPORATE FRIENDS COMMITTEE.

Section 1. The Corporate Friends Committee shall establish closer relationships with the corporate community in order to strengthen communication, service programs, and charitable support.

ARTICLE XII – ANNUAL FRIENDS COMMITTEE.

Section 1. The Annual Friends Committee shall work to broaden the base of friends and donors giving to the organization through various programs and events that encourage entry-level giving.

ARTICLE XIII – SERVICES COMMITTEE.

Section 1. The Services Committee shall oversee and ensure the appropriate support of the services identified and approved by the Foundation Board of Trustees. This Committee shall periodically review the financial resources allocated to the services and recommend future plans of funding to the Board of Trustees.

ARTICLE XIV - BOARD DEVELOPMENT COMMITTEE

Section 1. The Board Development Committee shall present to the Board of Trustees nominations for Trustees to be elected by the Board, and the offices of Chairperson, Vice Chairperson/Chairperson-Elect, Secretary, and Treasurer. The Committee shall furnish information relating to the background and qualifications of all such nominees five (5) days prior to the Board meeting at which an election is to take place. Potential trustees will be personally informed of trustee expectations by members of the Board Development Committee. The Committee shall develop and administer a program of orientation for newly-elected Trustees and
conduct a yearly evaluation of all Trustees. This Committee shall report to the Board at the May meeting and otherwise as required.

Section 2. Prior to each May meeting of the Board of Trustees, the Board Development committee shall review the Bylaws and propose any necessary changes thereto to the Board.

ARTICLE XV - CONFLICTS OF INTEREST

Section 1. A Trustee shall be considered to have a conflict of interest if:

A. such Trustee has existing or potential financial or other interests which impair or might reasonably appear to impair such member’s independent, unbiased judgment in the discharge of his or her responsibilities to the Foundation;

OR

B. such Trustee is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Trustee), or any organization in which Trustee (or member of his or her family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.

Section 2. All trustees shall disclose to the Board any possible conflict of interest at the earliest practicable time. No Trustee shall vote on any matter under consideration at a Board or committee meeting in which such Trustee has a conflict of interest. The minutes of said meeting shall reflect that a disclosure was made and that the Trustee having a conflict of interest abstained from voting. Any Trustee who is uncertain whether a conflict of interest may exist in any matter may request the Board or Committee, as the case may be, to resolve the questions by majority vote.

Each trustee shall execute a conflict of interest disclosure statement and shall otherwise comply with the Conflict of Interest Policy established by MSHA.

ARTICLE XVI - DISCRIMINATION PROHIBITED

Section 1. The Foundation does not discriminate on the basis of race, color, sex, religion, national or ethnic origin, physical handicap, age or marital status in employment, or in any other aspects of its work.

ARTICLE XVII - TRUSTEES’ AND OFFICERS’ LIABILITY

Section 1. In any proceeding brought in the right of the Foundation or brought by or on behalf of the members of the Foundation, no Trustee shall be liable to the Foundation or its members for monetary damages with respect to any transaction, occurrence or course of conduct, except for liability resulting from any Trustee having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2. The Foundation shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Trustee or Officer of the Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This
indemnification may include the Foundation advancing reasonable expenses incurred by a Trustee or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

**ARTICLE XVIII - MEETINGS**

Section 1. The Annual Meeting of the Membership shall be held within four (4) months after the close of the fiscal year of the Foundation, for the purpose of sharing the annual report of the previous year and giving an overview of the year in progress.

Section 2. The Board of Trustees of the Foundation will meet throughout the year, as needed. The Chairperson of the Board, as required, may call special meetings at any time.

Section 3. All meetings of the Board of Trustees or Membership shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 4. A Trustee is expected to attend every meeting of the Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Trustee who shall be absent from three (3) successive Board meetings shall be automatically removed from the Board. The Secretary shall solicit information from a Trustee absent from a meeting as to whether the reason for such absence merits excuse from attendance.

Section 5. The presence at the commencement of a meeting of the Board of Trustees of twenty-five percent (25%) of the elected Board Members or seven (7), whichever is less, shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting.

Section 6. The presence at the commencement of a meeting of the Membership of 10% of the membership or twenty-five (25), whichever is less, shall be necessary and sufficient to constitute a quorum for the transaction of business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting.

**ARTICLE XIX - VOTING**

Section 1. Any corporate action to be taken by vote of the Board of Trustees or Membership, other than a charter amendment, shall be authorized by a majority of the votes cast. Any amendment to the charter shall be authorized by the lesser of a two-thirds affirmative vote of all membership votes cast or a majority of the total membership voting power.

Section 2. Each member of the Board of Trustees shall be entitled to one (1) vote at the Board of Trustee’s Meeting.

Section 3. Each member of the Foundation shall be entitled to one (1) vote at a membership meeting.
Section 4. The Foundation Office shall endeavor to contact all Members in good standing at least ten (10) days prior to a planned annual Membership Meeting. Such announcement should state the purpose for said meeting.

ARTICLE XX - FISCAL YEAR

Section 1. The fiscal year of the Foundation shall run from July 1 through June 30.

ARTICLE XXI - PARLIAMENTARY PROCEDURE

Section 1. The latest revised edition of Robert's Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.

ARTICLE XXII - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended at any regular or special meeting of the Board by a two-thirds vote of the Trustees present, provided a quorum of the Trustees shall be present and participating in the meeting, approval of the proposed change(s) by the Executive Committee or at a previous Board meeting has occurred and at least five (5) days notice of the proposed amendment(s) having been given to all Trustees before the final action thereon shall be taken. Any change made to the Bylaws by the Board of Trustees shall be submitted to the Board of Directors of MSIA for its comment and approval. Upon approval by the Board of Directors of MSIA, such changes shall become final and effective.

Section 2. Prior to each May meeting of the Board of Trustees, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the Board.

ARTICLE XXIII - DISSOLUTION OF THE FOUNDATION

Section 1. In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations which themselves are exempt as organizations described in Sections 501(c)(3) and 170 (c)(2) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future law, or to the federal, state or local government for exclusive public purpose. Notwithstanding any other provisions of these Articles, the Foundation will not carry on any other activities not to be carried on by (a) a corporation exempt from Federal Income Tax under Sections 501(c)(3) of Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law or (b) a corporation whose contributions are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or any other
corresponding provisions of any future United States Internal Revenue Law.

Approved by Mountain States Health Foundation Board of Trustees: September 22, 2005

Approved by Mountain States Health Alliance Board of Directors: November 4, 2005

John Speropulos, Chairperson
Board of Trustees

Larry S. Warkoczesci, President

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Mountain States Foundation

Board of Trustees By-Laws

March 23, 2009
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MOUNTAIN STATES FOUNDATION

BYLAWS

DEFINITIONS

1. "MSHA Board of Directors" and "MSHA Board" mean the governing authority of the Mountain States Health Alliance Corporation. Whenever the word "MSHA Board" is used in these Bylaws, it shall mean the Mountain States Health Alliance Board of Directors acting on its own or by delegated authority to the Corporation President, or to a committee of the Board. Whenever the term "MSHA" is used in these Bylaws, it shall mean the Mountain States Health Alliance corporation.

2. "Corporation" means Mountain States Foundation. Whenever used in these Bylaws, the term "MSF" shall refer to the Mountain States Foundation.

3. "MSF Foundation Board" refers to the Board of Trustees of the Mountain States Foundation.

4. "Community Hospital Board" means the local boards of MSHA hospitals, which function as a committee of the Mountain States Health Alliance Board of Directors.

5. "Community Foundation Board" means the local foundation boards, which function as a committee of the Mountain States Foundation Board of Trustees and coordinate their work with their local Community Hospital Board or Boards.

6. "MSHA President/CEO" means the individual who is employed as the President/CEO of Mountain States Health Alliance for overall management of the Corporation.

7. "MSF President" means the individual appointed by the President/CEO of MSHA to act on behalf of the Corporation in the overall management of the Mountain States Foundation.

8. "Executive Committee" means the Executive Committee of the MSF Board.

9. "Ex Officio" means service as a member of a body by virtue of an office or position held and, unless otherwise expressly prohibited, means with voting rights.

10. "Special Notice" means written notification sent by certified or registered mail, return receipt requested.

11. "Interested Person" means any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in these bylaws and corresponding conflict of interest policies.
ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is Mountain States Foundation ("Foundation"), a not-for-profit organization operated consistent with Internal Revenue Service Code 501 (c) (3) and Tennessee law.

Section 2. Purposes. The Foundation’s purposes shall be:

a. To encourage, foster, and generate public support for — MSHA’s hospitals and other facilities and programs throughout the communities MSHA serves.
b. To encourage, foster and conduct year round public information, community education, publicity, and fundraising campaigns to support MSHA’s facilities and programs.
c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.
d. To maintain a good working relationship with the Administration, Board of Directors, and Staffs of MSHA and MSF.
e. To help assure the continued excellence in health care dispensed by MSHA’s facilities and programs.
f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA facilities.
g. To establish, coordinate, and oversee the activities of Community Foundation Boards and fund raising activities in communities served by MSHA.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee. The Foundation may also maintain offices at such other places as the Board of Trustees may determine.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Foundation shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

ARTICLE III - BOARD OF TRUSTEES
Section 1. The Foundation Board of Trustees ("Board") shall govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the Foundation’s Articles of Incorporation. The responsibilities of the Board shall include:

a. To participate in educational and related activities in order to understand and support MSHA’s vision and strategic plan and the needs of the communities it serves.
b. To approve and recommend to the MSHA Board a system-wide, Foundation Strategic Plan and to recommend updates to the plan when appropriate
c. To advise the MSF President on the annual Strategic Implementation Plan and annual budget for the Foundation
d. To advise on and support philanthropic activities of the Foundation and its Community Foundation Boards, including but not limited to capital campaigns, community education, special events, major gifts, planning and annual giving
e. To make recommendations to the MSHA Board and management with regard to the distribution and use of philanthropic funds, consistent with the MSHA strategic plan and priorities
f. To monitor the performance of the Foundation in achieving its strategic goals
g. To establish a Foundation Board committee structure to assist the board in its work
h. To establish and approve the members of Community Foundation Boards, and to oversee and support their work
i. To approve and recommend to the MSHA Board the election and re-election of members to the MSF Board
j. To participate with the MSHA President/CEO in the goal-setting and evaluation process of the MSF President
k. To oversee Foundation investments, in accordance with policies adopted by the MSHA Board and MSHA Investment Committee.

Section 2. The number of Trustees of the Foundation shall be not fewer than 12 no more than 15, including ex-officio members. The President and Chief Executive Officer of the Mountain States Health Alliance and the President of the Foundation shall serve as an ex-officio, voting members of the Board of Trustees.

Section 3. The members of the Board of Trustees shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board of Trustees shall be immediately forwarded to the Board of Directors of MSHA for its approval of the individuals elected to the Board of Trustees. Upon approval by the Board of Directors of MSHA, newly elected members of the Board of Trustees shall assume their positions on July 1. Trustees that are elected at times other than the annual election shall assume their positions as soon as approval by the Board of Directors of MSHA is obtained.

a. Qualifications of Members. Selection of a Foundation Board member shall be based on an individual’s demonstrated commitment to MSHA’s mission and vision and to the communities it serves; possession of professional knowledge, skills or backgrounds that can assist the Foundation Board in its work; willingness to devote the time necessary to Foundation Board work, including education; demonstrated capability to exercise leadership, teamwork/consensus-building, systems thinking, and sound judgment on matters that come before the Foundation Board; personal integrity and objectivity, including no conflicts of interest that would prevent a member from discharging his or
her responsibilities; and such other competencies as are adopted by the MSF Board from
time to time.

b. In electing its members, the Foundation Board will endeavor to broadly reflect the
various communities served by MSHA. No member of the MSF Board will represent a
particular geographic area or stakeholder group.

Section 4. The trustees shall be elected for a term of three (3) years and the term of office
will begin July 1, unless otherwise approved by a majority vote of MSF Board of Trustees. For
the purposes of elections, Trustees that are elected and assume their positions mid-year shall be
considered as beginning their term on the July 1 preceding the date they actually assume their
positions. Approximately one-third of the Trustees shall be elected each year for a three-year
term, so that said terms are staggered. Trustees may succeed themselves in office, if nominated
by the Board Development Committee, elected by the Board of Trustees and approved by the
Board of Directors of MSHA. Effective with members elected on or after July 1, 2008, a trustee
may serve a maximum of three consecutive, three year terms, or a total of nine consecutive years
for terms of any length, as a member of the Board, and is eligible for re-election after not serving
on the Board for a period of at least one year.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of
those in attendance upon nomination by the Board Development Committee. Such persons
elected to fill an unexpired term shall be submitted to the Board of Directors of MSHA for its
consideration and approval. A trustee thus elected to fill any vacancy shall hold office for the
unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Foundation Board
of Trustees, although it is not required to be nominated for such position. All Board Members are
strongly encouraged to financially support the Foundation through all means and resources
possible and to participate in all Foundation sponsored events as outlined in the Trustee
Expectations document.

Section 7. The Board shall cause the management of the Foundation to provide an annual
report to the Board of Directors of MSHA on the results of the programs and other operations of
the Foundation since the previous report to the MSHA Board.

Section 8. Written notice of all committee and sub-committee meetings of the Board shall
be sent to each committee member at least five (5) days before the date of the meeting.

ARTICLE IV - OFFICERS

Section 1. The Officers of the Foundation Board shall be the Chairperson, Vice
Chairperson/Chairperson-Elect, Secretary and Treasurer. An individual may not serve as
chairperson or vice chairperson/chair-elect for more than two consecutive years.

Section 2. The terms of office of each officer shall be for two (2) years and shall continue
until the newly elected officers take office in July of the year of expiration of the current officers'
terms. The Vice Chairperson/Chairperson Elect must stand for nomination by the Board
Development Committee and election by the Board before assuming the office of Chairperson. If
either does not approve the advancement of the Vice Chairperson, the Board shall elect another individual as Chairperson.

Section 3. The officers of the Foundation shall be elected from among the members of the Board of Trustees and are to begin their terms July 1. The Board Development Committee shall propose a slate of candidates. Board members may nominate other candidates from the floor.

Section 4.

A. The Chairperson shall preside at all meetings of the Board. The Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required.

B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

D. The Treasurer shall render periodic financial statements to the Executive Committee, Board of Trustees, and membership as requested. The Treasurer shall also work closely with the Foundation staff and others as required to maintain adequate fiscal control of all funds and accounts.

Section 5. Vacancies in officer’s positions shall be filled by majority vote of the Executive Committee for the rest of the unexpired term of office.

ARTICLE V - STANDING AND AD HOC COMMITTEES

Section 1. The Board shall have the following Standing Committees: Executive Committee, Board Development Committee, a Grants Approval Committee, Planned Giving Committee, and a Chairpersons Council. The Board may create other standing or ad hoc committees as necessary to complete its work. On the effective date of these bylaws, existing MSF Board committees for Special Events, Signature Gifts, Special Gifts, Corporate Friends, Annual Friends, and Services will continue their work under the Washington County Foundation Board. Ad hoc committees and sub-committees may be created or dissolved, at the discretion of the Board, by a majority vote. The responsibilities of Ad Hoc Committees should be defined in a written policy statement approved annually by the Board. Active membership on the Board of Trustees shall not be required to serve on Foundation committees or subcommittees, except for the Executive Committee, which requires all members to be active board members. Except as otherwise provided in these bylaws, the Chairperson of the Board, in consultation with the President of the Foundation, shall select Standing and ad hoc committee chairpersons and committee members. The Executive Committee must approve all Committee chairpersons.
Section 2. The Chairperson may appoint ad hoc committees and define their duties, subject to Board approval. Ad hoc committees shall automatically cease to exist at the end of the term of office of the appointing Chairperson unless continued by the new Chairperson.

Section 3. The Chairperson shall be an ex-officio voting member of all committees and subcommittees.

Section 4. The President of the Foundation shall serve as an ex-officio, voting member of all committees and subcommittees except for the Executive Committee and the Chairpersons Council, on which the President of the Foundation shall serve as an ex-officio, non-voting member.

ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. The Executive Committee shall consist of the Officers of the Foundation; the immediate Past Chairperson; the Chairpersons of each Standing Committee; the Capital Campaign Chairperson (if such a position is in existence); the President/CEO of MSHA; and up to two additional at-large members. In addition the President of the Foundation will serve as an ex-officio, non-voting member. All members of the Executive Committee shall be active members of the Board of Trustees. The Committee shall regularly report to the Board of Trustees on any actions it takes.

Section 2. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Board of Trustees, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Board of Trustees, that it communicates its action to the Board in a timely fashion, and that it shall refer all matters of major importance to the Board of Trustees. A meeting of the Executive Committee may be called by the Chairperson or by the MSF president and two additional members of the Executive Committee. Should any matter of extreme urgency arise between meetings of the Board of Trustees, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board of Trustees.

Section 3. The Executive Committee shall hold meetings as required.

Section 4. The quorum necessary to transact business at an Executive Committee meeting will consist of a minimum of 50% of the members.

ARTICLE VII - BOARD DEVELOPMENT COMMITTEE

Section 1. The Board Development Committee shall present to the Board of Trustees nominations for Trustees to be elected by the Board, and the offices of Chairperson, Vice Chairperson/Chairperson-Elect, Secretary, and Treasurer. The Committee shall furnish information relating to the background and qualifications of all such nominees five (5) days prior
to the Board meeting at which an election is to take place. Potential trustees will be personally informed of trustee expectations by members of the Board Development Committee.

Section 2. The Committee shall also have the following responsibilities:

a. require that management provide for committee oversight a program of orientation for newly-elected MSF and Community Foundation Trustees
b. require that management provide for committee oversight a program of continuing education for MSF and Community Foundation Trustees, including an annual board retreat for the MSF Board
c. review the MSF board's bylaws, responsibilities, committee structure and meeting schedule annually, and make recommendations for changes to the Board
d. conduct a board self evaluation and improvement process at least every two years.
e. report to the Board at the May meeting and otherwise as required.

ARTICLE VIII – GRANTS APPROVAL COMMITTEE

Section 1. The Grants Approval Committee shall review and recommend to the MSF Board requests for grant funding from the Foundation, consistent with the MSHA and MSF strategic plans. The committee may, with the approval of the MSF Board of Trustees, delegate to Community Foundation Boards the authority to approve grants for use in their communities and hospitals up to dollar thresholds that may be set from time to time, and it will review the grant making activities of the Community Foundation Boards at least annually.

ARTICLE IX – PLANNED GIVING COMMITTEE

Section 1. The Planned Giving Committee shall provide education, cultivation, and a positive environment in which to encourage estate gifts.

ARTICLE X – CHAIRPERSONS COUNCIL

Section 1. The Chairpersons Council shall be composed of the Chair of the MSF Board, Chairperson of the MSHA Board or his/her designee, the MSF President as an ex-officio, non-voting member, and the Chairpersons of all Community Foundation Boards. The Council will promote communications, coordination and collaboration of fund development activities across the system.

ARTICLE XI - CONFLICTS OF INTEREST

Section 1. A Trustee shall be considered to have a conflict of interest if the Board, a committee appointed to review potential conflicts of interests, or the MSHA Board determines:

A. such Trustee has existing or potential financial or other interests which impair or might reasonably appear to impair such member's independent, unbiased judgment in the discharge of his or her responsibilities to the Foundation;
OR

B. such Trustee is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Trustee), or any organization in which Trustee (or member of his or her family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.

Section 2. Financial Interests. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest in any entity with which MSHA, the Foundation, or another MSHA subsidiary organization, has a transaction or arrangement, or
b. A compensation arrangement with an entity with which MSHA, the Foundation, or its subsidiaries, has a transaction or arrangement, or
c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which MSHA, the Foundation, or its subsidiaries are negotiating a transaction or arrangement, or
d. An ownership, investment interest, compensation, or key employee relationship with any entity that directly competes with MSHA or any of its subsidiaries.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article IX, Section 1, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. All trustees shall disclose to the Board any financial and other interests as defined above at the earliest practicable time. No Trustee shall vote on any matter under consideration at a Board or committee meeting in which such Trustee has a conflict of interest. The minutes of said meeting shall reflect that a disclosure was made and that the Trustee having a conflict of interest abstained from voting. Any Trustee who is uncertain whether a conflict of interest may exist in any matter may request the Board or Committee, as the case may be, to resolve the questions by majority vote.

Each trustee shall execute a disclosure statement of financial and other interests annually and shall otherwise comply with the Conflict of Interest Policy established by MSHA.

ARTICLE XII- DISCRIMINATION PROHIBITED

Section 1. The Foundation does not discriminate on the basis of race, color, sex, religion, national or ethnic origin, physical handicap, age or marital status in employment, or in any other aspects of its work.

ARTICLE XIII- TRUSTEES’ AND OFFICERS’ LIABILITY
Section 1. In any proceeding brought in the right of the Foundation or brought by or on behalf of the members of the Foundation, no Trustee shall be liable to the Foundation or its members for monetary damages with respect to any transaction, occurrence or course of conduct, except for liability resulting from any Trustee having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2. The Foundation shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Trustee or Officer of the Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This indemnification may include the Foundation advancing reasonable expenses incurred by a Trustee or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

ARTICLE XIV - MEETINGS

Section 1. The Annual Meeting of the Membership shall be held within four (4) months after the close of the fiscal year of the Foundation, for the purpose of sharing the annual report of the previous year and giving an overview of the year in progress.

Section 2. The Board of Trustees of the Foundation will meet throughout the year, as needed. The Chairperson of the Board, as required, may call special meetings at any time.

Section 3. All meetings of the Board of Trustees or Membership shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 4. A Trustee is expected to attend every meeting of the Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Trustee who shall be absent from three (3) successive Board meetings shall be automatically removed from the Board. The Secretary shall solicit information from a Trustee absent from a meeting as to whether the reason for such absence merits excuse from attendance. Trustees may attend meetings, count toward a quorum, and vote by telephone when they cannot attend a meeting in person for unavoidable circumstances.

Section 5. The presence at the commencement of a meeting of the Board of Trustees of 50% of Board Members shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting, except that the Board may not vote unless a quorum is present.

Section 6. The presence at the commencement of a meeting of the Membership of 10% of the membership or twenty-five (25), whichever is less, shall be necessary and sufficient to constitute a quorum for the transaction of business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting.
ARTICLE XV - VOTING

Section 1. Any corporate action to be taken by vote of the Board of Trustees or Membership, other than a charter amendment, shall be authorized by a majority of the votes cast. Any amendment to the charter shall be authorized by the lesser of a two-thirds affirmative vote of all membership votes cast or a majority of the total membership voting power.

Section 2. Each member of the Board of Trustees shall be entitled to one (1) vote at the Board of Trustee's Meeting.

Section 3. Each member of the Foundation shall be entitled to one (1) vote at a membership meeting.

Section 4. The Foundation Office shall endeavor to contact all Members in good standing at least ten (10) days prior to a planned annual Membership Meeting. Such announcement should state the purpose for said meeting.

ARTICLE XVI - FISCAL YEAR

Section 1. The fiscal year of the Foundation shall run from July 1 through June 30.

ARTICLE XVII - PARLIAMENTARY PROCEDURE

Section 1. The latest revised edition of Robert's Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.

ARTICLE XVIII - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended at any regular or special meeting of the Board by a two-thirds vote of the Trustees present, provided a quorum of the Trustees shall be present and participating in the meeting, approval of the proposed change(s) by the Executive Committee or at a previous Board meeting has occurred and at least five (5) days notice of the proposed amendment(s) having been given to all Trustees before the final action thereon shall be taken. Any change made to the Bylaws by the Board of Trustees shall be submitted to the Board of Directors of MSHA for its comment and approval. Upon approval by the Board of Directors of MSHA, such changes shall become final and effective.

Section 2. Prior to each May meeting of the Board of Trustees, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the Board.
ARTICLE XIX - DISSOLUTION OF THE FOUNDATION

Section 1. In the event of dissolution, the residual assets of the organization will be turned over to one or more organizations which themselves are exempt as organizations described in Sections 501(c)(3) and 170 (c)(2) of the Internal Revenue Code of 1954 or corresponding sections of any prior or future law, or to the federal, state or local government for exclusive public purpose. Notwithstanding any other provisions of these Articles, the Foundation will not carry on any other activities not to be carried on by (a) a corporation exempt from Federal Income Tax under Sections 501(c)(3) of Internal Revenue Code of 1954 or the corresponding provisions of any future United States Internal Revenue Law or (b) a corporation whose contributions are deductible under Section 170(c)(2) of the Internal Revenue Code of 1954 or any other corresponding provisions of any future United States Internal Revenue Law.

Date of last review and revision: 23 March 2009 to be revised

Approved by Mountain States Health Foundation Board of Trustees: 20 Nov 2008 to be revised

Approved by Mountain States Health Alliance Board of Directors: 5 Dec 2008 to be revised

Clara Jeanes, Chairperson
Board of Trustees

Patricia Holtsclaw, President
Mountain States Foundation

Carter County
Community Foundation Board By-Laws

March 18, 2009
CARTER COUNTY COMMUNITY FOUNDATION

BYLAWS

DEFINITIONS

1. "MSHA Board of Directors" and "MSHA Board" mean the governing authority of the Mountain States Health Alliance Corporation. Whenever the word "MSHA Board" is used in these Bylaws, it shall mean the Mountain States Health Alliance Board of Directors acting on its own or by delegated authority to the Corporation President, or to a committee of the Board. The use of "MSHA" herein shall mean Mountain States Health Alliance.

2. "Corporation" means Mountain States Foundation.

3. "MSF Foundation Board" refers to the Board of Trustees of the Mountain States Foundation. The use of "MSF" herein shall refer to the Mountain States Foundation.

4. "Carter County Hospital Board" means the local board responsible for MSHA’s hospitals in Carter County, TN, which function as a committee of the Mountain States Health Alliance Board of Directors.

5. "Carter County Community Foundation Board" means the local foundation board for Carter County, which functions as a committee of the Mountain States Foundation Board of Trustees and coordinates its work with the Carter County Hospitals Board.

6. "MSHA President/CEO" means the individual who is employed as the President/CEO of Mountain States Health Alliance for overall management of the Corporation.

7. "MSF President" means the individual appointed by the President/CEO of MSHA to act on behalf of the Corporation in the overall management of the Mountain States Foundation.

8. "Executive Committee" means the Executive Committee of the Carter County Community Foundation Board.

9. "Hospital CEO" means the President or other Senior Executive responsible for MSHA’s Carter County Hospitals.

10. "Ex Officio" means service as a member of a body by virtue of an office or position held and, unless otherwise expressly prohibited, means with voting rights.

11. "Special Notice" means written notification sent by certified or registered mail, return receipt requested.

12. "Interested Person" means any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in these bylaws and corresponding conflict of interest policies.
ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is the Carter County Community Foundation Board ("Foundation"), which operates as the Mountain States Foundation dba Carter County Community Foundation Board. The Carter County Community Foundation Board functions as a committee of the Mountain States Foundation Board of Trustees.

Section 2. Purposes. The Foundation’s purposes shall be:

a. To encourage, foster, and generate public support for MSHA’s hospitals and other facilities and programs in Carter County, TN.
b. To encourage, foster and conduct year round public information, community education, publicity, and fundraising campaigns to support MSHA’s facilities and programs in Carter County.
c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.
d. To maintain a good working relationship with the Administration, Board of Directors, and Staffs of MSF, MSHA and Sycamore Shoals Hospital.
e. To help assure the continued excellence in health care dispensed by MSHA.
f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA facilities.
g. To identify community needs that can be met through philanthropic contributions, and to work with the Mountain States Foundation to develop and implement local fund raising programs.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Carter County Community Foundation Board shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

Section 4. Membership in the Carter County Community Foundation Board shall also constitute membership in the Mountain States Foundation.
ARTICLE III - BOARD OF TRUSTEES

Section 1. The Carter County Community Foundation Board ("Board") shall, consistent with the policies and plans of the Mountain States Foundation, govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation’s stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the MSF’s Articles of Incorporation. The responsibilities of the Board shall include:

a. To participate in educational and related activities in order to understand and support MSHA’s and MSF’s vision and strategic plans and the needs of the communities Carter County Hospitals serve.
b. To recommend to the MSF Board of Trustees a local Foundation Strategic Plan of philanthropic and community education activities and to recommend updates to the plan when appropriate
c. To advise on and support philanthropic activities of the Foundation, including but not limited to system-wide and local capital campaigns, community education, special events, major gifts, planning and annual giving
d. To make recommendations to the MSF Board of Trustees and management with regard to the distribution and use of philanthropic funds, consistent with the MSHA strategic plan and priorities
e. To approve local requests for grant funds, up to a dollar threshold established by the MSF Board, and to make a report on such grants to the MSF Board of Trustees at least annually
f. To monitor the performance of the Foundation in achieving its strategic goals in Carter County
g. To recommend a committee structure for fund raising events and programs to assist the MSF Board of Trustees and staff in philanthropic work, subject to approval by the MSF Board of Trustees
h. To make recommendations to the MSF Board of Trustees for election and re-election of the members of the Carter County Community Foundation Board.
i. To work closely with the MSF Board and management of Sycamore Shoals Hospital to align activities and maintain communications.

Section 2. The number of members of the Board shall be not fewer than 9 nor more than 30, including ex-officio members, The President of MSF or his/her designee, the Hospital CEO, and the Chairperson of the Carter County Hospital Board or his/her designee shall serve as ex-officio voting members of the Board of Trustees.

Section 3. The members of the Community Board shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board shall be immediately forwarded to the MSF Board of Trustees for its approval of the individuals elected to the Board. Upon approval by the MSF Board of Trustees, newly elected members of the Community Board shall assume their positions on July 1. Community Board members that are elected at times other than the annual election shall assume their positions as soon as approval by the MSF Board of Trustees is obtained.

a. Qualifications of Members. Selection of a Community Board member shall be based on an individual’s: demonstrated commitment to MSHA’s mission and vision and to the
communities it serves; knowledge of Carter County and the potential donor community; possession of other professional knowledge, skills or backgrounds that can assist the Community Board in its work; willingness to devote the time necessary to Community Board work, including active engagement in fund raising, and participation in Community Board education; demonstrated capability to exercise leadership, teamwork/consensus-building, systems thinking, and sound judgment on matters that come before the Board; personal integrity and objectivity, including no conflicts of interest that would prevent a member from discharging his or her responsibilities; and such other competencies as are adopted by the MSF Board of Trustees from time to time.

Section 4. The Community Board members shall be elected for a term of three (3) years and the term of office will begin July 1, unless otherwise approved by a majority vote of the Board and the MSF Foundation Board. For the purposes of elections, Board members that are elected and assume their positions mid-year shall be considered as beginning their term on the July 1 preceding the date they actually assume their positions. Approximately one-third of the Community Board members shall be elected each year for a three-year term, so that said terms are staggered. Community Board members may succeed themselves in office, if nominated by the Board Development Committee, elected by the Community Board and approved by the MSF Foundation Board of Trustees. Effective with members elected on or after July 1, 2008, a Community Board member may serve a maximum of three consecutive, three year terms, or a total of nine consecutive years for terms of any length, as a member of the Community Board, and is eligible for re-election after not serving on the Community Board for a period of at least one year.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the MSF Foundation Board of Trustees for its consideration and approval. A Community Board member thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Community Board, although it is not required to be nominated for such position. All Community Board members are strongly encouraged to financially support the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Board member Expectations document.

Section 7. The Community Board shall cause the management of the Foundation to provide an annual report to the MSF Foundation Board of Trustees on the results of the programs and other operations of the Foundation since the previous report to the MSF Foundation Board of Trustees.

Section 8. Written notice of all committee and sub-committee meetings of the Community Board shall be sent to each committee member at least five (5) days before the date of the meeting.

ARTICLE IV - OFFICERS

Section 1. The Officers of the Community Board shall be the Chairperson, Vice Chairperson/Chairperson-Elect, Secretary and Treasurer. An individual may not serve more than one consecutive, two year term as chairperson or vice chairperson/chair-elect.
Section 2. The terms of office of each officer shall be for two (2) years and shall continue until the newly elected officers take office in July of the year of expiration of the current officers' terms. The Vice Chairperson/Chairperson Elect must stand for nomination by the Board Development Committee and election by the Community Board before assuming the office of Chairperson. If either does not approve the advancement of the Vice Chairperson, the Community Board shall elect another individual as Chairperson.

Section 3. The officers of the Foundation shall be elected from among the members of the Community Board and are to begin their terms July 1. The Board Development Committee shall propose a slate of candidates. Board members may nominate other candidates from the floor.

Section 4.

A. The Chairperson shall preside at all meetings of the Community Board. Except as otherwise stated in these bylaws, the Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required. The Executive Committee must approve all committee Chairpersons.

B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Community Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

D. The Treasurer shall render periodic financial statements to the Executive Committee, the Community Board, and membership as requested. The Treasurer shall also work closely with the Foundation staff and others as required to maintain adequate fiscal control of all funds and accounts.

Section 5. Vacancies in officer's positions shall be filled by majority vote of the Executive Committee for the rest of the unexpired term of office.

ARTICLE V - STANDING AND AD HOC COMMITTEES

Section 1. The Community Board shall have the following Standing Committees: an Executive Committee, Local Grants Approval Committee, and a Board Development Committee. Thereafter, ad hoc committees and sub-committees may be created or dissolved by a majority vote of the Carter County Foundation Board. Active membership on the Community Board shall not be required to serve on Foundation committees or subcommittees, except for the Executive Committee, which requires all members to be active board members. The Chairperson of the
Community Board, in consultation with the MSF President or his/her designee and Hospital CEO, shall select Standing and ad hoc committee chairpersons and committee members.

Section 2. The Community Board may recommend a committee structure for fund raising events and programs to assist the Community Board and staff in philanthropic work, subject to approval by the MSF Foundation Board of Trustees. The responsibilities of Ad Hoc Committees should be defined in a written policy statement. The Carter County Community Foundation Board Chairperson may appoint committee members.

Section 3. The Chairperson shall be an ex-officio voting member of all committees and subcommittees.

Section 4. The MSF President, or his/her designee, shall serve as an ex-officio voting member of all committees and subcommittees.

ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. The Executive Committee shall consist of the Officers of the Foundation, the immediate Past Chairperson, the Chairpersons of the Board Development and Local Grants Approval Committees. The Carter County Hospital Board Chairperson or his/her designee, MSF President or his/her designee, and the Hospital CEO will be ex-officio, voting members. All members of the Executive Committee shall be active members of the Community Board. The Committee shall regularly report to the Community Board.

Section 2. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Community Board, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Community Board, that it communicates its action to the Board in a timely fashion, and that it shall refer all matters of major importance to the Board. A meeting of the Executive Committee may be called by the Chairperson or by the MSF President and two additional members of the Executive Committee. Should any matter of extreme urgency arise between meetings of the Community Board, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board.

Section 3. The Executive Committee shall hold meetings as required.

Section 4. The quorum necessary to transact business at an Executive Committee meeting will consist of a minimum of 50% of the members.

ARTICLE VII - LOCAL GRANTS APPROVAL COMMITTEE

Section 1. The Local Grants Approval (formerly “Services”) Committee shall review and approve requests for grant support, and oversee their use, up to a dollar threshold approved by the MSF Foundation Board. This Committee shall periodically review the needs of the community and the hospital, and make recommendations for future funding to the Board of Trustees. The committee shall also review financial reports showing the uses of funds donated to the
Foundation and will exercise oversight to see that resources have been appropriately allocated to benefit the community.

ARTICLE VIII - BOARD DEVELOPMENT COMMITTEE

Section 1. The Board Development Committee shall present to the Community Board nominations for Community Board members to be elected by the Community Board, subject to approval by the MSF Foundation Board of Trustees, and the offices of Chairperson, Vice Chairperson/Chairperson-Elect, Secretary, and Treasurer. The Committee shall furnish information relating to the background and qualifications of all such nominees five (5) days prior to the Community Board meeting at which an election is to take place. Potential Community Board members will be personally informed of Community Board member expectations by members of the Board Development Committee. The Committee shall develop and administer a program of orientation for newly-elected Board members and conduct a yearly evaluation of all Community Board members. This Committee shall report to the Community Board at the May meeting and otherwise as required.

Section 2. The Committee shall also have the following responsibilities:

a. review the Community Board’s bylaws, responsibilities, committee structure and meeting schedule annually, and make recommendations for changes to the Community Board
b. conduct a Community Board self evaluation and improvement process at least every two years.

Section 2. The Committee shall also have the following responsibilities:

c. report to the Community Board at the May meeting and otherwise as required.

ARTICLE IX - CONFLICTS OF INTEREST

Section 1. A Community Board member shall be considered to have a conflict of interest if the Community Board, a committee appointed to review potential conflicts of interests, or the MSHA Board determines:

A. such Community Board member has existing or potential financial or other interests which impair or might reasonably appear to impair such member’s independent, unbiased judgment in the discharge of his or her responsibilities to the Foundation;

OR

B. such Community Board member is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Community Board member), or any organization in which the Community Board member (or member of his or her family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.

Section 2. Financial Interests. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
a. An ownership or investment interest in any entity with which MSHA, the Foundation, or another MSHA subsidiary organization, has a transaction or arrangement, or
b. A compensation arrangement with an entity with which MSHA, the Foundation, or its subsidiaries, has a transaction or arrangement, or
c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which MSHA, the Foundation, or its subsidiaries are negotiating a transaction or arrangement, or
d. An ownership, investment interest, compensation, or key employee relationship with any entity that directly competes with MSHA or any of its subsidiaries.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article IX, Section 1, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. All Community Board members shall disclose to the Community Board any financial and other interests and defined above at the earliest practicable time. No Board member shall vote on any matter under consideration at a Community Board or committee meeting in which such Board member has a conflict of interest. The minutes of said meeting shall reflect that a disclosure was made and that the Community Board member having a conflict of interest abstained from voting. Any Community Board member who is uncertain whether a conflict of interest may exist in any matter may request the Community Board or Committee, as the case may be, to resolve the questions by majority vote.

Each Community Board member shall execute a disclosure statement of financial and other interests annually and shall otherwise comply with the Conflict of Interest Policy established by MSHA.

ARTICLE X- DISCRIMINATION PROHIBITED

Section 1. The Foundation does not discriminate on the basis of race, color, sex, religion, national or ethnic origin, physical handicap, age or marital status in employment, or in any other aspects of its work.

ARTICLE XI- BOARD MEMBERS’ AND OFFICERS’ LIABILITY

Section 1. In any proceeding brought in the right of the MSF or brought by or on behalf of the members of MSF, no Community Board member shall be liable to the MSF or its members for monetary damages with respect to any transaction, occurrence or course of conduct, except for liability resulting from any Community Board member having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2. MSF shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Community Board member or Officer of the Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This indemnification may include MSF advancing reasonable expenses
incurred by a Community Board member or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

ARTICLE XII - MEETINGS

Section 1. The Community Board will meet throughout the year, as needed. The Chairperson of the Community Board, as required, may call special meetings at any time.

Section 2. All meetings of the Community Board shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 3. A Community Board member is expected to attend every meeting of the Community Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Board member who shall be absent from three (3) successive Community Board meetings shall be automatically removed from the Community Board. The Secretary shall solicit information from a Community Board member absent from a meeting as to whether the reason for such absence merits excuse from attendance. Community Board members may attend meetings, count toward a quorum, and vote by telephone when they cannot attend a meeting in person for unavoidable circumstances.

Section 4. The presence at the commencement of a meeting of the Community Board of 50% of the Board Members shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting, except that the Community Board may not vote unless a quorum is present.

ARTICLE XIII - VOTING

Section 1. Any action to be taken by vote of the Community Board shall be authorized by a majority of the votes cast.

Section 2. Each member of the Community Board shall be entitled to one (1) vote at the Board Meeting.

ARTICLE XIV - PARLIAMENTARY PROCEDURE

Section 1. The latest revised edition of Robert’s Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.
ARTICLE XV - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended only by action of the MSF Foundation Board of Trustees.

Section 2. Prior to each May meeting of the Community Board, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the MSF Foundation Board.

Date of last review and revision: 18 March 2009 (to be revised)

Approved by Mountain States Health Foundation Board of Trustees: 16 March 2009 (to be revised)

Clarinda Jeannes, Chairperson
MSF Board of Trustees

Patricia Holtsclaw, MSF President
Mountain States Foundation

Dickenson
Community Foundation Board By-Laws

March 18, 2009
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DICKENSON COMMUNITY FOUNDATION

BYLAWS

DEFINITIONS

1. "MSHA Board of Directors" and "MSHA Board" mean the governing authority of the Mountain States Health Alliance Corporation. Whenever the word "MSHA Board" is used in these Bylaws, it shall mean the Mountain States Health Alliance Board of Directors acting on its own or by delegated authority to the Corporation President, or to a committee of the Board. The use of "MSHA" herein shall mean Mountain States Health Alliance.

2. "Corporation" means Mountain States Foundation.

3. "MSF Foundation Board" refers to the Board of Trustees of the Mountain States Foundation. The use of "MSF" herein shall refer to the Mountain States Foundation.

4. "Dickenson Hospital Board" means the local board responsible for MSHA's hospitals in Dickenson, TN, which function as a committee of the Mountain States Health Alliance Board of Directors.

5. "Dickenson Community Foundation Board" means the local foundation board for Dickenson, which functions as a committee of the Mountain States Foundation Board of Trustees and coordinates its work with the Dickenson Hospitals Board.

6. "MSHA President/CEO" means the individual who is employed as the President/CEO of Mountain States Health Alliance for overall management of the Corporation.

7. "MSF President" means the individual appointed by the President/CEO of MSHA to act on behalf of the Corporation in the overall management of the Mountain States Foundation.

8. "Executive Committee" means the Executive Committee of the Dickenson Community Foundation Board.

9. "Hospital CEO" means the President or other Senior Executive responsible for MSHA's Dickenson Hospitals.

10. "Ex Officio" means service as a member of a body by virtue of an office or position held and, unless otherwise expressly prohibited, means with voting rights.

11. "Special Notice" means written notification sent by certified or registered mail, return receipt requested.

12. "Interested Person" means any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in these bylaws and corresponding conflict of interest policies.
ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is the Dickinson Community Foundation Board ("Foundation"), which operates as the Mountain States Foundation dba Dickinson Community Foundation Board. The Dickenson Community Foundation Board functions as a committee of the Mountain States Foundation Board of Trustees.

Section 2. Purposes. The Foundation’s purposes shall be:

a. To encourage, foster, and generate public support for MSHA’s hospitals and other facilities and programs in Dickenson, TN.

b. To encourage, foster and conduct year round public information, community education, publicity, and fundraising campaigns to support MSHA’s facilities and programs in Dickenson.

c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.

d. To maintain a good working relationship with the Administration, Board of Directors, and Staffs of MSF, MSHA and Dickenson Community Hospital Hospital.

e. To help assure the continued excellence in health care dispensed by MSHA.

f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA facilities.

g. To identify community needs that can be met through philanthropic contributions, and to work with the Mountain States Foundation to develop and implement local fund raising programs.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Dickinson Community Foundation Board shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

Section 4. Membership in the Dickenson Community Foundation Board shall also constitute membership in the Mountain States Foundation.
ARTICLE III - BOARD OF TRUSTEES

Section 1. The Dickinson Community Foundation Board ("Board") shall, consistent with the policies and plans of the Mountain States Foundation, govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the MSF's Articles of Incorporation. The responsibilities of the Board shall include:

a. To participate in educational and related activities in order to understand and support MSHA's and MSF's vision and strategic plans and the needs of the communities Dickinson Hospitals serve.

b. To recommend to the MSF Board of Trustees a local Foundation Strategic Plan of philanthropic and community education activities and to recommend updates to the plan when appropriate.

c. To advise on and support philanthropic activities of the Foundation, including but not limited to system-wide and local capital campaigns, community education, special events, major gifts, planning and annual giving.

d. To make recommendations to the MSF Board of Trustees and management with regard to the distribution and use of philanthropic funds, consistent with the MSHA strategic plan and priorities.

e. To approve local requests for grant funds, up to a dollar threshold established by the MSF Board, and to make a report on such grants to the MSF Board of Trustees at least annually.

f. To monitor the performance of the Foundation in achieving its strategic goals in Dickinson.

g. To recommend a committee structure for fund raising events and programs to assist the MSF Board of Trustees and staff in philanthropic work, subject to approval by the MSF Board of Trustees.

h. To make recommendations to the MSF Board of Trustees for election and re-election of the members of the Dickinson Community Foundation Board.

i. To work closely with the MSF Board and management of Dickinson Community Hospital to align activities and maintain communications.

Section 2. The number of members of the Board shall be not fewer than 9 nor more than 30, including ex-officio members, The President of MSF or his/her designee, the Hospital CEO, and the Chairperson of the Dickinson Hospital Board or his/her designee shall serve as ex-officio voting members of the Board of Trustees.

Section 3. The members of the Community Board shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board shall be immediately forwarded to the MSF Board of Trustees for its approval of the individuals elected to the Board. Upon approval by the MSF Board of Trustees, newly elected members of the Community Board shall assume their positions on July 1. Community Board members that are elected at times other than the annual election shall assume their positions as soon as approval by the MSF Board of Trustees is obtained.

a. Qualifications of Members. Selection of a Community Board member shall be based on an individual’s: demonstrated commitment to MSHA’s mission and vision and to the
communities it serves; knowledge of Dickenson and the potential donor community; possession of other professional knowledge, skills or backgrounds that can assist the Community Board in its work; willingness to devote the time necessary to Community Board work, including active engagement in fund raising, and participation in Community Board education; demonstrated capability to exercise leadership, teamwork/consensus-building, systems thinking, and sound judgment on matters that come before the Board; personal integrity and objectivity, including no conflicts of interest that would prevent a member from discharging his or her responsibilities; and such other competencies as are adopted by the MSF Board of Trustees from time to time.

Section 4. The Community Board members shall be elected for a term of three (3) years and the term of office will begin July 1, unless otherwise approved by a majority vote of the Board and the MSF Foundation Board. For the purposes of elections, Board members that are elected and assume their positions mid-year shall be considered as beginning their term on the July 1 preceding the date they actually assume their positions. Approximately one-third of the Community Board members shall be elected each year for a three-year term, so that said terms are staggered. Community Board members may succeed themselves in office, if nominated by the Board Development Committee, elected by the Community Board and approved by the MSF Foundation Board of Trustees. Effective with members elected on or after July 1, 2008, a Community Board member may serve a maximum of three consecutive, three year terms, or a total of nine consecutive years for terms of any length, as a member of the Community Board, and is eligible for re-election after not serving on the Community Board for a period of at least one year.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the MSF Foundation Board of Trustees for its consideration and approval. A Community Board member thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Community Board, although it is not required to be nominated for such position. All Community Board members are strongly encouraged to financially support the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Board member Expectations document.

Section 7. The Community Board shall cause the management of the Foundation to provide an annual report to the MSF Foundation Board of Trustees on the results of the programs and other operations of the Foundation since the previous report to the MSF Foundation Board of Trustees.

Section 8. Written notice of all committee and sub-committee meetings of the Community Board shall be sent to each committee member at least five (5) days before the date of the meeting.

ARTICLE IV - OFFICERS

Section 1. The Officers of the Community Board shall be the Chairperson, Vice Chairperson/Chairperson-Elect, Secretary and Treasurer. An individual may not serve more than one consecutive, two year term as chairperson or vice chairperson/chair-elect.
Section 2. The terms of office of each officer shall be for two (2) years and shall continue until the newly elected officers take office in July of the year of expiration of the current officers’ terms. The Vice Chairperson/Chairperson Elect must stand for nomination by the Board Development Committee and election by the Community Board before assuming the office of Chairperson. If either does not approve the advancement of the Vice Chairperson, the Community Board shall elect another individual as Chairperson.

Section 3. The officers of the Foundation shall be elected from among the members of the Community Board and are to begin their terms July 1. The Board Development Committee shall propose a slate of candidates. Board members may nominate other candidates from the floor.

Section 4.

A. The Chairperson shall preside at all meetings of the Community Board. Except as otherwise stated in these bylaws, the Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required. The Executive Committee must approve all committee Chairpersons.

B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Community Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

D. The Treasurer shall render periodic financial statements to the Executive Committee, the Community Board, and membership as requested. The Treasurer shall also work closely with the Foundation staff and others as required to maintain adequate fiscal control of all funds and accounts.

Section 5. Vacancies in officer’s positions shall be filled by majority vote of the Executive Committee for the rest of the unexpired term of office.

ARTICLE V - STANDING AND AD HOC COMMITTEES

Section 1. The Community Board shall have the following Standing Committees: an Executive Committee, Local Grants Approval Committee, and a Board Development Committee. Thereafter, ad hoc committees and sub-committees may be created or dissolved by a majority vote of the Dickenson Foundation Board. Active membership on the Community Board shall not be required to serve on Foundation committees or subcommittees, except for the Executive Committee, which requires all members to be active board members. The Chairperson of the
Community Board, in consultation with the MSF President or his/her designee and Hospital CEO, shall select Standing and ad hoc committee chairpersons and committee members.

Section 2. The Community Board may recommend a committee structure for fund raising events and programs to assist the Community Board and staff in philanthropic work, subject to approval by the MSF Foundation Board of Trustees. The responsibilities of Ad Hoc Committees should be defined in a written policy statement. The Dickenson Community Foundation Board Chairperson may appoint committee members.

Section 3. The Chairperson shall be an ex-officio voting member of all committees and subcommittees.

Section 4. The MSF President, or his/her designee, shall serve as an ex-officio voting member of all committees and subcommittees.

ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. The Executive Committee shall consist of the Officers of the Foundation, the immediate Past Chairperson, the Chairpersons of the Board Development and Local Grants Approval Committees. The Dickenson Hospital Board Chairperson or his/her designee, MSF President or his/her designee, and the Hospital CEO will be ex-officio, voting members. All members of the Executive Committee shall be active members of the Community Board. The Committee shall regularly report to the Community Board.

Section 2. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Community Board, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Community Board, that it communicates its action to the Board in a timely fashion, and that it shall refer all matters of major importance to the Board. A meeting of the Executive Committee may be called by the Chairperson or by the MSF President and two additional members of the Executive Committee. Should any matter of extreme urgency arise between meetings of the Community Board, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board.

Section 3. The Executive Committee shall hold meetings as required.

Section 4. The quorum necessary to transact business at an Executive Committee meeting will consist of a minimum of 50% of the members.

ARTICLE VII - LOCAL GRANTS APPROVAL COMMITTEE

Section 1. The Local Grants Approval (formerly “Services”) Committee shall review and approve requests for grant support, and oversee their use, up to a dollar threshold approved by the MSF Foundation Board. This Committee shall periodically review the needs of the community and the hospital, and make recommendations for future funding to the Board of Trustees. The committee shall also review financial reports showing the uses of funds donated to the
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a. review the Community Board’s bylaws, responsibilities, committee structure and meeting schedule annually, and make recommendations for changes to the Community Board
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Date of last review and revision: 13 March 2009 to be revised

Approved by Mountain States Health Foundation Board of Trustees: 12 March 2009 to be revised

Clarinda Jeanes, Chairperson
MSF Board of Trustees

Patricia Holtsclaw, MSF President
Mountain States Foundation

Johnson County
Community Hospital Foundation Board
By-Laws

March 18, 2009
# JOHNSON COUNTY COMMUNITY HOSPITAL FOUNDATION

## BYLAWS

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1. "MSHA Board of Directors" and "MSHA Board" mean the governing authority of the Mountain States Health Alliance Corporation. Whenever the word "MSHA Board" is used in these Bylaws, it shall mean the Mountain States Health Alliance Board of Directors acting on its own or by delegated authority to the Corporation President, or to a committee of the Board. The use of "MSHA" herein shall mean Mountain States Health Alliance.

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3. "MSF Foundation Board" refers to the Board of Trustees of the Mountain States Foundation. The use of "MSF" herein shall refer to the Mountain States Foundation.

4. "Johnson County Hospital Board" means the local board responsible for MSHA’s hospitals in Johnson County, TN, which function as a committee of the Mountain States Health Alliance Board of Directors.

5. "Johnson County Community Hospital Foundation Board" means the local foundation board for Johnson County, which functions as a committee of the Mountain States Foundation Board of Trustees and coordinates its work with the Johnson County Hospitals Board.

6. "MSHA President/CEO" means the individual who is employed as the President/CEO of Mountain States Health Alliance for overall management of the Corporation.

7. "MSF President" means the individual appointed by the President/CEO of MSHA to act on behalf of the Corporation in the overall management of the Mountain States Foundation.

8. "Executive Committee" means the Executive Committee of the Johnson County Community Hospital Foundation Board.

9. "Hospital CEO" means the President or other Senior Executive responsible for MSHA’s Johnson County Hospitals.

10. "Ex Officio" means service as a member of a body by virtue of an office or position held and, unless otherwise expressly prohibited, means with voting rights.

11. "Special Notice" means written notification sent by certified or registered mail, return receipt requested.

12. "Interested Person" means any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in these bylaws and corresponding conflict of interest policies.
ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is the Johnson County Community Hospital Foundation Board ("Foundation"), which operates as the Mountain States Foundation dba Johnson County Community Hospital Foundation Board. The Johnson County Community Hospital Foundation Board functions as a committee of the Mountain States Foundation Board of Trustees.

Section 2. Purposes. The Foundation’s purposes shall be:

a. To encourage, foster, and generate public support for MSHA’s hospitals and other facilities and programs in Johnson County, TN.
b. To encourage, foster and conduct year round public information, community education, publicity, and fundraising campaigns to support MSHA’s facilities and programs in Johnson County.
c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.
d. To maintain a good working relationship with the Administration, Board of Directors, and Staffs of MSF, MSHA and Johnson County Community Hospital Hospital.
e. To help assure the continued excellence in health care dispensed by MSHA.
f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA facilities.
g. To identify community needs that can be met through philanthropic contributions, and to work with the Mountain States Foundation to develop and implement local fund raising programs.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Johnson County Community Hospital Foundation Board shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.
Section 4. Membership in the Johnson County Community Hospital Foundation Board shall also constitute membership in the Mountain States Foundation.

ARTICLE III - BOARD OF TRUSTEES

Section 1. The Johnson County Community Hospital Foundation Board ("Board") shall, consistent with the policies and plans of the Mountain States Foundation, govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation’s stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the MSF’s Articles of Incorporation. The responsibilities of the Board shall include:

a. To participate in educational and related activities in order to understand and support MSHA’s and MSF’s vision and strategic plans and the needs of the communities Johnson County Hospitals serve.

b. To recommend to the MSF Board of Trustees a local Foundation Strategic Plan of philanthropic and community education activities and to recommend updates to the plan when appropriate

c. To advise on and support philanthropic activities of the Foundation, including but not limited to system-wide and local capital campaigns, community education, special events, major gifts, planning and annual giving

d. To make recommendations to the MSF Board of Trustees and management with regard to the distribution and use of philanthropic funds, consistent with the MSHA strategic plan and priorities

e. To approve local requests for grant funds, up to a dollar threshold established by the MSF Board, and to make a report on such grants to the MSF Board of Trustees at least annually

f. To monitor the performance of the Foundation in achieving its strategic goals in Johnson County

g. To recommend a committee structure for fund raising events and programs to assist the MSF Board of Trustees and staff in philanthropic work, subject to approval by the MSF Board of Trustees

h. To make recommendations to the MSF Board of Trustees for election and re-election of the members of the Johnson County Community Hospital Foundation Board.

i. To work closely with the MSF Board and management of Johnson County Community Hospital Hospital to align activities and maintain communications.

Section 2. The number of members of the Board shall be not fewer than 9 nor more than 30, including ex-officio members, The President of MSF or his/her designee, the Hospital CEO, and the Chairperson of the Johnson County Hospital Board or his/her designee shall serve as ex-officio voting members of the Board of Trustees.

Section 3. The members of the Community Board shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board shall be immediately forwarded to the MSF Board of Trustees for its approval of the individuals elected to the Board. Upon approval by the MSF Board of Trustees, newly elected members of the Community Board shall assume their positions on July 1. Community Board members that are elected at times other than the annual election shall assume their positions as soon as approval by the MSF Board of Trustees is obtained.
a. Qualifications of Members. Selection of a Community Board member shall be based on an individual’s: demonstrated commitment to MSHA’s mission and vision and to the communities it serves; knowledge of Johnson County and the potential donor community; possession of other professional knowledge, skills or backgrounds that can assist the Community Board in its work; willingness to devote the time necessary to Community Board work, including active engagement in fund raising, and participation in Community Board education; demonstrated capability to exercise leadership, teamwork/consensus-building, systems thinking, and sound judgment on matters that come before the Board; personal integrity and objectivity, including no conflicts of interest that would prevent a member from discharging his or her responsibilities; and such other competencies as are adopted by the MSF Board of Trustees from time to time.

Section 4. The Community Board members shall be elected for a term of three (3) years and the term of office will begin July 1, unless otherwise approved by a majority vote of the Board and the MSF Foundation Board. For the purposes of elections, Board members that are elected and assume their positions mid-year shall be considered as beginning their term on the July 1 preceding the date they actually assume their positions. Approximately one-third of the Community Board members shall be elected each year for a three-year term, so that said terms are staggered. Community Board members may succeed themselves in office, if nominated by the Board Development Committee, elected by the Community Board and approved by the MSF Foundation Board of Trustees. Effective with members elected on or after July 1, 2008, a Community Board member may serve a maximum of three consecutive, three year terms, or a total of nine consecutive years for terms of any length, as a member of the Community Board, and is eligible for re-election after not serving on the Community Board for a period of at least one year.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the MSF Foundation Board of Trustees for its consideration and approval. A Community Board member thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Community Board, although it is not required to be nominated for such position. All Community Board members are strongly encouraged to financially support the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Board member Expectations document.

Section 7. The Community Board shall cause the management of the Foundation to provide an annual report to the MSF Foundation Board of Trustees on the results of the programs and other operations of the Foundation since the previous report to the MSF Foundation Board of Trustees.

Section 8. Written notice of all committee and sub-committee meetings of the Community Board shall be sent to each committee member at least five (5) days before the date of the meeting.

ARTICLE IV - OFFICERS
Section 1. The Officers of the Community Board shall be the Chairperson, Vice Chairperson/Elect, Secretary and Treasurer. An individual may not serve more than one consecutive, two year term as chairperson or vice chairperson/elect.

Section 2. The terms of office of each officer shall be for two (2) years and shall continue until the newly elected officers take office in July of the year of expiration of the current officers' terms. The Vice Chairperson/Chairperson Elect must stand for nomination by the Board Development Committee and election by the Community Board before assuming the office of Chairperson. If either does not approve the advancement of the Vice Chairperson, the Community Board shall elect another individual as Chairperson.

Section 3. The officers of the Foundation shall be elected from among the members of the Community Board and are to begin their terms July 1. The Board Development Committee shall propose a slate of candidates. Board members may nominate other candidates from the floor.

Section 4.

A. The Chairperson shall preside at all meetings of the Community Board. Except as otherwise stated in these bylaws, the Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required. The Executive Committee must approve all committee Chairpersons.

B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Community Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

D. The Treasurer shall render periodic financial statements to the Executive Committee, the Community Board, and membership as requested. The Treasurer shall also work closely with the Foundation staff and others as required to maintain adequate fiscal control of all funds and accounts.

Section 5. Vacancies in officer's positions shall be filled by majority vote of the Executive Committee for the rest of the unexpired term of office.

ARTICLE V - STANDING AND AD HOC COMMITTEES

Section 1. The Community Board shall have the following Standing Committees: an Executive Committee, Local Grants Approval Committee, and a Board Development Committee. Thereafter, ad hoc committees and sub-committees may be created or dissolved by a majority
vote of the Johnson County Foundation Board. Active membership on the Community Board shall not be required to serve on Foundation committees or subcommittees, except for the Executive Committee, which requires all members to be active board members. The Chairperson of the Community Board, in consultation with the MSF President or his/her designee and Hospital CEO, shall select Standing and ad hoc committee chairpersons and committee members.

Section 2. The Community Board may recommend a committee structure for fund raising events and programs to assist the Community Board and staff in philanthropic work, subject to approval by the MSF Foundation Board of Trustees. The responsibilities of Ad Hoc Committees should be defined in a written policy statement. The Johnson County Community Hospital Foundation Board Chairperson may appoint committee members.

Section 3. The Chairperson shall be an ex-officio voting member of all committees and subcommittees.

Section 4. The MSF President, or his/her designee, shall serve as an ex-officio voting member of all committees and subcommittees.

ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. The Executive Committee shall consist of the Officers of the Foundation, the immediate Past Chairperson, the Chairpersons of the Board Development and Local Grants Approval Committees. The Johnson County Hospital Board Chairperson or his/her designee, MSF President or his/her designee, and the Hospital CEO will be ex-officio, voting members. All members of the Executive Committee shall be active members of the Community Board. The Committee shall regularly report to the Community Board.

Section 2. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Community Board, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Community Board, that it communicates its action to the Board in a timely fashion, and that it shall refer all matters of major importance to the Board. A meeting of the Executive Committee may be called by the Chairperson or by the MSF President and two additional members of the Executive Committee. Should any matter of extreme urgency arise between meetings of the Community Board, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board.

Section 3. The Executive Committee shall hold meetings as required.

Section 4. The quorum necessary to transact business at an Executive Committee meeting will consist of a minimum of 50% of the members.

ARTICLE VII - LOCAL GRANTS APPROVAL COMMITTEE

Section 1. The Local Grants Approval (formerly “Services”) Committee shall review and approve requests for grant support, and oversee their use, up to a dollar threshold approved by the MSF Foundation Board. This Committee shall periodically review the needs of the community...
and the hospital, and make recommendations for future funding to the Board of Trustees. The committee shall also review financial reports showing the uses of funds donated to the Foundation and will exercise oversight to see that resources have been appropriately allocated to benefit the community.

ARTICLE VIII - BOARD DEVELOPMENT COMMITTEE

Section 1. The Board Development Committee shall present to the Community Board nominations for Community Board members to be elected by the Community Board, subject to approval by the MSF Foundation Board of Trustees, and the offices of Chairperson, Vice Chairperson/Chairperson-Elect, Secretary, and Treasurer. The Committee shall furnish information relating to the background and qualifications of all such nominees five (5) days prior to the Community Board meeting at which an election is to take place. Potential Community Board members will be personally informed of Community Board member expectations by members of the Board Development Committee. The Committee shall develop and administer a program of orientation for newly-elected Board members and conduct a yearly evaluation of all Community Board members. This Committee shall report to the Community Board at the May meeting and otherwise as required.

Section 2. The Committee shall also have the following responsibilities:

a. review the Community Board’s bylaws, responsibilities, committee structure and meeting schedule annually, and make recommendations for changes to the Community Board
b. conduct a Community Board self evaluation and improvement process at least every two years.
c. report to the Community Board at the May meeting and otherwise as required.

ARTICLE IX - CONFLICTS OF INTEREST

Section 1. A Community Board member shall be considered to have a conflict of interest if the Community Board, a committee appointed to review potential conflicts of interests, or the MSHA Board determines:

A. such Community Board member has existing or potential financial or other interests which impair or might reasonably appear to impair such member’s independent, unbiased judgment in the discharge of his or her responsibilities to the Foundation;

OR

B. such Community Board member is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Community Board member), or any organization in which the Community Board member (or member of his or her family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.
Section 2. Financial Interests. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest in any entity with which MSHA, the Foundation, or another MSHA subsidiary organization, has a transaction or arrangement, or
b. A compensation arrangement with an entity with which MSHA, the Foundation, or its subsidiaries, has a transaction or arrangement, or
c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which MSHA, the Foundation, or its subsidiaries are negotiating a transaction or arrangement, or
d. An ownership, investment interest, compensation, or key employee relationship with any entity that directly competes with MSHA or any of its subsidiaries.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article IX, Section 1, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. All Community Board members shall disclose to the Community Board any financial and other interests and defined above at the earliest practicable time. No Board member shall vote on any matter under consideration at a Community Board or committee meeting in which such Board member has a conflict of interest. The minutes of said meeting shall reflect that a disclosure was made and that the Community Board member having a conflict of interest abstained from voting. Any Community Board member who is uncertain whether a conflict of interest may exist in any matter may request the Community Board or Committee, as the case may be, to resolve the questions by majority vote.

Each Community Board member shall execute a disclosure statement of financial and other interests annually and shall otherwise comply with the Conflict of Interest Policy established by MSHA.

ARTICLE X- DISCRIMINATION PROHIBITED

Section 1. The Foundation does not discriminate on the basis of race, color, sex, religion, national or ethnic origin, physical handicap, age or marital status in employment, or in any other aspects of its work.

ARTICLE XI- BOARD MEMBERS’ AND OFFICERS’ LIABILITY

Section 1. In any proceeding brought in the right of the MSF or brought by or on behalf of the members of MSF, no Community Board member shall be liable to the MSF or its members for monetary damages with respect to any transaction, occurrence or course of conduct, except for liability resulting from any Community Board member having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2. MSF shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Community Board member or Officer of the
Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This indemnification may include MSF advancing reasonable expenses incurred by a Community Board member or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

ARTICLE XII - MEETINGS

Section 1. The Community Board will meet throughout the year, as needed. The Chairperson of the Community Board, as required, may call special meetings at any time.

Section 2. All meetings of the Community Board shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 3. A Community Board member is expected to attend every meeting of the Community Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Board member who shall be absent from three (3) successive Community Board meetings shall be automatically removed from the Community Board. The Secretary shall solicit information from a Community Board member absent from a meeting as to whether the reason for such absence merits excuse from attendance. Community Board members may attend meetings, count toward a quorum, and vote by telephone when they cannot attend a meeting in person for unavoidable circumstances.

Section 4. The presence at the commencement of a meeting of the Community Board of 50% of the Board Members shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting, except that the Community Board may not vote unless a quorum is present.

ARTICLE XIII - VOTING

Section 1. Any action to be taken by vote of the Community Board shall be authorized by a majority of the votes cast.

Section 2. Each member of the Community Board shall be entitled to one (1) vote at the Board Meeting.

ARTICLE XIV - PARLIAMENTARY PROCEDURE

Section 1. The latest revised edition of Robert’s Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.
ARTICLE XV - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended only by action of the MSF Foundation Board of Trustees.

Section 2. Prior to each May meeting of the Community Board, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the MSF Foundation Board.

Date of last review and revision: 18 March 2009 to be revised

Approved by Mountain States Health Foundation Board of Trustees: 18 March 2009 to be revised

Clarinda Jeannes, Chairperson
MSF Board of Trustees

Patricia Holtsclaw, MSF President
Mountain States Foundation

Norton
Community Foundation Board By-Laws

March 18, 2009
# NORTON COMMUNITY FOUNDATION

## BYLAWS

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NORTON COMMUNITY FOUNDATION

BYLAWS

DEFINITIONS

1. "MSHA Board of Directors" and "MSHA Board" mean the governing authority of the Mountain States Health Alliance Corporation. Whenever the word "MSHA Board" is used in these Bylaws, it shall mean the Mountain States Health Alliance Board of Directors acting on its own or by delegated authority to the Corporation President, or to a committee of the Board. The use of "MSHA" herein shall mean Mountain States Health Alliance.

2. "Corporation" means Mountain States Foundation.

3. "MSF Foundation Board" refers to the Board of Trustees of the Mountain States Foundation. The use of "MSF" herein shall refer to the Mountain States Foundation.

4. "Norton Hospital Board" means the local board responsible for MSHA's hospitals in Norton, TN, which function as a committee of the Mountain States Health Alliance Board of Directors.

5. "Norton Community Foundation Board" means the local foundation board for Norton, which functions as a committee of the Mountain States Foundation Board of Trustees and coordinates its work with the Norton Hospitals Board.

6. "MSHA President/CEO" means the individual who is employed as the President/CEO of Mountain States Health Alliance for overall management of the Corporation.

7. "MSF President" means the individual appointed by the President/CEO of MSHA to act on behalf of the Corporation in the overall management of the Mountain States Foundation.

8. "Executive Committee" means the Executive Committee of the Norton Community Foundation Board.

9. "Hospital CEO" means the President or other Senior Executive responsible for MSHA's Norton Hospitals.

10. "Ex Officio" means service as a member of a body by virtue of an office or position held and, unless otherwise expressly prohibited, means with voting rights.

11. "Special Notice" means written notification sent by certified or registered mail, return receipt requested.

12. "Interested Person" means any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in these bylaws and corresponding conflict of interest policies.
ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is the Norton Community Foundation Board ("Foundation"), which operates as the Mountain States Foundation dba Norton Community Foundation Board. The Norton Community Foundation Board functions as a committee of the Mountain States Foundation Board of Trustees.

Section 2. Purposes. The Foundation's purposes shall be:

a. To encourage, foster, and generate public support for MSHA's hospitals and other facilities and programs in Norton, TN.

b. To encourage, foster and conduct year round public information, community education, publicity, and fundraising campaigns to support MSHA's facilities and programs in Norton.

c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.

d. To maintain a good working relationship with the Administration, Board of Directors, and Staffs of MSF, MSHA and Norton Community Hospital.

e. To help assure the continued excellence in health care dispensed by MSHA.

f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA facilities.

g. To identify community needs that can be met through philanthropic contributions, and to work with the Mountain States Foundation to develop and implement local fund raising programs.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Norton Community Foundation Board shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

Section 4. Membership in the Norton Community Foundation Board shall also constitute membership in the Mountain States Foundation.
ARTICLE III - BOARD OF TRUSTEES

Section 1. The Norton Community Foundation Board ("Board") shall, consistent with the policies and plans of the Mountain States Foundation, govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the MSF's Articles of Incorporation. The responsibilities of the Board shall include:

a. To participate in educational and related activities in order to understand and support MSHA’s and MSF’s vision and strategic plans and the needs of the communities Norton Hospitals serve.
b. To recommend to the MSF Board of Trustees a local Foundation Strategic Plan of philanthropic and community education activities and to recommend updates to the plan when appropriate
c. To advise on and support philanthropic activities of the Foundation, including but not limited to system-wide and local capital campaigns, community education, special events, major gifts, planning and annual giving
d. To make recommendations to the MSF Board of Trustees and management with regard to the distribution and use of philanthropic funds, consistent with the MSHA strategic plan and priorities
e. To approve local requests for grant funds, up to a dollar threshold established by the MSF Board, and to make a report on such grants to the MSF Board of Trustees at least annually
f. To monitor the performance of the Foundation in achieving its strategic goals in Norton
g. To recommend a committee structure for fund raising events and programs to assist the MSF Board of Trustees and staff in philanthropic work, subject to approval by the MSF Board of Trustees
h. To make recommendations to the MSF Board of Trustees for election and re-election of the members of the Norton Community Foundation Board.
i. To work closely with the MSF Board and management of Norton Community Hospital to align activities and maintain communications.

Section 2. The number of members of the Board shall be not fewer than 9 nor more than 30, including ex-officio members, The President of MSF or his/her designee, the Hospital CEO, and the Chairperson of the Norton Hospital Board or his/her designee shall serve as ex-officio voting members of the Board of Trustees.

Section 3. The members of the Community Board shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board shall be immediately forwarded to the MSF Board of Trustees for its approval of the individuals elected to the Board. Upon approval by the MSF Board of Trustees, newly elected members of the Community Board shall assume their positions on July 1. Community Board members that are elected at times other than the annual election shall assume their positions as soon as approval by the MSF Board of Trustees is obtained.

a. Qualifications of Members. Selection of a Community Board member shall be based on an individual’s: demonstrated commitment to MSHA’s mission and vision and to the communities it serves; knowledge of Norton and the potential donor community;
possession of other professional knowledge, skills or backgrounds that can assist the Community Board in its work; willingness to devote the time necessary to Community Board work, including active engagement in fund raising, and participation in Community Board education; demonstrated capability to exercise leadership, teamwork/consensus-building, systems thinking, and sound judgment on matters that come before the Board; personal integrity and objectivity, including no conflicts of interest that would prevent a member from discharging his or her responsibilities; and such other competencies as are adopted by the MSF Board of Trustees from time to time.

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Section 8. Written notice of all committee and sub-committee meetings of the Community Board shall be sent to each committee member at least five (5) days before the date of the meeting.

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Section 1. The Officers of the Community Board shall be the Chairperson, Vice Chairperson/Chairperson-Elect, Secretary and Treasurer. An individual may not serve more than one consecutive, two year term as chairperson or vice chairperson/chair-elect.
Section 2. The terms of office of each officer shall be for two (2) years and shall continue until the newly elected officers take office in July of the year of expiration of the current officers’ terms. The Vice Chairperson/Chairperson Elect must stand for nomination by the Board Development Committee and election by the Community Board before assuming the office of Chairperson. If either does not approve the advancement of the Vice Chairperson, the Community Board shall elect another individual as Chairperson.

Section 3. The officers of the Foundation shall be elected from among the members of the Community Board and are to begin their terms July 1. The Board Development Committee shall propose a slate of candidates. Board members may nominate other candidates from the floor.

Section 4.  
A. The Chairperson shall preside at all meetings of the Community Board. Except as otherwise stated in these bylaws, the Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required. The Executive Committee must approve all committee Chairpersons.

B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Community Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

D. The Treasurer shall render periodic financial statements to the Executive Committee, the Community Board, and membership as requested. The Treasurer shall also work closely with the Foundation staff and others as required to maintain adequate fiscal control of all funds and accounts.

Section 5. Vacancies in officer’s positions shall be filled by majority vote of the Executive Committee for the rest of the unexpired term of office.

ARTICLE V - STANDING AND AD HOC COMMITTEES

Section 1. The Community Board shall have the following Standing Committees: an Executive Committee, Local Grants Approval Committee, and a Board Development Committee. Thereafter, ad hoc committees and sub-committees may be created or dissolved by a majority vote of the Norton Foundation Board. Active membership on the Community Board shall not be required to serve on Foundation committees or subcommittees, except for the Executive Committee, which requires all members to be active board members. The Chairperson of the
Community Board, in consultation with the MSF President or his/her designee and Hospital CEO, shall select Standing and ad hoc committee chairpersons and committee members.

Section 2. The Community Board may recommend a committee structure for fund raising events and programs to assist the Community Board and staff in philanthropic work, subject to approval by the MSF Foundation Board of Trustees. The responsibilities of Ad Hoc Committees should be defined in a written policy statement. The Norton Community Foundation Board Chairperson may appoint committee members.

Section 3. The Chairperson shall be an ex-officio voting member of all committees and subcommittees.

Section 4. The MSF President, or his/her designee, shall serve as an ex-officio voting member of all committees and subcommittees.

ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. The Executive Committee shall consist of the Officers of the Foundation, the immediate Past Chairperson, the Chairpersons of the Board Development and Local Grants Approval Committees. The Norton Hospital Board Chairperson or his/her designee, MSF President or his/her designee, and the Hospital CEO will be ex-officio, voting members. All members of the Executive Committee shall be active members of the Community Board. The Committee shall regularly report to the Community Board.

Section 2. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Community Board, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Community Board, that it communicates its action to the Board in a timely fashion, and that it shall refer all matters of major importance to the Board. A meeting of the Executive Committee may be called by the Chairperson or by the MSF President and two additional members of the Executive Committee. Should any matter of extreme urgency arise between meetings of the Community Board, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board.

Section 3. The Executive Committee shall hold meetings as required.

Section 4. The quorum necessary to transact business at an Executive Committee meeting will consist of a minimum of 50% of the members.

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Section 1. The Local Grants Approval (formerly “Services”) Committee shall review and approve requests for grant support, and oversee their use, up to a dollar threshold approved by the MSF Foundation Board. This Committee shall periodically review the needs of the community and the hospital, and make recommendations for future funding to the Board of Trustees. The committee shall also review financial reports showing the uses of funds donated to the
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Section 1. The Board Development Committee shall present to the Community Board nominations for Community Board members to be elected by the Community Board, subject to approval by the MSF Foundation Board of Trustees, and the offices of Chairperson, Vice Chairperson/Chairperson-Elect, Secretary, and Treasurer. The Committee shall furnish information relating to the background and qualifications of all such nominees five (5) days prior to the Community Board meeting at which an election is to take place. Potential Community Board members will be personally informed of Community Board member expectations by members of the Board Development Committee. The Committee shall develop and administer a program of orientation for newly-elected Board members and conduct a yearly evaluation of all Community Board members. This Committee shall report to the Community Board at the May meeting and otherwise as required.

Section 2. The Committee shall also have the following responsibilities:

a. review the Community Board’s bylaws, responsibilities, committee structure and meeting schedule annually, and make recommendations for changes to the Community Board
b. conduct a Community Board self evaluation and improvement process at least every two years.
c. report to the Community Board at the May meeting and otherwise as required.

ARTICLE IX - CONFLICTS OF INTEREST

Section 1. A Community Board member shall be considered to have a conflict of interest if the Community Board, a committee appointed to review potential conflicts of interests, or the MSHA Board determines:

A. such Community Board member has existing or potential financial or other interests which impair or might reasonably appear to impair such member’s independent, unbiased judgment in the discharge of his or her responsibilities to the Foundation;

OR

B. such Community Board member is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Community Board member), or any organization in which the Community Board member (or member of his or her family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.

Section 2. Financial Interests. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
a. An ownership or investment interest in any entity with which MSHA, the Foundation, or another MSHA subsidiary organization, has a transaction or arrangement, or
b. A compensation arrangement with an entity with which MSHA, the Foundation, or its subsidiaries, has a transaction or arrangement, or
c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which MSHA, the Foundation, or its subsidiaries are negotiating a transaction or arrangement, or
d. An ownership, investment interest, compensation, or key employee relationship with any entity that directly competes with MSHA or any of its subsidiaries.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article IX, Section 1, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. All Community Board members shall disclose to the Community Board any financial and other interests and defined above at the earliest practicable time. No Board member shall vote on any matter under consideration at a Community Board or committee meeting in which such Board member has a conflict of interest. The minutes of said meeting shall reflect that a disclosure was made and that the Community Board member having a conflict of interest abstained from voting. Any Community Board member who is uncertain whether a conflict of interest may exist in any matter may request the Community Board or Committee, as the case may be, to resolve the questions by majority vote.

Each Community Board member shall execute a disclosure statement of financial and other interests annually and shall otherwise comply with the Conflict of Interest Policy established by MSHA.

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Section 1. The Foundation does not discriminate on the basis of race, color, sex, religion, national or ethnic origin, physical handicap, age or marital status in employment, or in any other aspects of its work.

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Section 1. In any proceeding brought in the right of the MSF or brought by or on behalf of the members of MSF, no Community Board member shall be liable to the MSF or its members for monetary damages with respect to any transaction, occurrence or course of conduct, except for liability resulting from any Community Board member having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2. MSF shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Community Board member or Officer of the Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This indemnification may include MSF advancing reasonable expenses
incurred by a Community Board member or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

ARTICLE XII - MEETINGS

Section 1. The Community Board will meet throughout the year, as needed. The Chairperson of the Community Board, as required, may call special meetings at any time.

Section 2. All meetings of the Community Board shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 3. A Community Board member is expected to attend every meeting of the Community Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Board member who shall be absent from three (3) successive Community Board meetings shall be automatically removed from the Community Board. The Secretary shall solicit information from a Community Board member absent from a meeting as to whether the reason for such absence merits excuse from attendance. Community Board members may attend meetings, count toward a quorum, and vote by telephone when they cannot attend a meeting in person for unavoidable circumstances.

Section 4. The presence at the commencement of a meeting of the Community Board of 50% of the Board Members shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting, except that the Community Board may not vote unless a quorum is present.

ARTICLE XIII - VOTING

Section 1. Any action to be taken by vote of the Community Board shall be authorized by a majority of the votes cast.

Section 2. Each member of the Community Board shall be entitled to one (1) vote at the Board Meeting.

ARTICLE XIV - PARLIAMENTARY PROCEDURE

Section 1. The latest revised edition of Robert's Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.
ARTICLE XV - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended only by action of the MSF Foundation Board of Trustees.

Section 2. Prior to each May meeting of the Community Board, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the MSF Foundation Board.

Date of last review and revision: 18 March 2009 to be revised

Approved by Mountain States Health Foundation Board of Trustees: 16 March 2009 to be revised

Clarinda Jeannes, Chairperson
MSF Board of Trustees

Patricia Holtsclaw, MSF President
Mountain States Foundation

Russell County
Community Foundation Board By-Laws

March 18, 2009
## Definitions

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RUSSELL COUNTY COMMUNITY FOUNDATION

BYLAWS

DEFINITIONS

1. "MSHA Board of Directors" and "MSHA Board" mean the governing authority of the Mountain States Health Alliance Corporation. Whenever the word "MSHA Board" is used in these Bylaws, it shall mean the Mountain States Health Alliance Board of Directors acting on its own or by delegated authority to the Corporation President, or to a committee of the Board. The use of "MSHA" herein shall mean Mountain States Health Alliance.

2. "Corporation" means Mountain States Foundation.

3. "MSF Foundation Board" refers to the Board of Trustees of the Mountain States Foundation. The use of "MSF" herein shall refer to the Mountain States Foundation.

4. "Russell County Hospital Board" means the local board responsible for MSHA's hospitals in Russell County, TN, which function as a committee of the Mountain States Health Alliance Board of Directors.

5. "Russell County Community Foundation Board" means the local foundation board for Russell County, which functions as a committee of the Mountain States Foundation Board of Trustees and coordinates its work with the Russell County Hospitals Board.

6. "MSHA President/CEO" means the individual who is employed as the President/CEO of Mountain States Health Alliance for overall management of the Corporation.

7. "MSF President" means the individual appointed by the President/CEO of MSHA to act on behalf of the Corporation in the overall management of the Mountain States Foundation.

8. "Executive Committee" means the Executive Committee of the Russell County Community Foundation Board.

9. "Hospital CEO" means the President or other Senior Executive responsible for MSHA's Russell County Hospitals.

10. "Ex Officio" means service as a member of a body by virtue of an office or position held and, unless otherwise expressly prohibited, means with voting rights.

11. "Special Notice" means written notification sent by certified or registered mail, return receipt requested.

12. "Interested Person" means any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in these bylaws and corresponding conflict of interest policies.
ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is the Russell County Community Foundation Board (“Foundation”), which operates as the Mountain States Foundation dba Russell County Community Foundation Board. The Russell County Community Foundation Board functions as a committee of the Mountain States Foundation Board of Trustees.

Section 2. Purposes. The Foundation’s purposes shall be:

a. To encourage, foster, and generate public support for MSHA’s hospitals and other facilities and programs in Russell County, TN.
b. To encourage, foster and conduct year round public information, community education, publicity, and fundraising campaigns to support MSHA’s facilities and programs in Russell County.
c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.
d. To maintain a good working relationship with the Administration, Board of Directors, and Staffs of MSF, MSHA and Russell County Medical Center.
e. To help assure the continued excellence in health care dispensed by MSHA.
f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA facilities.
g. To identify community needs that can be met through philanthropic contributions, and to work with the Mountain States Foundation to develop and implement local fund raising programs.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Russell County Community Foundation Board shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

Section 4. Membership in the Russell County Community Foundation Board shall also constitute membership in the Mountain States Foundation.
ARTICLE III - BOARD OF TRUSTEES

Section 1. The Russell County Community Foundation Board ("Board") shall, consistent with the policies and plans of the Mountain States Foundation, govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the MSF's Articles of Incorporation. The responsibilities of the Board shall include:

a. To participate in educational and related activities in order to understand and support MSHA's and MSF's vision and strategic plans and the needs of the communities Russell County Hospitals serve.

b. To recommend to the MSF Board of Trustees a local Foundation Strategic Plan of philanthropic and community education activities and to recommend updates to the plan when appropriate.

c. To advise on and support philanthropic activities of the Foundation, including but not limited to system-wide and local capital campaigns, community education, special events, major gifts, planning and annual giving.

d. To make recommendations to the MSF Board of Trustees and management with regard to the distribution and use of philanthropic funds, consistent with the MSHA strategic plan and priorities.

e. To approve local requests for grant funds, up to a dollar threshold established by the MSF Board, and to make a report on such grants to the MSF Board of Trustees at least annually.

f. To monitor the performance of the Foundation in achieving its strategic goals in Russell County.

g. To recommend a committee structure for fund raising events and programs to assist the MSF Board of Trustees and staff in philanthropic work, subject to approval by the MSF Board of Trustees.

h. To make recommendations to the MSF Board of Trustees for election and re-election of the members of the Russell County Community Foundation Board.

i. To work closely with the MSF Board and management of Russell County Medical Center to align activities and maintain communications.

Section 2. The number of members of the Board shall be not fewer than 9 nor more than 30, including ex-officio members, The President of MSF or his/her designee, the Hospital CEO, and the Chairperson of the Russell County Hospital Board or his/her designee shall serve as ex-officio voting members of the Board of Trustees.

Section 3. The members of the Community Board shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board shall be immediately forwarded to the MSF Board of Trustees for its approval of the individuals elected to the Board. Upon approval by the MSF Board of Trustees, newly elected members of the Community Board shall assume their positions on July 1. Community Board members that are elected at times other than the annual election shall assume their positions as soon as approval by the MSF Board of Trustees is obtained.

a. Qualifications of Members. Selection of a Community Board member shall be based on an individual's: demonstrated commitment to MSHA's mission and vision and to the
communities it serves; knowledge of Russell County and the potential donor community; possession of other professional knowledge, skills or backgrounds that can assist the Community Board in its work; willingness to devote the time necessary to Community Board work, including active engagement in fund raising, and participation in Community Board education; demonstrated capability to exercise leadership, teamwork/consensus-building, systems thinking, and sound judgment on matters that come before the Board; personal integrity and objectivity, including no conflicts of interest that would prevent a member from discharging his or her responsibilities; and such other competencies as are adopted by the MSF Board of Trustees from time to time.

Section 4. The Community Board members shall be elected for a term of three (3) years and the term of office will begin July 1, unless otherwise approved by a majority vote of the Board and the MSF Foundation Board. For the purposes of elections, Board members that are elected and assume their positions mid-year shall be considered as beginning their term on the July 1 preceding the date they actually assume their positions. Approximately one-third of the Community Board members shall be elected each year for a three-year term, so that said terms are staggered. Community Board members may succeed themselves in office, if nominated by the Board Development Committee, elected by the Community Board and approved by the MSF Foundation Board of Trustees. Effective with members elected on or after July 1, 2008, a Community Board member may serve a maximum of three consecutive, three year terms, or a total of nine consecutive years for terms of any length, as a member of the Community Board, and is eligible for re-election after not serving on the Community Board for a period of at least one year.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the MSF Foundation Board of Trustees for its consideration and approval. A Community Board member thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Community Board, although it is not required to be nominated for such position. All Community Board members are strongly encouraged to financially support the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Board member Expectations document.

Section 7. The Community Board shall cause the management of the Foundation to provide an annual report to the MSF Foundation Board of Trustees on the results of the programs and other operations of the Foundation since the previous report to the MSF Foundation Board of Trustees.

Section 8. Written notice of all committee and sub-committee meetings of the Community Board shall be sent to each committee member at least five (5) days before the date of the meeting.

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Section 1. The Officers of the Community Board shall be the Chairperson, Vice Chairperson/Chairperson-Elect, Secretary and Treasurer. An individual may not serve more than one consecutive, two year term as chairperson or vice chairperson/chair-elect.
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B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Community Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

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OR

B. such Community Board member is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Community Board member), or any organization in which the Community Board member (or member of his or her family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.

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a. An ownership or investment interest in any entity with which MSHA, the Foundation, or another MSHA subsidiary organization, has a transaction or arrangement, or
b. A compensation arrangement with an entity with which MSHA, the Foundation, or its subsidiaries, has a transaction or arrangement, or
c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which MSHA, the Foundation, or its subsidiaries are negotiating a transaction or arrangement, or
d. An ownership, investment interest, compensation, or key employee relationship with any entity that directly competes with MSHA or any of its subsidiaries.

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ARTICLE XI- BOARD MEMBERS’ AND OFFICERS’ LIABILITY

Section 1. In any proceeding brought in the right of the MSF or brought by or on behalf of the members of MSF, no Community Board member shall be liable to the MSF or its members for monetary damages with respect to any transaction, occurrence or course of conduct, except for liability resulting from any Community Board member having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2. MSF shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Community Board member or Officer of the Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This indemnification may include MSF advancing reasonable expenses
incurred by a Community Board member or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

ARTICLE XII - MEETINGS

Section 1. The Community Board will meet throughout the year, as needed. The Chairperson of the Community Board, as required, may call special meetings at any time.

Section 2. All meetings of the Community Board shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 3. A Community Board member is expected to attend every meeting of the Community Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Board member who shall be absent from three (3) successive Community Board meetings shall be automatically removed from the Community Board. The Secretary shall solicit information from a Community Board member absent from a meeting as to whether the reason for such absence merits excuse from attendance. Community Board members may attend meetings, count toward a quorum, and vote by telephone when they cannot attend a meeting in person for unavoidable circumstances.

Section 4. The presence at the commencement of a meeting of the Community Board of 50% of the Board Members shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting, except that the Community Board may not vote unless a quorum is present.

ARTICLE XIII - VOTING

Section 1. Any action to be taken by vote of the Community Board shall be authorized by a majority of the votes cast.

Section 2. Each member of the Community Board shall be entitled to one (1) vote at the Board Meeting.

ARTICLE XIV - PARLIAMENTARY PROCEDURE

Section 1. The latest revised edition of Robert's Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.
ARTICLE XV - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended only by action of the MSF Foundation Board of Trustees.

Section 2. Prior to each May meeting of the Community Board, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the MSF Foundation Board.

Date of last review and revision: 18 March 2009 to be revised

Approved by Mountain States Health Foundation Board of Trustees:

[Signature]
Clarinda Jeannes, Chairperson
MSF Board of Trustees

[Signature]
Patricia Holtsclaw, MSF President

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Mountain States Foundation

Smyth County
Community Foundation Board By-Laws

March 18, 2009
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SMYTH COUNTY COMMUNITY FOUNDATION

BYLAWS

DEFINITIONS

1. “MSHA Board of Directors” and “MSHA Board” mean the governing authority of the Mountain States Health Alliance Corporation. Whenever the word “MSHA Board” is used in these Bylaws, it shall mean the Mountain States Health Alliance Board of Directors acting on its own or by delegated authority to the Corporation President, or to a committee of the Board. The use of “MSHA” herein shall mean Mountain States Health Alliance.

2. “Corporation” means Mountain States Foundation.

3. “MSF Foundation Board” refers to the Board of Trustees of the Mountain States Foundation. The use of “MSF” herein shall refer to the Mountain States Foundation.

4. “Smyth County Hospital Board” means the local board responsible for MSHA’s hospitals in Smyth County, TN, which function as a committee of the Mountain States Health Alliance Board of Directors.

5. “Smyth County Community Foundation Board” means the local foundation board for Smyth County, which functions as a committee of the Mountain States Foundation Board of Trustees and coordinates its work with the Smyth County Hospitals Board.

6. “MSHA President/CEO” means the individual who is employed as the President/CEO of Mountain States Health Alliance for overall management of the Corporation.

7. “MSF President” means the individual appointed by the President/CEO of MSHA to act on behalf of the Corporation in the overall management of the Mountain States Foundation.

8. “Executive Committee” means the Executive Committee of the Smyth County Community Foundation Board.

9. “Hospital CEO” means the President or other Senior Executive responsible for MSHA’s Smyth County Hospitals.

10. “Ex Officio” means service as a member of a body by virtue of an office or position held and, unless otherwise expressly prohibited, means with voting rights.

11. “Special Notice” means written notification sent by certified or registered mail, return receipt requested.

12. “Interested Person” means any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in these bylaws and corresponding conflict of interest policies.
ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is the Smyth County Community Foundation Board ("Foundation"), which operates as the Mountain States Foundation dba Smyth County Community Foundation Board. The Smyth County Community Foundation Board functions as a committee of the Mountain States Foundation Board of Trustees.

Section 2. Purposes. The Foundation’s purposes shall be:

a. To encourage, foster, and generate public support for MSHA’s hospitals and other facilities and programs in Smyth County, TN.

b. To encourage, foster and conduct year round public information, community education, publicity, and fundraising campaigns to support MSHA’s facilities and programs in Smyth County.

c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.

d. To maintain a good working relationship with the Administration, Board of Directors, and Staffs of MSF, MSHA and Smyth County Community Hospital.

e. To help assure the continued excellence in health care dispensed by MSHA.

f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA facilities.

g. To identify community needs that can be met through philanthropic contributions, and to work with the Mountain States Foundation to develop and implement local fund raising programs.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Smyth County Community Foundation Board shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

Section 4. Membership in the Smyth County Community Foundation Board shall also constitute membership in the Mountain States Foundation.
ARTICLE III - BOARD OF TRUSTEES

Section 1. The Smyth County Community Foundation Board ("Board") shall, consistent with the policies and plans of the Mountain States Foundation, govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the MSF's Articles of Incorporation. The responsibilities of the Board shall include:

a. To participate in educational and related activities in order to understand and support MSHA's and MSF's vision and strategic plans and the needs of the communities Smyth County Hospitals serve.
b. To recommend to the MSF Board of Trustees a local Foundation Strategic Plan of philanthropic and community education activities and to recommend updates to the plan when appropriate
c. To advise on and support philanthropic activities of the Foundation, including but not limited to system-wide and local capital campaigns, community education, special events, major gifts, planning and annual giving
d. To make recommendations to the MSF Board of Trustees and management with regard to the distribution and use of philanthropic funds, consistent with the MSHA strategic plan and priorities
e. To approve local requests for grant funds, up to a dollar threshold established by the MSF Board, and to make a report on such grants to the MSF Board of Trustees at least annually
f. To monitor the performance of the Foundation in achieving its strategic goals in Smyth County
g. To recommend a committee structure for fund raising events and programs to assist the MSF Board of Trustees and staff in philanthropic work, subject to approval by the MSF Board of Trustees
h. To make recommendations to the MSF Board of Trustees for election and re-election of the members of the Smyth County Community Foundation Board.
i. To work closely with the MSF Board and management of Smyth County Community Hospital to align activities and maintain communications.

Section 2. The number of members of the Board shall be not fewer than 9 nor more than 30, including ex-officio members, The President of MSF or his/her designee, the Hospital CEO, and the Chairperson of the Smyth County Hospital Board or his/her designee shall serve as ex-officio voting members of the Board of Trustees.

Section 3. The members of the Community Board shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board shall be immediately forwarded to the MSF Board of Trustees for its approval of the individuals elected to the Board. Upon approval by the MSF Board of Trustees, newly elected members of the Community Board shall assume their positions on July 1. Community Board members that are elected at times other than the annual election shall assume their positions as soon as approval by the MSF Board of Trustees is obtained.

a. Qualifications of Members. Selection of a Community Board member shall be based on an individual's: demonstrated commitment to MSHA's mission and vision and to the
communities it serves; knowledge of Smyth County and the potential donor community; possession of other professional knowledge, skills or backgrounds that can assist the Community Board in its work; willingness to devote the time necessary to Community Board work, including active engagement in fund raising, and participation in Community Board education; demonstrated capability to exercise leadership, teamwork/consensus-building, systems thinking, and sound judgment on matters that come before the Board; personal integrity and objectivity, including no conflicts of interest that would prevent a member from discharging his or her responsibilities; and such other competencies as are adopted by the MSF Board of Trustees from time to time.

Section 4. The Community Board members shall be elected for a term of three (3) years and the term of office will begin July 1, unless otherwise approved by a majority vote of the Board and the MSF Foundation Board. For the purposes of elections, Board members that are elected and assume their positions mid-year shall be considered as beginning their term on the July 1 preceding the date they actually assume their positions. Approximately one-third of the Community Board members shall be elected each year for a three-year term, so that said terms are staggered. Community Board members may succeed themselves in office, if nominated by the Board Development Committee, elected by the Community Board and approved by the MSF Foundation Board of Trustees. Effective with members elected on or after July 1, 2008, a Community Board member may serve a maximum of three consecutive, three year terms, or a total of nine consecutive years for terms of any length, as a member of the Community Board, and is eligible for re-election after not serving on the Community Board for a period of at least one year.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the MSF Foundation Board of Trustees for its consideration and approval. A Community Board member thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Community Board, although it is not required to be nominated for such position. All Community Board members are strongly encouraged to financially support the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Board member Expectations document.

Section 7. The Community Board shall cause the management of the Foundation to provide an annual report to the MSF Foundation Board of Trustees on the results of the programs and other operations of the Foundation since the previous report to the MSF Foundation Board of Trustees.

Section 8. Written notice of all committee and sub-committee meetings of the Community Board shall be sent to each committee member at least five (5) days before the date of the meeting.

ARTICLE IV - OFFICERS

Section 1. The Officers of the Community Board shall be the Chairperson, Vice Chairperson/Chairperson-Elect, Secretary and Treasurer. An individual may not serve more than one consecutive, two year term as chairperson or vice chairperson/chair-elect.
Section 2. The terms of office of each officer shall be for two (2) years and shall continue until the newly elected officers take office in July of the year of expiration of the current officers’ terms. The Vice Chairperson/Chairperson Elect must stand for nomination by the Board Development Committee and election by the Community Board before assuming the office of Chairperson. If either does not approve the advancement of the Vice Chairperson, the Community Board shall elect another individual as Chairperson.

Section 3. The officers of the Foundation shall be elected from among the members of the Community Board and are to begin their terms July 1. The Board Development Committee shall propose a slate of candidates. Board members may nominate other candidates from the floor.

Section 4.

A. The Chairperson shall preside at all meetings of the Community Board. Except as otherwise stated in these bylaws, the Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required. The Executive Committee must approve all committee Chairpersons.

B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Community Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

D. The Treasurer shall render periodic financial statements to the Executive Committee, the Community Board, and membership as requested. The Treasurer shall also work closely with the Foundation staff and others as required to maintain adequate fiscal control of all funds and accounts.

Section 5. Vacancies in officer’s positions shall be filled by majority vote of the Executive Committee for the rest of the unexpired term of office.

ARTICLE V - STANDING AND AD HOC COMMITTEES

Section 1. The Community Board shall have the following Standing Committees: an Executive Committee, Local Grants Approval Committee, and a Board Development Committee. Thereafter, ad hoc committees and sub-committees may be created or dissolved by a majority vote of the Smyth County Foundation Board. Active membership on the Community Board shall not be required to serve on Foundation committees or subcommittees, except for the Executive Committee, which requires all members to be active board members. The Chairperson of the
Community Board, in consultation with the MSF President or his/her designee and Hospital CEO, shall select Standing and ad hoc committee chairpersons and committee members.

Section 2. The Community Board may recommend a committee structure for fund raising events and programs to assist the Community Board and staff in philanthropic work, subject to approval by the MSF Foundation Board of Trustees. The responsibilities of Ad Hoc Committees should be defined in a written policy statement. The Smyth County Community Foundation Board Chairperson may appoint committee members.

Section 3. The Chairperson shall be an ex-officio voting member of all committees and subcommittees.

Section 4. The MSF President, or his/her designee, shall serve as an ex-officio voting member of all committees and subcommittees.

ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. The Executive Committee shall consist of the Officers of the Foundation, the immediate Past Chairperson, the Chairpersons of the Board Development and Local Grants Approval Committees. The Smyth County Hospital Board Chairperson or his/her designee, MSF President or his/her designee, and the Hospital CEO will be ex-officio, voting members. All members of the Executive Committee shall be active members of the Community Board. The Committee shall regularly report to the Community Board.

Section 2. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Community Board, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Community Board, that it communicates its action to the Board in a timely fashion, and that it shall refer all matters of major importance to the Board. A meeting of the Executive Committee may be called by the Chairperson or by the MSF President and two additional members of the Executive Committee. Should any matter of extreme urgency arise between meetings of the Community Board, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board.

Section 3. The Executive Committee shall hold meetings as required.

Section 4. The quorum necessary to transact business at an Executive Committee meeting will consist of a minimum of 50% of the members.

ARTICLE VII - LOCAL GRANTS APPROVAL COMMITTEE

Section 1. The Local Grants Approval (formerly “Services”) Committee shall review and approve requests for grant support, and oversee their use, up to a dollar threshold approved by the MSF Foundation Board. This Committee shall periodically review the needs of the community and the hospital, and make recommendations for future funding to the Board of Trustees. The committee shall also review financial reports showing the uses of funds donated to the
Foundation and will exercise oversight to see that resources have been appropriately allocated to benefit the community.

ARTICLE VIII - BOARD DEVELOPMENT COMMITTEE

Section 1. The Board Development Committee shall present to the Community Board nominations for Community Board members to be elected by the Community Board, subject to approval by the MSF Foundation Board of Trustees, and the offices of Chairperson, Vice Chairperson/Chairperson-Elect, Secretary, and Treasurer. The Committee shall furnish information relating to the background and qualifications of all such nominees five (5) days prior to the Community Board meeting at which an election is to take place. Potential Community Board members will be personally informed of Community Board member expectations by members of the Board Development Committee. The Committee shall develop and administer a program of orientation for newly-elected Board members and conduct a yearly evaluation of all Community Board members. This Committee shall report to the Community Board at the May meeting and otherwise as required.

Section 2. The Committee shall also have the following responsibilities:

a. review the Community Board’s bylaws, responsibilities, committee structure and meeting schedule annually, and make recommendations for changes to the Community Board
b. conduct a Community Board self evaluation and improvement process at least every two years.
c. report to the Community Board at the May meeting and otherwise as required.

ARTICLE IX - CONFLICTS OF INTEREST

Section 1. A Community Board member shall be considered to have a conflict of interest if the Community Board, a committee appointed to review potential conflicts of interests, or the MSHA Board determines:

A. such Community Board member has existing or potential financial or other interests which impair or might reasonably appear to impair such member’s independent, unbiased judgment in the discharge of his or her responsibilities to the Foundation;

OR

B. such Community Board member is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Community Board member), or any organization in which the Community Board member (or member of his or her family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.

Section 2. Financial Interests. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
a. An ownership or investment interest in any entity with which MSHA, the Foundation, or another MSHA subsidiary organization, has a transaction or arrangement, or
b. A compensation arrangement with an entity with which MSHA, the Foundation, or its subsidiaries, has a transaction or arrangement, or
c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which MSHA, the Foundation, or its subsidiaries are negotiating a transaction or arrangement, or
d. An ownership, investment interest, compensation, or key employee relationship with any entity that directly competes with MSHA or any of its subsidiaries.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article IX, Section 1, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. All Community Board members shall disclose to the Community Board any financial and other interests and defined above at the earliest practicable time. No Board member shall vote on any matter under consideration at a Community Board or committee meeting in which such Board member has a conflict of interest. The minutes of said meeting shall reflect that a disclosure was made and that the Community Board member having a conflict of interest abstained from voting. Any Community Board member who is uncertain whether a conflict of interest may exist in any matter may request the Community Board or Committee, as the case may be, to resolve the questions by majority vote.

Each Community Board member shall execute a disclosure statement of financial and other interests annually and shall otherwise comply with the Conflict of Interest Policy established by MSHA.

ARTICLE X- DISCRIMINATION PROHIBITED

Section 1. The Foundation does not discriminate on the basis of race, color, sex, religion, national or ethnic origin, physical handicap, age or marital status in employment, or in any other aspects of its work.

ARTICLE XI- BOARD MEMBERS' AND OFFICERS' LIABILITY

Section 1. In any proceeding brought in the right of the MSF or brought by or on behalf of the members of MSF, no Community Board member shall be liable to the MSF or its members for monetary damages with respect to any transaction, occurrence or course of conduct, except for liability resulting from any Community Board member having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2. MSF shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Community Board member or Officer of the Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This indemnification may include MSF advancing reasonable expenses.
incurred by a Community Board member or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

**ARTICLE XII - MEETINGS**

Section 1. The Community Board will meet throughout the year, as needed. The Chairperson of the Community Board, as required, may call special meetings at any time.

Section 2. All meetings of the Community Board shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 3. A Community Board member is expected to attend every meeting of the Community Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Board member who shall be absent from three (3) successive Community Board meetings shall be automatically removed from the Community Board. The Secretary shall solicit information from a Community Board member absent from a meeting as to whether the reason for such absence merits excuse from attendance. Community Board members may attend meetings, count toward a quorum, and vote by telephone when they cannot attend a meeting in person for unavoidable circumstances.

Section 4. The presence at the commencement of a meeting of the Community Board of 50% of the Board Members shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting, except that the Community Board may not vote unless a quorum is present.

**ARTICLE XIII - VOTING**

Section 1. Any action to be taken by vote of the Community Board shall be authorized by a majority of the votes cast.

Section 2. Each member of the Community Board shall be entitled to one (1) vote at the Board Meeting.

**ARTICLE XIV - PARLIAMENTARY PROCEDURE**

Section 1. The latest revised edition of Robert's Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.
ARTICLE XV - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended only by action of the MSF Foundation Board of Trustees.

Section 2. Prior to each May meeting of the Community Board, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the MSF Foundation Board.

Date of last review and revision: 18 March 2009 to be revised

Approved by Mountain States Health Foundation Board of Trustees:

[Signature]
Clarinda Jeannes, Chairperson
MSF Board of Trustees

[Signature]
Patricia Holtsclaw, MSF President

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Mountain States Foundation

Sullivan County
Community Foundation Board By-Laws

March 18, 2009
SULLIVAN COUNTY COMMUNITY FOUNDATION

BYLAWS

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SULLIVAN COUNTY COMMUNITY FOUNDATION

BYLAWS

DEFINITIONS

1. “MSHA Board of Directors” and “MSHA Board” mean the governing authority of the Mountain States Health Alliance Corporation. Whenever the word “MSHA Board” is used in these Bylaws, it shall mean the Mountain States Health Alliance Board of Directors acting on its own or by delegated authority to the Corporation President, or to a committee of the Board. The use of “MSHA” herein shall mean Mountain States Health Alliance.

2. “Corporation” means Mountain States Foundation.

3. “MSF Foundation Board” refers to the Board of Trustees of the Mountain States Foundation. The use of “MSF” herein shall refer to the Mountain States Foundation.

4. “Sullivan County Hospital Board” means the local board responsible for MSHA’s hospitals in Sullivan County, TN, which function as a committee of the Mountain States Health Alliance Board of Directors.

5. “Sullivan County Community Foundation Board” means the local foundation board for Sullivan County, which functions as a committee of the Mountain States Foundation Board of Trustees and coordinates its work with the Sullivan County Hospitals Board.

6. “MSHA President/CEO” means the individual who is employed as the President/CEO of Mountain States Health Alliance for overall management of the Corporation.

7. “MSF President” means the individual appointed by the President/CEO of MSHA to act on behalf of the Corporation in the overall management of the Mountain States Foundation.

8. “Executive Committee” means the Executive Committee of the Sullivan County Community Foundation Board.

9. “Hospital CEO” means the President or other Senior Executive responsible for MSHA’s Sullivan County Hospitals.

10. “Ex Officio” means service as a member of a body by virtue of an office or position held and, unless otherwise expressly prohibited, means with voting rights.

11. “Special Notice” means written notification sent by certified or registered mail, return receipt requested.

12. “Interested Person” means any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in these bylaws and corresponding conflict of interest policies.
ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is the Sullivan County Community Foundation Board ("Foundation"), which operates as the Mountain States Foundation dba Sullivan County Community Foundation Board. The Sullivan County Community Foundation Board functions as a committee of the Mountain States Foundation Board of Trustees.

Section 2. Purposes. The Foundation’s purposes shall be:

a. To encourage, foster, and generate public support for MSHA’s hospitals and other facilities and programs in Sullivan County, TN.

b. To encourage, foster and conduct year round public information, community education, publicity, and fundraising campaigns to support MSHA’s facilities and programs in Sullivan County.

c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.

d. To maintain a good working relationship with the Administration, Board of Directors, and Staffs of MSF, MSHA and MSHA’s Sullivan County Hospitals.

e. To help assure the continued excellence in health care dispensed by MSHA.

f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA facilities.

g. To identify community needs that can be met through philanthropic contributions, and to work with the Mountain States Foundation to develop and implement local fund raising programs.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Sullivan County Community Foundation Board shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

Section 4. Membership in the Sullivan County Community Foundation Board shall also constitute membership in the Mountain States Foundation.
ARTICLE III - BOARD OF TRUSTEES

Section 1. The Sullivan County Community Foundation Board ("Board") shall, consistent with the policies and plans of the Mountain States Foundation, govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the MSF's Articles of Incorporation. The responsibilities of the Board shall include:

a. To participate in educational and related activities in order to understand and support MSHA's and MSF's vision and strategic plans and the needs of the communities Sullivan County Hospitals serve.
b. To recommend to the MSF Board of Trustees a local Foundation Strategic Plan of philanthropic and community education activities and to recommend updates to the plan when appropriate
c. To advise on and support philanthropic activities of the Foundation, including but not limited to system-wide and local capital campaigns, community education, special events, major gifts, planning and annual giving
d. To make recommendations to the MSF Board of Trustees and management with regard to the distribution and use of philanthropic funds, consistent with the MSHA strategic plan and priorities
e. To approve local requests for grant funds, up to a dollar threshold established by the MSF Board, and to make a report on such grants to the MSF Board of Trustees at least annually
f. To monitor the performance of the Foundation in achieving its strategic goals in Sullivan County
g. To recommend a committee structure for fund raising events and programs to assist the MSF Board of Trustees and staff in philanthropic work, subject to approval by the MSF Board of Trustees
h. To make recommendations to the MSF Board of Trustees for election and re-election of the members of the Sullivan County Community Foundation Board.
i. To work closely with the MSF Board and management of MSHA's Sullivan County Hospitalsto align activities and maintain communications.

Section 2. The number of members of the Board shall be not fewer than 9 nor more than 30, including ex-officio members, The President of MSF or his/her designee, the Hospital CEO, and the Chairperson of the Sullivan County Hospital Board or his/her designee shall serve as ex-officio voting members of the Board of Trustees.

Section 3. The members of the Community Board shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board shall be immediately forwarded to the MSF Board of Trustees for its approval of the individuals elected to the Board. Upon approval by the MSF Board of Trustees, newly elected members of the Community Board shall assume their positions on July 1. Community Board members that are elected at times other than the annual election shall assume their positions as soon as approval by the MSF Board of Trustees is obtained.

a. Qualifications of Members. Selection of a Community Board member shall be based on an individual's: demonstrated commitment to MSHA's mission and vision and to the
communities it serves; knowledge of Sullivan County and the potential donor community; possession of other professional knowledge, skills or backgrounds that can assist the Community Board in its work; willingness to devote the time necessary to Community Board work, including active engagement in fund raising, and participation in Community Board education; demonstrated capability to exercise leadership, teamwork/consensus-building, systems thinking, and sound judgment on matters that come before the Board; personal integrity and objectivity, including no conflicts of interest that would prevent a member from discharging his or her responsibilities; and such other competencies as are adopted by the MSF Board of Trustees from time to time.

Section 4. The Community Board members shall be elected for a term of three (3) years and the term of office will begin July 1, unless otherwise approved by a majority vote of the Board and the MSF Foundation Board. For the purposes of elections, Board members that are elected and assume their positions mid-year shall be considered as beginning their term on the July 1 preceding the date they actually assume their positions. Approximately one-third of the Community Board members shall be elected each year for a three-year term, so that said terms are staggered. Community Board members may succeed themselves in office, if nominated by the Board Development Committee, elected by the Community Board and approved by the MSF Foundation Board of Trustees. Effective with members elected on or after July 1, 2008, a Community Board member may serve a maximum of three consecutive, three year terms, or a total of nine consecutive years for terms of any length, as a member of the Community Board, and is eligible for re-election after not serving on the Community Board for a period of at least one year.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the MSF Foundation Board of Trustees for its consideration and approval. A Community Board member thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Community Board, although it is not required to be nominated for such position. All Community Board members are strongly encouraged to financially support the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Board member Expectations document.

Section 7. The Community Board shall cause the management of the Foundation to provide an annual report to the MSF Foundation Board of Trustees on the results of the programs and other operations of the Foundation since the previous report to the MSF Foundation Board of Trustees.

Section 8. Written notice of all committee and sub-committee meetings of the Community Board shall be sent to each committee member at least five (5) days before the date of the meeting.

ARTICLE IV - OFFICERS

Section 1. The Officers of the Community Board shall be the Chairperson, Vice Chairperson/Chairperson-Elect, Secretary and Treasurer. An individual may not serve more than one consecutive, two year term as chairperson or vice chairperson/chair-elect.
Section 2. The terms of office of each officer shall be for two (2) years and shall continue until the newly elected officers take office in July of the year of expiration of the current officers’ terms. The Vice Chairperson/Chairperson Elect must stand for nomination by the Board Development Committee and election by the Community Board before assuming the office of Chairperson. If either does not approve the advancement of the Vice Chairperson, the Community Board shall elect another individual as Chairperson.

Section 3. The officers of the Foundation shall be elected from among the members of the Community Board and are to begin their terms July 1. The Board Development Committee shall propose a slate of candidates. Board members may nominate other candidates from the floor.

Section 4.

A. The Chairperson shall preside at all meetings of the Community Board. Except as otherwise stated in these bylaws, the Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required. The Executive Committee must approve all committee Chairpersons.

B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Community Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

D. The Treasurer shall render periodic financial statements to the Executive Committee, the Community Board, and membership as requested. The Treasurer shall also work closely with the Foundation staff and others as required to maintain adequate fiscal control of all funds and accounts.

Section 5. Vacancies in officer’s positions shall be filled by majority vote of the Executive Committee for the rest of the unexpired term of office.

ARTICLE V - STANDING AND AD HOC COMMITTEES

Section 1. The Community Board shall have the following Standing Committees: an Executive Committee, Local Grants Approval Committee, and a Board Development Committee. Thereafter, ad hoc committees and sub-committees may be created or dissolved by a majority vote of the Sullivan County Foundation Board. Active membership on the Community Board shall not be required to serve on Foundation committees or subcommittees, except for the Executive Committee, which requires all members to be active board members. The Chairperson
of the Community Board, in consultation with the MSF President or his/her designee and Hospital CEO, shall select Standing and ad hoc committee chairpersons and committee members.

Section 2. The Community Board may recommend a committee structure for fund raising events and programs to assist the Community Board and staff in philanthropic work, subject to approval by the MSF Foundation Board of Trustees. The responsibilities of Ad Hoc Committees should be defined in a written policy statement. The Sullivan County Community Foundation Board Chairperson may appoint committee members.

Section 3. The Chairperson shall be an ex-officio voting member of all committees and subcommittees.

Section 4. The MSF President, or his/her designee, shall serve as an ex-officio voting member of all committees and subcommittees.

ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. The Executive Committee shall consist of the Officers of the Foundation, the immediate Past Chairperson, the Chairpersons of the Board Development and Local Grants Approval Committees. The Sullivan County Hospital Board Chairperson or his/her designee, MSF President or his/her designee, and the Hospital CEO will be ex-officio, voting members. All members of the Executive Committee shall be active members of the Community Board. The Committee shall regularly report to the Community Board.

Section 2. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Community Board, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Community Board, that it communicates its action to the Board in a timely fashion, and that it shall refer all matters of major importance to the Board. A meeting of the Executive Committee may be called by the Chairperson or by the MSF President and two additional members of the Executive Committee. Should any matter of extreme urgency arise between meetings of the Community Board, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board.

Section 3. The Executive Committee shall hold meetings as required.

Section 4. The quorum necessary to transact business at an Executive Committee meeting will consist of a minimum of 50% of the members.

ARTICLE VII - LOCAL GRANTS APPROVAL COMMITTEE

Section 1. The Local Grants Approval (formerly “Services”) Committee shall review and approve requests for grant support, and oversee their use, up to a dollar threshold approved by the MSF Foundation Board. This Committee shall periodically review the needs of the community and the hospital, and make recommendations for future funding to the Board of Trustees. The committee shall also review financial reports showing the uses of funds donated to the
Foundation and will exercise oversight to see that resources have been appropriately allocated to benefit the community.

**ARTICLE VIII - BOARD DEVELOPMENT COMMITTEE**

**Section 1.** The Board Development Committee shall present to the Community Board nominations for Community Board members to be elected by the Community Board, subject to approval by the MSF Foundation Board of Trustees, and the offices of Chairperson, Vice Chairperson/Chairperson-Elect, Secretary, and Treasurer. The Committee shall furnish information relating to the background and qualifications of all such nominees five (5) days prior to the Community Board meeting at which an election is to take place. Potential Community Board members will be personally informed of Community Board member expectations by members of the Board Development Committee. The Committee shall develop and administer a program of orientation for newly-elected Board members and conduct a yearly evaluation of all Community Board members. This Committee shall report to the Community Board at the May meeting and otherwise as required.

**Section 2.** The Committee shall also have the following responsibilities:

a. review the Community Board’s bylaws, responsibilities, committee structure and meeting schedule annually, and make recommendations for changes to the Community Board

b. conduct a Community Board self evaluation and improvement process at least every two years.

c. report to the Community Board at the May meeting and otherwise as required.

**ARTICLE IX - CONFLICTS OF INTEREST**

**Section 1.** A Community Board member shall be considered to have a conflict of interest if the Community Board, a committee appointed to review potential conflicts of interests, or the MSHA Board determines:

A. such Community Board member has existing or potential financial or other interests which impair or might reasonably appear to impair such member’s independent, unbiased judgment in the discharge of his or her responsibilities to the Foundation;  

OR

B. such Community Board member is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Community Board member), or any organization in which the Community Board member (or member of his or her family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.

**Section 2.** Financial Interests. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:
a. An ownership or investment interest in any entity with which MSHA, the Foundation, or another MSHA subsidiary organization, has a transaction or arrangement, or
b. A compensation arrangement with an entity with which MSHA, the Foundation, or its subsidiaries, has a transaction or arrangement, or
c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which MSHA, the Foundation, or its subsidiaries are negotiating a transaction or arrangement, or
d. An ownership, investment interest, compensation, or key employee relationship with any entity that directly competes with MSHA or any of its subsidiaries.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article IX, Section 1, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. All Community Board members shall disclose to the Community Board any financial and other interests and defined above at the earliest practicable time. No Board member shall vote on any matter under consideration at a Community Board or committee meeting in which such Board member has a conflict of interest. The minutes of said meeting shall reflect that a disclosure was made and that the Community Board member having a conflict of interest abstained from voting. Any Community Board member who is uncertain whether a conflict of interest may exist in any matter may request the Community Board or Committee, as the case may be, to resolve the questions by majority vote.

Each Community Board member shall execute a disclosure statement of financial and other interests annually and shall otherwise comply with the Conflict of Interest Policy established by MSHA.

ARTICLE X- DISCRIMINATION PROHIBITED

Section 1. The Foundation does not discriminate on the basis of race, color, sex, religion, national or ethnic origin, physical handicap, age or marital status in employment, or in any other aspects of its work.

ARTICLE XI- BOARD MEMBERS’ AND OFFICERS’ LIABILITY

Section 1. In any proceeding brought in the right of the MSF or brought by or on behalf of the members of MSF, no Community Board member shall be liable to the MSF or its members for monetary damages with respect to any transaction, occurrence or course of conduct, except for liability resulting from any Community Board member having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2. MSF shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Community Board member or Officer of the Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This indemnification may include MSF advancing reasonable expenses
incurred by a Community Board member or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

ARTICLE XII - MEETINGS

Section 1. The Community Board will meet throughout the year, as needed. The Chairperson of the Community Board, as required, may call special meetings at any time.

Section 2. All meetings of the Community Board shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 3. A Community Board member is expected to attend every meeting of the Community Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Board member who shall be absent from three (3) successive Community Board meetings shall be automatically removed from the Community Board. The Secretary shall solicit information from a Community Board member absent from a meeting as to whether the reason for such absence merits excuse from attendance. Community Board members may attend meetings, count toward a quorum, and vote by telephone when they cannot attend a meeting in person for unavoidable circumstances.

Section 4. The presence at the commencement of a meeting of the Community Board of 50% of the Board Members shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting, except that the Community Board may not vote unless a quorum is present.

ARTICLE XIII - VOTING

Section 1. Any action to be taken by vote of the Community Board shall be authorized by a majority of the votes cast.

Section 2. Each member of the Community Board shall be entitled to one (1) vote at the Board Meeting.

ARTICLE XIV - PARLIAMENTARY PROCEDURE

Section 1. The latest revised edition of Robert’s Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.
ARTICLE XV - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended only by action of the MSF Foundation Board of Trustees.

Section 2. Prior to each May meeting of the Community Board, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the MSF Foundation Board.

Date of last review and revision: 18 March 2009 to be revised

Approved by Mountain States Health Foundation Board of Trustees:

[Signature]
Clarinda Jeannes, Chairperson
MSF Board of Trustees

[Signature]
Patricia Holtsclaw, MSF President

[Signature]
[Signature]
Mountain States Foundation

Washington County
Community Foundation Board By-Laws

March 17, 2009
WASHINGTON COUNTY COMMUNITY FOUNDATION

BYLAWS

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WASHINGTON COUNTY COMMUNITY FOUNDATION

BYLAWS

DEFINITIONS

1. "MSHA Board of Directors" and "MSHA Board" mean the governing authority of the Mountain States Health Alliance Corporation. Whenever the word "MSHA Board" is used in these Bylaws, it shall mean the Mountain States Health Alliance Board of Directors acting on its own or by delegated authority to the Corporation President, or to a committee of the Board. The use of "MSHA" herein shall mean Mountain States Health Alliance.

2. "Corporation" means Mountain States Foundation.

3. "MSF Foundation Board" refers to the Board of Trustees of the Mountain States Foundation. The use of "MSF" herein shall refer to the Mountain States Foundation.

4. "Washington County Hospital Board" means the local board responsible for MSHA’s hospitals in Washington County, TN, which function as a committee of the Mountain States Health Alliance Board of Directors.

5. "Washington County Community Foundation Board" means the local foundation board for Washington County, which functions as a committee of the Mountain States Foundation Board of Trustees and coordinates its work with the Washington County Hospitals Board.

6. "MSHA President/CEO" means the individual who is employed as the President/CEO of Mountain States Health Alliance for overall management of the Corporation.

7. "MSF President" means the individual appointed by the President/CEO of MSHA to act on behalf of the Corporation in the overall management of the Mountain States Foundation.

8. "Executive Committee" means the Executive Committee of the Washington County Community Foundation Board.

9. "Hospital CEO" means the President or other Senior Executive responsible for MSHA’s Washington County Hospitals.

10. "Ex Officio" means service as a member of a body by virtue of an office or position held and, unless otherwise expressly prohibited, means with voting rights.

11. "Special Notice" means written notification sent by certified or registered mail, return receipt requested.

12. "Interested Person" means any director, principal officer, or member of a committee with governing board delegated powers, who has a direct or indirect financial interest, as defined in these bylaws and corresponding conflict of interest policies.
ARTICLE I - NAME AND PURPOSES

Section 1. The name of this organization is the Washington County Community Foundation ("Foundation"), which operates as the Mountain States Foundation dba Washington County Community Foundation. The Washington County Community Foundation functions as a committee of the Mountain States Foundation Board.

Section 2. Purposes. The Foundation’s purposes shall be:

a. To encourage, foster, and generate public support for MSHA’s hospitals and other facilities and programs in Washington County, TN.

b. To encourage, foster and conduct year round public information, community education, publicity, and fundraising campaigns to support MSHA’s facilities and programs in Washington County.

c. To encourage and seek the support of other organizations to assist MSHA through their own philanthropic efforts.

d. To maintain a good working relationship with the Administration, Board of Directors, and Staffs of MSF, MSHA and MSHA’s Washington County Hospitals.

e. To help assure the continued excellence in health care dispensed by MSHA.

f. To help lessen the burden on patient charges by assisting in the funding of new facilities, new equipment and medical education at MSHA facilities.

g. To identify community needs that can be met through philanthropic contributions, and to work with the Mountain States Foundation to develop and implement local fund raising programs.

Section 3. Offices. The office of the Foundation shall be located in Johnson City, Tennessee.

ARTICLE II - MEMBERSHIP

Section 1. The members of the Washington County Community Foundation shall be composed of persons of good moral character who support the purposes and objectives of this organization.

Section 2. The membership consists of those people who have contributed the sum of One Hundred Dollars ($100.00) or more to the Foundation and who thereafter make annual contributions of One Hundred Dollars ($100.00) or more.

Section 3. Membership meetings may be called from time to time by the Board of Trustees to update, deliver, and share information about MSHA, the Foundation, or other items, which might be of particular interest to the membership.

Section 4. Membership in the Washington County Community Foundation shall also constitute membership in the Mountain States Foundation.
ARTICLE III - BOARD OF TRUSTEES

Section 1. The Washington County Community Foundation Board ("Board") shall, consistent with the policies and plans of the Mountain States Foundation, govern, manage, and control the policies, property, affairs, and funds of the Foundation and shall determine compliance with the corporation's stated purposes, and shall have the power and authority to do and perform all acts or functions not inconsistent with these Bylaws or the MSF's Articles of Incorporation. The responsibilities of the Board shall include:

a. To participate in educational and related activities in order to understand and support MSHA's and MSF's vision and strategic plans and the needs of the communities Washington County Hospitals serve.
b. To recommend to the MSF Board a local Foundation Strategic Plan of philanthropic and community education activities and to recommend updates to the plan when appropriate
c. To advise on and support philanthropic activities of the Foundation, including but not limited to system-wide and local capital campaigns, community education, special events, major gifts, planning and annual giving
d. To make recommendations to the MSF Board and management with regard to the distribution and use of philanthropic funds, consistent with the MSHA strategic plan and priorities
e. To approve local requests for grant funds, up to a dollar threshold established by the MSF Board, and to make a report on such grants to the MSF Board at least annually
f. To monitor the performance of the Foundation in achieving its strategic goals in Washington County
g. To recommend a committee structure for fund raising events and programs to assist the MSF Board and staff in philanthropic work, subject to approval by the MSF Board
h. To make recommendations to the MSF Board for election and re-election of the members of the Washington County Community Foundation Board.
i. To work closely with the MSF Board and management of MSHA's Washington County Hospitals to align activities and maintain communications.

Section 2. The number of members of the Board shall be not fewer than 9 nor more than 30, including ex-officio members, The MSF President of the Foundation or his/her designee, the Hospital CEO, the Chairperson of the Washington County Hospital Board or his/her designee, and the President of the Hospital Auxiliary or his/her designee, shall serve as ex-officio voting members of the Board of Trustees.

Section 3. The members of the Board shall be elected upon recommendation of the Board Development Committee at the May Board meeting each year or at other such time as the Board Development Committee deems necessary and appropriate. The slate of candidates elected by the Board shall be immediately forwarded to the MSF Foundation Board for its approval of the individuals elected to the Board. Upon approval by the MSF Foundation Board, newly elected members of the Board shall assume their positions on July 1. Board members that are elected at times other than the annual election shall assume their positions as soon as approval by the MSF Foundation Board is obtained.

a. Qualifications of Members. Selection of a Board member shall be based on an individual's: demonstrated commitment to MSHA's mission and vision and to the communities it serves; knowledge of Washington County and the potential donor community; possession of other professional knowledge, skills or backgrounds that can assist the Board in its work; willingness to devote the time necessary to Board work, including active engagement in fund raising, and participation in Board education; demonstrated capability to exercise leadership,
teamwork/consensus-building, systems thinking, and sound judgment on matters that come before the Board; personal integrity and objectivity, including no conflicts of interest that would prevent a member from discharging his or her responsibilities; and such other competencies as are adopted by the MSF Board from time to time.

Section 4. The Board members shall be elected for a term of three (3) years and the term of office will begin July 1, unless otherwise approved by a majority vote of the Board and the MSF Foundation Board. For the purposes of elections, Board members that are elected and assume their positions mid-year shall be considered as beginning their term on the July 1 preceding the date they actually assume their positions. Approximately one-third of the Board members shall be elected each year for a three-year term, so that said terms are staggered. Board members may succeed themselves in office, if nominated by the Board Development Committee, elected by the Board and approved by the MSF Foundation Board. Effective with members elected on or after July 1, 2008, a Board member may serve a maximum of three consecutive, three year terms, or a total of nine consecutive years for terms of any length, as a member of the Board, and is eligible for re-election after not serving on the Board for a period of at least one year.

Section 5. Vacancies may be filled at any meeting of the Board by the majority vote of those in attendance upon nomination by the Board Development Committee. Such persons elected to fill an unexpired term shall be submitted to the MSF Foundation Board for its consideration and approval. A Board member thus elected to fill any vacancy shall hold office for the unexpired term of his predecessor.

Section 6. Foundation membership shall be a requirement to serve on the Board, although it is not required to be nominated for such position. All Board members are strongly encouraged to financially support the Foundation through all means and resources possible and to participate in all Foundation sponsored events as outlined in the Board member Expectations document.

Section 7. The Board shall cause the management of the Foundation to provide an annual report to the MSF Foundation Board on the results of the programs and other operations of the Foundation since the previous report to the MSF Foundation Board.

Section 8. Written notice of all committee and sub-committee meetings of the Board shall be sent to each committee member at least five (5) days before the date of the meeting.

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Section 1. The Officers of the Board shall be the Chairperson, Vice Chairperson/Chairperson-Elect, Secretary and Treasurer. An individual may not serve more than one consecutive, two year term as chairperson or vice chairperson/chair-elect.

Section 2. The terms of office of each officer shall be for two (2) years and shall continue until the newly elected officers take office in July of the year of expiration of the current officers’ terms. The Vice Chairperson/Chairperson Elect must stand for nomination by the Board Development Committee and election by the Board before assuming the office of Chairperson. If either does not approve the advancement of the Vice Chairperson, the Board shall elect another individual as Chairperson.

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A. The Chairperson shall preside at all meetings of the Board. Except as otherwise stated in these bylaws, the Chairperson shall appoint Chairpersons of the Standing Committees and sub-committees and create other committees as required. The Executive Committee must approve all committee Chairpersons.

B. The Vice Chairperson, in the absence or inability of the Chairperson to perform in such instances, shall be empowered to act in all respects as the Chairperson. The Vice Chairperson shall act as assistant to the Chairperson, shall assist the Standing Committee and sub-committee chairpersons in carrying out the work of the committees and sub-committees, and shall perform such other duties as may be assigned by the Executive Committee.

C. The Secretary shall keep minutes of meetings and send out notices of scheduled meetings to the Board, membership, or interested parties as required. The Secretary shall also coordinate with the Foundation staff the maintaining of correspondence files and membership records.

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ARTICLE VI - EXECUTIVE COMMITTEE

Section 1. The Executive Committee shall consist of the Officers of the Foundation, the immediate Past Chairperson, the Chairpersons of the Board Development and Local Grants Approval Committees. The Washington County Hospital Board Chairperson or his/her designee, MSF President or his/her designee and MSF Chairperson (for Washington County Community Board only), or his/her designee, and the Hospital CEO will be ex-officio, voting members. All members of the Executive Committee shall be active members of the Board. The Committee shall regularly report to the Board.

Section 2. The Executive Committee shall have the power to transact all regular business of the Foundation during the interim between the regular meetings of the Board, provided that any action which it may take shall not conflict with the policies and expressed wishes of the Board, that it communicates its action to the Board in a timely fashion, and that it shall refer all matters of major importance to the Board. A meeting of the Executive Committee may be called by the Chairperson or by the MSF President and two additional members of the Executive Committee. Should any matter of extreme urgency arise between meetings of the Board, it shall be the duty of the Executive Committee to request the Chairperson to call a special meeting of the Board.

Section 3. The Executive Committee shall hold meetings as required.

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Section 2. The Committee shall also have the following responsibilities:

a. review the Board’s bylaws, responsibilities, committee structure and meeting schedule annually, and make recommendations for changes to the Board
b. conduct a Board self evaluation and improvement process at least every two years.
c. report to the Board at the May meeting and otherwise as required.

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Section 1. A Board member shall be considered to have a conflict of interest if the Board, a committee appointed to review potential conflicts of interests, or the MSHA Board determines:

A. such Board member has existing or potential financial or other interests which impair or might reasonably appear to impair such member’s independent, unbiased judgment in the discharge of his or her responsibilities to the Foundation;
   OR
B. such Board member is aware that a member of his or her family (which for purposes of this paragraph shall be a spouse, parents, siblings, children and any other relative if the latter reside in the same household as the Board member), or any organization in which the Board member (or member of his or her family) is an officer, director, employee, or stockholder has such existing or potential financial or other interests.

Section 2. Financial Interests. A person has a financial interest if the person has, directly or indirectly, through business, investment, or family:

a. An ownership or investment interest in any entity with which MSHA, the Foundation, or another MSHA subsidiary organization, has a transaction or arrangement, or
b. A compensation arrangement with an entity with which MSHA, the Foundation, or its subsidiaries, has a transaction or arrangement, or
c. A potential ownership or investment interest in, or compensation arrangement with any entity or individual with which MSHA, the Foundation, or its subsidiaries are negotiating a transaction or arrangement, or
d. An ownership, investment interest, compensation, or key employee relationship with any entity that directly competes with MSHA or any of its subsidiaries.

Compensation includes direct and indirect remuneration as well as gifts or favors that are not insubstantial. A financial interest is not necessarily a conflict of interest. Under Article IX, Section 1, a person who has a financial interest may have a conflict of interest only if the appropriate governing board or committee decides that a conflict of interest exists.

Section 3. All Board members shall disclose to the Board any financial and other interests and defined above at the earliest practicable time. No Board member shall vote on any matter under consideration at a Board or committee meeting in which such Board member has a conflict of interest. The minutes of said meeting shall reflect that a disclosure was made and that the Board member having a conflict of interest abstained from voting. Any Board member who is uncertain whether a conflict of interest may exist in any matter may request the Board or Committee, as the case may be, to resolve the questions by majority vote.
Each Board member shall execute a disclosure statement of financial and other interests annually and shall otherwise comply with the Conflict of Interest Policy established by MSHA.

ARTICLE X - DISCRIMINATION PROHIBITED

Section 1. The Foundation does not discriminate on the basis of race, color, sex, religion, national or ethnic origin, physical handicap, age or marital status in employment, or in any other aspects of its work.

ARTICLE XI- BOARD MEMBERS’ AND OFFICERS’ LIABILITY

Section 1. In any proceeding brought in the right of the MSF or brought by or on behalf of the members of MSF, no Board member shall be liable to the MSF or its members for monetary damages with respect to any transaction, occurrence or course of conduct, except for liability resulting from any Board member having engaged in willful misconduct, bad faith, or a knowing violation of the law.

Section 2. MSF shall indemnify any individual made a party to a civil or criminal proceeding because the individual is or was a Board member or Officer of the Foundation against any liabilities and expenses incurred in the proceeding as allowed by T.C.A. Section 48-58-507. This indemnification may include MSF advancing reasonable expenses incurred by a Board member or Officer who is a party to such a proceeding as allowed by T.C.A. Section 48-58-504.

ARTICLE XII - MEETINGS

Section 1. The Board will meet throughout the year, as needed. The Chairperson of the Board, as required, may call special meetings at any time.

Section 2. All meetings of the Board shall be held at such place as shall be designated in the notices or waivers of notice of such meetings.

Section 3. A Board member is expected to attend every meeting of the Board and any absence may be excused for material reasons, such as illness, absence from the city or conflicting personal or business reasons. Unless an excused absence is recorded as such in the minutes of the meeting, any Board member who shall be absent from three (3) successive Board meetings shall be automatically removed from the Board. The Secretary shall solicit information from a Board member absent from a meeting as to whether the reason for such absence merits excuse from attendance. Board members may attend meetings, count toward a quorum, and vote by telephone when they cannot attend a meeting in person for unavoidable circumstances.

Section 4. The presence at the commencement of a meeting of the Board of 50% of the Board Members shall be necessary and sufficient to constitute a quorum for the transaction of any business. The withdrawal of any member after the commencement of the meeting shall have no effect on the existence of the quorum, after a quorum has been established at such meeting, except that the Board may not vote unless a quorum is present.
ARTICLE XIII - VOTING

Section 1. Any action to be taken by vote of the Board shall be authorized by a majority of the votes cast.

Section 2. Each member of the Board shall be entitled to one (1) vote at the Board Meeting.

ARTICLE XIV - PARLIAMENTARY PROCEDURE

Section 1. The latest revised edition of Robert’s Rules of Order shall be followed by the Foundation in all cases of parliamentary procedure when it does not conflict with these bylaws.

Section 2. Such rules may be suspended by a two-thirds vote of the members present at a given session.

ARTICLE XV - REVIEW AND AMENDMENT OF THE BYLAWS

Section 1. These Bylaws may be amended only by action of the MSF Foundation Board.

Section 2. Prior to each May meeting of the Board, the Board Development Committee shall review the Bylaws and propose any necessary changes thereto to the MSF Foundation Board.

Date of last review and revision: 17 March 2009 to be revised

Approved by Mountain States Health Foundation Board of Trustees:

Clarinda Jeannes, Chairperson
MSF Board of Trustees

Patricia Holtsclaw, MSF President

20 Nov. 2008 to be revised
APPENDIX T

26. **Conflicts of Interest, Self-Interest, and Self-Dealing Issues.**

   a. Attach as Appendix T an affidavit for each officer and director of the Public Benefit Hospital using Form TNPC4, pages 1 - 5.

   **Index**

   [***Home addresses and home telephone numbers contained in the affidavits are confidential***]

<table>
<thead>
<tr>
<th>Affidavits of Directors</th>
<th>Affidavits of Officers</th>
</tr>
</thead>
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<tr>
<td><strong>Current Directors</strong></td>
<td></td>
</tr>
<tr>
<td>1) Barbara Bassett Allen</td>
<td>1) Alan Morris Levine, President and CEO</td>
</tr>
<tr>
<td>2) Sandra Kaye Brooks, M.D.</td>
<td>2) Marvin Herbert Eichorn, Executive Vice President, Chief Operating Officer, Corporate Treasurer</td>
</tr>
<tr>
<td>3) Michael Tod Christian</td>
<td>3) Dr. Morris Halden Seligman, Executive Vice President &amp; Chief Medical Officer</td>
</tr>
<tr>
<td>4) Robert Lloyd Feathers</td>
<td>4) Anthony Edward “Tony” Keck, Senior Vice President, Development and Innovation</td>
</tr>
<tr>
<td>5) Linda Robinson Garceau</td>
<td>5) Mary Lynn Krutak, Senior Vice President and Chief Financial Officer</td>
</tr>
<tr>
<td>6) Joanne W. Gilmer</td>
<td>6) Timothy Scott Belisle, Senior Vice President, Corporate Compliance and General Counsel</td>
</tr>
<tr>
<td>7) David Paul May, M.D.</td>
<td></td>
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<td>8) David F. Moulton II, M.D.</td>
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<td>9) Gary Lee Peacock</td>
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<td>10) Rick Kent Storey</td>
<td></td>
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<td>11) Clem Cabell Wilkes, Jr.</td>
<td></td>
</tr>
<tr>
<td><strong>Ex-Officio</strong></td>
<td></td>
</tr>
<tr>
<td>12) Alan Morris Levine</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX U


b. Attach as Appendix U any and all documents reflecting any possible conflict of interest, self-interest, or self-dealing of any board member, officer, or director in connection with the Transaction. Such documents shall include evidence of any disclosures or other curative measures taken by the board and any documents suggesting or referencing financial or employment incentives or inducements offered to any board member, director or officer.

MSHA and Newco Disclosures or Other Curative Measures

MSHA has a Conflict of Interest Policy and Code of Ethics and Business Conduct that are applicable to its directors and officers. Pursuant to the Master Affiliation Agreement, the Parties have drafted and adopted Interim Bylaws that govern Newco’s current operations and contain provisions governing fiduciary duties and conflict of interest and have drafted Amended and Restated Bylaws for Newco that will take effect at Closing and contain provisions dealing with board duties and conflicts of interest. Newco has made public filings with the IRS dealing with proposed officer compensation, conflict of interest policy, and interested transactions.

Index

1. MSHA Conflict of Interest Policy
   - Board Members Confidentiality Agreement – form
   - Conflict of Interest Disclosure Statement – form

2. MSHA Code of Ethics and Business Conduct

3. Interim Bylaws of Newco, Inc. – Article III, Section 7 (Confidentiality and Fiduciary Duty of Loyalty, Care and Obedience); Article IX (Conflicts of Interest).

4. Amended and Restated Bylaws of Newco, Inc. – Article III, Section 1(g) (Board of Directors duties); Article XII (Conflicts of Interest)

5. Newco Supplement to IRS Form 1023, Attachment E (Mar. 9, 2016) (proposed compensation of Newco officers)

6. Newco Supplement to IRS Form 1023, Attachment F (Mar. 9, 2016) (Newco conflict of interest policy)

7. Newco Supplement to IRS Form 1023, Attachment G (Mar. 9, 2016) (proposed non-fixed compensation of Newco officers)

8. Newco Supplement to IRS Form 1023, Attachment H (Mar. 9, 2016) (Newco leases, contracts, loans or other arrangements with organizations in which Newco officers/directors are also officers/directors)
Appointment of Newco Directors and Officers

In negotiating the Term Sheet and Master Affiliation Agreement, the parties agreed to each nominate an equal number of existing board members to the Joint Board Task Force and the initial Newco board and jointly to designate two other Newco board members who will not be incumbent members of either party’s board. The parties also agreed that Newco’s initial management team would include two officers from each party. MSHA President and CEO Alan Levine has been designated to serve as Newco Executive Chairman/President and MSHA Executive Vice President and COO Marvin Eichorn as Newco Chief Operating Officer.

Index


- Section III. Governance – Board of Directors (B. MSHA and Wellmont will each nominate equal number of existing board members to Joint Board Task Force; D. MSHA and Wellmont will each designate six members to serve on initial Newco board and jointly designate two members who will not be incumbent members of either party’s board)

- Section IX. Newco Management (initial management team will include MSHA President & CEO Alan Levine as Newco Executive Chairman/President and MSHA Executive Vice President and COO Marvin Eichorn as Newco Chief Operating Officer)

[***Following Attachment is Confidential***]

[This section left intentionally blank.]

[***End of Confidential Attachment***]

11. Master Affiliation Agreement: Executed version (Feb. 15, 2016)

- Section 2.01(a) & Exhibit C-2. Parent Company Formation and Interim Governance (Appointment of two MSHA board members as Newco Interim Directors and appointment of MSHA President & CEO Alan Levine as Newco Interim President)

- Section 2.01(d). Board of Directors of Parent Company (MSHA and Wellmont will each appoint six members to serve as Newco Initial Directors and will jointly select two members to serve as Newco Initial Directors who will not be incumbent members of either party’s board)

- Section 2.01(f) & Exhibit D-1. Board Officers (Newco Initial Board Offices will include MSHA President & CEO Alan Levine as Newco Executive Chairman/President)

- Section 2.01(g) & Exhibit D-1. Initial Management Team of Parent Company (Newco Initial Management Team will include MSHA President & CEO Alan Levine as Newco Executive Chairman/President and MSHA Executive Vice President and COO Marvin Eichorn as Newco Chief Operating Officer)
13. First Amendment to the Master Affiliation Agreement: Executed version (Sept. 8, 2016)

- Section 1.01. Exhibits C-2 and F. (Deleting Exhibit C-2, Interim Directors and Interim Officers, in its entirety and replacing it with new Exhibit C-2 substituting Bart Hove for Alice Pope as Secretary/Treasurer)

**Newco Employment Agreements with Alan Levine, Bart Hove**

The Joint Board Task Force ("JBTF") is directed by Section IX of the Term Sheet to develop and approve the form of Executive Chairman/President’s contract that will be executed upon closing the Transaction. Section IX of the Term Sheet further directs the Executive Chairman/President-elect to negotiate an employment agreement with the Chief Executive Officer-elect for ratification by the JBTF and execution upon closing.

In July 2015, the JBTF retained the Hay Group, an expert consultant, to assist with negotiating the employment agreements to ensure the terms were fair and appropriate in light of Newco’s size and scope and the job responsibilities of each position, and the JBTF appointed an Executive Compensation Committee to negotiate the contracts. Alan Levine and Bart Hove each retained outside counsel to represent them in negotiations. The Committee reported to the JBTF regularly on the status of the negotiations, and the Integration Council also received a status report. Following due deliberation, the MSHA Board of Directors adopted a resolution on December 15, 2015, authorizing MSHA’s representatives on the JBTF to approve the Levine and Hove employment agreements. On February 9, 2016, the JBTF approved both agreements.
[This section left intentionally blank.]

[***End of Confidential Attachments***]

MSHA Incentive/Severance Package for Alan Levine

[***Following Materials, Attachments are Confidential***]

[This section left intentionally blank.]
APPENDIX V


c. Attach as Appendix V each memorandum, report, letter, or other document suggesting or referencing any employment or position (actual or possible) with the Acquirer for any officer or director of the Public Benefit Hospital after the Transaction is completed, as well as any assets, funds, annuity, deferred compensation or other economic or tangible benefit to be provided, whether or not in exchange for services rendered or to be rendered to the Public Benefit Hospital or the Acquirer.

Appointment of Newco Directors and Officers

In negotiating the Term Sheet and Master Affiliation Agreement, the parties agreed to each nominate an equal number of existing board members to the Joint Board Task Force and the initial Newco board and jointly to designate two other Newco board members who will not be incumbent members of either party’s board. The parties also agreed that Newco’s initial management team would include two officers from each party. MSHA President and CEO Alan Levine has been designated to serve as Newco Executive Chairman/President and MSHA Executive Vice President and COO Marvin Eichorn as Newco Chief Operating Officer.

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   - Section IX. Newco Management (initial management team will include MSHA President & CEO Alan Levine as Newco Executive Chairman/President and MSHA Executive Vice President and COO Marvin Eichorn as Newco Chief Operating Officer)

[***Following Attachment is Confidential***]

[This section left intentionally blank.]

[***End of Confidential Attachment***]

3. Master Affiliation Agreement: Executed version (Feb. 15, 2016)
   - Section 2.01(a) & Exhibit C-2. Parent Company Formation and Interim Governance (Appointment of two MSHA board members as Newco Interim Directors and appointment of MSHA President & CEO Alan Levine as Newco Interim President)
   - Section 2.01(d). Board of Directors of Parent Company (MSHA and Wellmont will each appoint six members to serve as Newco Initial Directors and will jointly selection two members to serve as Newco Initial Directors who will not be incumbent members of either party’s board)
Section 2.01(f) & Exhibit D-1. Board Officers (Newco Initial Board Offices will include MSHA President & CEO Alan Levine as Newco Executive Chairman/President)

Section 2.01(g) & Exhibit D-1. Initial Management Team of Parent Company (Newco Initial Management Team will include MSHA President & CEO Alan Levine as Newco Executive Chairman/President and MSHA Executive Vice President and COO Marvin Eichorn as Newco Chief Operating Officer)

[***Following Attachment is Confidential***]

[This section left intentionally blank.]

[***End of Confidential Attachment***]

5. First Amendment to the Master Affiliation Agreement: Executed version (Sept. 8, 2016)

- Section 1.01. Exhibits C-2 and F. (Deleting Exhibit C-2, Interim Directors and Interim Officers, in its entirety and replacing it with new Exhibit C-2 substituting Bart Hove for Alice Pope as Secretary/Treasurer)

Newco Employment Agreements with Alan Levine, Bart Hove

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[***Following Attachments are Confidential***]

[This section left intentionally blank.]
[This section left intentionally blank.]

[***End of Confidential Attachments***]

**MSHA Incentive/Severance Package for Alan Levine**

[***Following Materials, Attachments are Confidential***]
Retention/Severance Agreements for MSHA Executive Leadership

[This section left intentionally blank.]
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF  Tennessee
COUNTY OF  Washington

I, Barbara Allen, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR since 2007. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

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<tr>
<th>Committee</th>
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<td>Audit &amp; Compliance</td>
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<td>Sec &amp; Chair</td>
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<td>Finance</td>
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<td>2008-2015</td>
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<tr>
<td>Social Responsibility</td>
<td>Chair</td>
<td>2011-2015</td>
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</table>

3. My home address is

4. My home telephone number is:

5. I do not own stock or options and/or warrants to purchase stock in Newco, Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will not receive any financial benefit from the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: NOT APPLICABLE.

13. Briefly describe your educational background:

   BBA Accounting, East TN State University, 1983

14. Briefly describe your business or work experience:

   1982-1994 IBM, Systems Engineer

   1994-Present, Stowaway Storage. General Manager and Partner of 8 locations in East TN with over 2000 units. Also manage owned commercial real estate.

15. Explain the reasons why you voted to approve the Transaction.

   After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health System by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.
Because the Transaction is being structured as a combination of two entities and will not involve a sale of assets, transfer of funds or the payment of a purchase price, the Board of Directors did not commission or review traditional external valuations of either hospital system as a whole, as would traditionally be performed in a traditional acquisition context. The Board of Directors did however review and consider numerous reports and analyses regarding the projected financial and business operations of a combined hospital system and the identification and likelihood of potential savings and efficiencies that would result from the Transaction, including the economies and efficiencies analysis performed by FTI Consulting, Inc.

The Transaction is primarily the result of a strategic alternatives review by Wellmont Health System in which Mountain States Health Alliance was invited to participate and submit proposals for a potential business combination transaction. As a result, the Board of Directors did not actively evaluate alternatives to pursuing a transaction with Wellmont Health System, other than the alternative of not pursuing the Transaction. For reasons considered and discussed by the Board of Directors and its committees, the decision to pursue the Transaction was determined to be in the best interest of Mountain States Health Alliance and its nonprofit mission.

In late 2014, while continuing to evaluate the Transaction, Mountain States Health Alliance was approached by Covenant Health about interest in a potential transaction with Covenant Health. The Mountain States Health Alliance Board of Directors’ Executive Committee and the its Chief Executive Officer/President, Alan Levine met with Covenant Health’s Chairman of the Board of Directors and Chief Executive Officer, at which high-level discussion about an alternative transaction was discussed. However, a potential transaction with Covenant Health was not formally considered or evaluated at any time by the Board of Directors. Because the many benefits of the potential combination with Wellmont Health System were so great, the Board of Directors determined that it was not in the best interest of Mountain States Health Alliance to further consider or explore a potential transaction with Covenant Health unless it became apparent the Transaction with Wellmont Health System could not be realized.

17. **I DO** plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. **I WILL NOT** receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

18. **I DO NOT** have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, **under penalty of perjury.**

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature:  
Date: 11/4/14

Sworn to and subscribed before me this 4th day of November, 2014

[Signature]
Notary Public

My Commission expires: 9/25/2018
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF  Tennessee
COUNTY OF  Washington

I, Sandra K. Brooks, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR since 2006. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

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<tr>
<td>Quality</td>
<td>Member</td>
<td>2006-Present</td>
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</tbody>
</table>

3. My home address is

4. My home telephone number is:

5. I do not own stock or options and/or warrants to purchase stock in Newco, Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will not receive any financial benefit from the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have not been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: NOT APPLICABLE.

13. Briefly describe your educational background:
   B.A., University of Tennessee, 1980-1983
   M.D., ETSU Quillen COM, 1984-1988
   Pathology Resident, ETSU Quillen COM, 1988-1993

14. Briefly describe your business or work experience:
   Watauga Pathology Associates, Pathologist, 1993- Present
15. Explain the reasons why you voted to approve the Transaction.

After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health System by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Because the Transaction is being structured as a combination of two entities and will not involve a sale of assets, transfer of funds or the payment of a purchase price, the Board of Directors did not commission or review traditional external valuations of either hospital system as a whole, as would traditionally be performed in a traditional acquisition context. The Board of Directors did however review and consider numerous reports and analyses regarding the projected financial and business operations of a combined hospital system and the identification and likelihood of potential savings and efficiencies that would result from the Transaction, including the economies and efficiencies analysis performed by FTI Consulting, Inc.

The Transaction is primarily the result of a strategic alternatives review by Wellmont Health System in which Mountain States Health Alliance was invited to participate and submit proposals for a potential business combination transaction. As a result, the Board of Directors did not actively evaluate alternatives to pursuing a transaction with Wellmont Health System, other than the alternative of not pursuing the Transaction. For reasons considered and discussed by the Board of Directors and its committees, the decision to pursue the Transaction was determined to be in the best interest of Mountain States Health Alliance and its nonprofit mission.

In late 2014, while continuing to evaluate the Transaction, Mountain States Health Alliance was approached by Covenant Health about interest in a potential transaction with Covenant Health. The Mountain States Health Alliance Board of Directors' Executive Committee and the its Chief Executive Officer/President, Alan Levine met with Covenant Health's Chairman of the Board of Directors and Chief Executive Officer, at which high-level discussion about an alternative transaction was discussed. However, a potential transaction with Covenant Health was not formally considered or evaluated at any time by the Board of Directors.
Because the many benefits of the potential combination with Wellmont Health System were so great, the Board of Directors determined that it was not in the best interest of Mountain States Health Alliance to further consider or explore a potential transaction with Covenant Health unless it became apparent the Transaction with Wellmont Health System could not be realized.

17. **I DO NOT** plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. **I WILL NOT** receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

18. **I DO NOT** have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, under penalty of perjury.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: [Signature]
Date: [Date]

Sworn to and subscribed before me this [Date] day of [Month], 2016

[Signature]
Notary Public

My Commission expires: [Date]

[Notary Seal]
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Michael T. Christian, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR since 2009. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

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<td>2008-Present</td>
</tr>
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<td>Investment</td>
<td>Vice Chairman</td>
<td>2008-Present</td>
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</tr>
<tr>
<td>Audit &amp; Compliance</td>
<td>Member</td>
<td>2011-2012</td>
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</tbody>
</table>

3. My home address is

My home telephone number is:

4. My business address is:
Retired

My business telephone number is: NA

My business facsimile number is: NA

5. I do not own stock or options and/or warrants to purchase stock in Newco, Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.

8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will not receive any financial benefit from the Transaction.
10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have not been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: NOT APPLICABLE.

13. Briefly describe your educational background:

B.S. University of Tennessee, Knoxville, 1966

14. Briefly describe your business or work experience:

Pres. First National Bank of Greeneville
Pres. Williamson County Bank
Ex. VP Nations Bank
Pres. Peoples Community Bank, Johnson City

15. Explain the reasons why you voted to approve the Transaction.

After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health Systems by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.
16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Because the Transaction is being structured as a combination of two entities and will not involve a sale of assets, transfer of funds or the payment of a purchase price, the Board of Directors did not commission or review traditional external valuations of either hospital system as a whole, as would traditionally be performed in a traditional acquisition context. The Board of Directors did however review and consider numerous reports and analyses regarding the projected financial and business operations of a combined hospital system and the identification and likelihood of potential savings and efficiencies that would result from the Transaction, including the economies and efficiencies analysis performed by FTI Consulting, Inc.

The Transaction is primarily the result of a strategic alternatives review by Wellmont Health System in which Mountain States Health Alliance was invited to participate and submit proposals for a potential business combination transaction. As a result, the Board of Directors did not actively evaluate alternatives to pursuing a transaction with Wellmont Health System, other than the alternative of not pursuing the Transaction. For reasons considered and discussed by the Board of Directors and its committees, the decision to pursue the Transaction was determined to be in the best interest of Mountain States Health Alliance and its nonprofit mission.

In late 2014, while continuing to evaluate the Transaction, Mountain States Health Alliance was approached by Covenant Health about interest in a potential transaction with Covenant Health. The Mountain States Health Alliance Board of Directors’ Executive Committee and the its Chief Executive Officer/President, Alan Levine met with Covenant Health’s Chairman of the Board of Directors and Chief Executive Officer, at which high-level discussion about an alternative transaction was discussed. However, a potential transaction with Covenant Health was not formally considered or evaluated at any time by the Board of Directors. Because the many benefits of the potential combination with Wellmont Health System were so great, the Board of Directors determined that it was not in the best interest of Mountain States Health Alliance to further consider or explore a potential transaction with Covenant Health unless it became apparent the Transaction with Wellmont Health System could not be realized.
17. **I DO NOT** plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. **I WILL NOT** receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

18. **I DO NOT** have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, **under penalty of perjury**.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: ______________ 11/4/16

Date: ______________ 11-4-16

Sworn to and subscribed before me this 4th day of November, 2016.

________________________
Notary Public

My Commission expires: ______________ 9/25/2018

20641898.1
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Sullivan

I, Robert Feathers, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR from 2000-2008, 2009-Present. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Title</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>Member</td>
<td>2002-2004</td>
</tr>
<tr>
<td>Executive</td>
<td>Treasurer, Secretary, Chair, Vice-Chair, Past Chair</td>
<td>2003-2008, 2009-Present</td>
</tr>
<tr>
<td>Finance</td>
<td>Chair, Vice Chair, Member</td>
<td>2004-2008, 2009-Present</td>
</tr>
<tr>
<td>Governance</td>
<td>Member</td>
<td>2008-2009, 2012-Present</td>
</tr>
<tr>
<td>Workforce</td>
<td>Member</td>
<td>2008-2009</td>
</tr>
<tr>
<td>Relationship</td>
<td>Member</td>
<td>2008-2009</td>
</tr>
</tbody>
</table>

3. My home address is

4. My business address is

200 E Main St. Suite 300
Kingsport, TN 37660

My business telephone number is: 423-392-2600

My business facsimile number is: 423-392-2601

5. I do not own stock or options and/or warrants to purchase stock in Newco, Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will not receive any financial benefit from the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: NOT APPLICABLE.

13. Briefly describe your educational background:

B.S. Architecture, University of Tennessee

14. Briefly describe your business or work experience:

Workspace Interiors, Inc., CEO/President,
Kingsley Investment Group, Restaurant Owner,
15. Explain the reasons why you voted to approve the Transaction.

After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health Systems by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

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potential transaction with Covenant Health unless it became apparent the Transaction with Wellmont Health System could not be realized.

17. I DO NOT plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. I WILL NOT receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

18. I DO NOT have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, under penalty of perjury.

FURTHER AFFIANT SAITH NOT.

Affiant's Signature: [Signature]
Date: 11/4/16
Sworn to and subscribed before me this 4th day of November, 2016

Notary Public
My Commission expires: 9/25/2018
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Linda Garceau, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR since 2012. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Title</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>Chair</td>
<td>2003-2007, 2011- Present</td>
</tr>
<tr>
<td>Finance</td>
<td>Member</td>
<td>2011-2015</td>
</tr>
<tr>
<td>Quality</td>
<td>Member</td>
<td>2007-2016</td>
</tr>
<tr>
<td>Workforce</td>
<td>Member</td>
<td>2006-2011, 2012-2013</td>
</tr>
</tbody>
</table>

3. My home address is

My home telephone number is:

4. My business address is

Same as above.

My business telephone number is: 423-483-4610

My business facsimile number is: n/a

5. I do not own stock or options and/or warrants to purchase stock in Newco, Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will not receive any financial benefit from the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have not been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: NOT APPLICABLE.

13. Briefly describe your educational background:

   B.A., University of Hartford, 1970
   M.S., University of Hartford, 1975
   M.B.A., Boston University, 1984
   D.B.A., Boston University, 1983

14. Briefly describe your business or work experience:

   CIGNA/Aetna Insurance, Programmer/Analyst, 1970-1975
   State of CT, Instructor, 1975-1978
   University of Hartford, Asst. Professor, 1978-1986
   Travelers, Director, 1986-1989
   Cleveland State University, Assoc. Professor/Chairman/Asst. Dean, 1989-2000
   East Tennessee State University, Dean, 2000-2014
15. Explain the reasons why you voted to approve the Transaction.

After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality healthcare and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health Systems by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

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The Transaction is primarily the result of a strategic alternatives review by Wellmont Health System in which Mountain States Health Alliance was invited to participate and submit proposals for a potential business combination transaction. As a result, the Board of Directors did not actively evaluate alternatives to pursuing a transaction with Wellmont Health System, other than the alternative of not pursuing the Transaction. For reasons considered and discussed by the Board of Directors and its committees, the decision to pursue the Transaction was determined to be in the best interest of Mountain States Health Alliance and its nonprofit mission.
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17. I DO NOT plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. I WILL NOT receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

18. I DO NOT have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, **under penalty of perjury.**

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: [Signature]
Date: 11/14/2016

Sworn to and subscribed before me this 4th day of November, 2016

[Signature]
Notary Public

My Commission expires: 9/25/2018
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Joanne Gilmer, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR since 2000. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Title</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Executive</td>
<td>Chair, Vice-Chair,</td>
<td>2010-Present</td>
</tr>
<tr>
<td></td>
<td>Secretary, Past Chair</td>
<td></td>
</tr>
<tr>
<td>Governance</td>
<td>Vice Chair</td>
<td>2010-Present</td>
</tr>
<tr>
<td>Quality</td>
<td>Member</td>
<td>2000-2009</td>
</tr>
<tr>
<td>Retirement</td>
<td>Chair</td>
<td>2010-Present</td>
</tr>
<tr>
<td>Workforce</td>
<td>Chair &amp; Vice-Chair</td>
<td>2010-Present</td>
</tr>
</tbody>
</table>

3. My home address is

My home telephone number is:

4. My business address is

Not applicable.

My business telephone number is: N/A

My business facsimile number is: N/A

5. I do not own stock or options and/or warrants to purchase stock in **Newco, Inc.** ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in **Acquirer** or any parent, subsidiary, or affiliated company.

7. I am not employed by **Acquirer** or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will not receive any financial benefit from the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have not been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: NOT APPLICABLE.

13. Briefly describe your educational background:
Undergraduate AA Degree - 1962

14. Briefly describe your business or work experience:
General Shale Brick Co., Manager Human Resources & Benefits, 1972-2010

15. Explain the reasons why you voted to approve the Transaction.

After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health Systems by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.
16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

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accomplished, it was not in the best interest of Mountain States Health Alliance to further explore a potential transaction with Covenant Health.

17. I DO NOT plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. I WILL NOT receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

18. I DO NOT have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, under penalty of perjury.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: \( \text{Joanne Helen} \)
Date: \( 11/04/2016 \)

Sworn to and subscribed before me this 4th day of November, 2016.

\( \text{Michelle Malukiewicz} \)
Notary Public

My Commission expires: \( 9/25/2018 \)
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, David P May, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR since 2010. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Title</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Chair</td>
<td>2010–Present</td>
</tr>
<tr>
<td>Workforce</td>
<td>Member</td>
<td>2013–Present</td>
</tr>
<tr>
<td>Executive</td>
<td>Member</td>
<td>2014–Present</td>
</tr>
</tbody>
</table>

3. My home address is

   My home telephone number is:

4. My business address is

   922 West G Street
   Elizabethton, TN

   My business telephone number is: 423 542 2738

   My business facsimile number is: 423 543 2421

5. I do not own stock or options and/or warrants to purchase stock in Newco, Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will not receive any financial benefit from the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: NOT APPLICABLE.

13. Briefly describe your educational background:

   BS, chemistry ETSU, completed 1982
   MD, University of Tennessee Memphis, completed 1987
   Residency in Anesthesiology, University of Tennessee, Knoxville, completed 1991

14. Briefly describe your business or work experience:

   Anesthesiologist 1991-2016
   President Vigilance Anesthesia Solutions, PC 2014-Present
   CEO Assurance Physician Alliance, LLC July 2016-Present
15. Explain the reasons why you voted to approve the Transaction.

After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health Systems by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

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17. I DO NOT plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. I WILL NOT receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

18. I DO NOT have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, **under penalty of perjury**.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: [Signature]
Date: 11/4/16

Sworn to and subscribed before me this 4th day of November, 2016

[Signature]
Notary Public

My Commission expires: 9/25/2018
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF  Tennessee
COUNTY OF  Washington

I, Dr. David F. Moulton II, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR since August, 2016. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Title</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality Committee</td>
<td>Member</td>
<td>2012-Present</td>
</tr>
</tbody>
</table>

3. My home address is

   My home telephone number is:

4. My business address is

   301 Med Tech Pkwy, Suite 240
   Johnson City, TN  37604

   My business telephone number is:  423-794-2430

   My business facsimile number is:  423-283-9730

5. I do not own stock or options and/or warrants to purchase stock in Newco, Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.¹

¹ I have a Physician Advisory Agreement with AnewCare Collaborative, LLC, with an effective date of April 18th, 2014. Per letter of termination received November 1, 2016, Agreement will terminate effective December 31, 2016, without cause.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will not receive any financial benefit from the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: Not Applicable

13. Briefly describe your educational background:

Bachelor of Science, Ohio State University, 1981
Doctor of Medicine, University of Cincinnati School of Med., 1985
Internship, Residency, and Chief Residency in Internal Medicine, Univ. of Maryland, Baltimore V.A. Hospitals, 1985 - 1989

14. Briefly describe your business or work experience:

Private Practice, Internal Medicine, 1990-1995
State of Franklin Healthcare Assoc. (SoFHA) d/b/a Johnson City Internal Medicine Assoc., Physician, 1995-Present
Chairman of the Board, State of Franklin Healthcare Assoc. (SoFHA), 2005-2010
SoFHA, Med. Dir. Clinical Integration, 2011-Present
Qualitable Medical Professionals, Co-Medical Dir., 2013-Present
15. Explain the reasons why you voted to approve the Transaction.

I was not a member of the Mountain States Health Alliance Board of Directors until July 2016, after the Transaction had been approved and the Master Affiliation Agreement entered into in February 2016. Since joining the Board of Directors, I have been a member of the Joint Board Task Force charged with overseeing the pre-closing activities and integration efforts related to the Transaction. In that capacity, I have come to believe that the Transaction will be in the best interests of Mountain States Health Alliance and the public constituencies that it serves, and further that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health Systems by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Not applicable; see Item 15.

17. **I DO** plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. **I WILL NOT** receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

18. **I DO NOT** have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, **under penalty of perjury**.

FURTHER AFFIANT SAITH NOT.

Affiant's Signature: [Signature]
Date: 11.4.16

Sworn to and subscribed before me this 4th day of November, 2016

[Signature]
Notary Public

AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF  Tennessee       
COUNTY OF  Washington       

I, Gary Peacock, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR since 2008. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Title</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>Member</td>
<td>2008</td>
</tr>
<tr>
<td>Retirement</td>
<td>Chair</td>
<td>2010</td>
</tr>
<tr>
<td>Workforce</td>
<td>Member</td>
<td>2014</td>
</tr>
<tr>
<td>Governance</td>
<td>Member</td>
<td>2012</td>
</tr>
</tbody>
</table>

3. My home address is

4. My business address is

Retired

My business telephone number is: [______________]

My business facsimile number is: [______________]

5. I do not own stock or options and/or warrants to purchase stock in Newco, Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will not receive any financial benefit from the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: NOT APPLICABLE.

13. Briefly describe your educational background:

   Attended Oregon St University from 1961-1966 (no degree)

14. Briefly describe your business or work experience:

   1965-1973 Mouldings Inc.


   2002-2008 Royal Corp – Moulding Div. (Senior VP till Retirement)
15. Explain the reasons why you voted to approve the Transaction.

After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health System by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Because the Transaction is being structured as a combination of two entities and will not involve a sale of assets, transfer of funds or the payment of a purchase price, the Board of Directors did not commission or review traditional external valuations of either hospital system as a whole, as would traditionally be performed in a traditional acquisition context. The Board of Directors did however review and consider numerous reports and analyses regarding the projected financial and business operations of a combined hospital system and the identification and likelihood of potential savings and efficiencies that would result from the Transaction, including the economies and efficiencies analysis performed by FTI Consulting, Inc.

The Transaction is primarily the result of a strategic alternatives review by Wellmont Health System in which Mountain States Health Alliance was invited to participate and submit proposals for a potential business combination transaction. As a result, the Board of Directors did not actively evaluate alternatives to pursuing a transaction with Wellmont Health System, other than the alternative of not pursuing the Transaction. For reasons considered and discussed by the Board of Directors and its committees, the decision to pursue the Transaction was determined to be in the best interest of Mountain States Health Alliance and its nonprofit mission.

In late 2014, while continuing to evaluate the Transaction, Mountain States Health Alliance was approached by Covenant Health about interest in a potential transaction with Covenant Health. The Mountain States Health Alliance Board of Directors’ Executive Committee and the its Chief Executive Officer/President, Alan Levine met with Covenant Health’s Chairman of the Board of Directors and Chief Executive Officer, at which high-level discussion about an alternative
transaction was discussed. However, a potential transaction with Covenant Health was not formally considered or evaluated at any time by the Board of Directors. Because the many benefits of the potential combination with Wellmont Health System were so great, the Board of Directors determined that it was not in the best interest of Mountain States Health Alliance to further consider or explore a potential transaction with Covenant Health unless it became apparent the Transaction with Wellmont Health System could not be realized.

17. **I DO NOT** plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. **I WILL NOT** receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

18. **I DO NOT** have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, under penalty of perjury.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: [Signature]
Date: 11/9/2016

Sworn to and subscribed before me this 11th day of November, 2016

[Signature]
Notary Public

My Commission expires: 9/25/2018
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee

COUNTY OF Washington

I, Rick Storey, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR October 2011. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Title</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Finance</td>
<td>Vice-Chair (Term)</td>
<td>2011 – Present</td>
</tr>
<tr>
<td>Investment</td>
<td>Chair &amp; Vice-Chair</td>
<td>2009 – 2011, 2012 – Present</td>
</tr>
<tr>
<td>Social Responsibility</td>
<td>Member</td>
<td>2015 – Present</td>
</tr>
<tr>
<td>Audit</td>
<td>Vice-Chair</td>
<td>2013 – Present</td>
</tr>
<tr>
<td>Retirement</td>
<td>Member</td>
<td>2012 – 2013</td>
</tr>
</tbody>
</table>

3. My home address is:

4. My home telephone number is:

5. I do not own stock or options and/or warrants to purchase stock in Newco, Inc. ("ACQUIRER") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in ACQUIRER or any parent, subsidiary, or affiliated company.
7. I am not employed by ACQUIRER or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by ACQUIRER or any parent, subsidiary, or affiliated company.

9. I will not receive any financial benefit from the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have not been contacted or otherwise requested or been offered a position on the ACQUIRER board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with ACQUIRER or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: NOT APPLICABLE.

13. Briefly describe your educational background:

   College, 3 years
   Honorary Alumnus East Tennessee State University, 2011
   Graduate School of Banking Louisiana State University, 1983

14. Briefly describe your business or work experience:

   United States Army, Medical Discharge with Honor. Received Purple Heart from combat action in Vietnam, 1968-1968
   ITT, 1970-1971
   First Tennessee Bank, Vice President, Commercial/Consumer lending, Branch Manager, 1972-1988
   SunTrust Bank, Manager, 1988
   Bank of America, Vice President TN Regional Executive, 1988-1995
15. Explain the reasons why you voted to approve the Transaction.

After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health Systems by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Because the Transaction is being structured as a combination of two entities and will not involve a sale of assets, transfer of funds or the payment of a purchase price, the Board of Directors did not commission or review traditional external valuations of either hospital system as a whole, as would traditionally be performed in a traditional acquisition context. The Board of Directors did however review and consider numerous reports and analyses regarding the projected financial and business operations of a combined hospital system and the identification and likelihood of potential savings and efficiencies that would result from the Transaction, including the economies and efficiencies analysis performed by FTI Consulting, Inc.

The Transaction is primarily the result of a strategic alternatives review by Wellmont Health System in which Mountain States Health Alliance was invited to participate and submit proposals for a potential business combination transaction. As a result, the Board of Directors did not actively evaluate alternatives to pursuing a transaction with Wellmont Health System, other than the alternative of not pursuing the Transaction. For reasons considered and discussed by the Board of Directors and its committees, the decision to pursue the Transaction was determined to be in the best interest of Mountain States Health Alliance and its nonprofit mission.

In late 2014, while continuing to evaluate the Transaction, Mountain States Health Alliance was approached by Covenant Health about interest in a potential transaction with Covenant Health. The Mountain States Health Alliance Board of Directors’ Executive Committee and the its Chief Executive Officer/President, Alan Levine met with Covenant Health’s Chairman of the Board of Directors and Chief Executive Officer, at which high-level discussion about an alternative transaction was discussed. However, a potential transaction with Covenant Health was not formally considered or evaluated at any time by the Board of Directors. Because the many benefits of the potential combination with Wellmont Health System were so great, the Board of Directors determined that it was not in the best interest of Mountain States Health Alliance to
further consider or explore a potential transaction with Covenant Health unless it became apparent the Transaction with Wellmont Health System could not be realized.

17. I **DO NOT** plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. I **WILL NOT** receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

18. I **DO NOT** have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, **under penalty of perjury**.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: [Signature]
Date: November 4, 2016

Sworn to and subscribed before me this 4th day of November, 2016.

Michelle Malukiewicz
Notary Public

My Commission expires: 9/25/2018
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Clem C. Wilkes, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am a DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE.

2. I have been a DIRECTOR since 2007. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Committee</th>
<th>Title</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audit</td>
<td>Member</td>
<td>2004-2005</td>
</tr>
<tr>
<td>Executive</td>
<td>Chair, Vice-Chair, Past Chair, Treasurer</td>
<td>2002-2006, 2008-Present</td>
</tr>
<tr>
<td>Finance</td>
<td>Chair</td>
<td>2004-2006, 2008-2013, 2014-Present</td>
</tr>
<tr>
<td>Investment</td>
<td>Vice-Chair</td>
<td>2004-Present</td>
</tr>
</tbody>
</table>

3. My home address is

My home telephone number is:

4. My business address is

3028 Peoples Street
Johnson City, TN 37604

My business telephone number is: 423-928-8361

My business facsimile number is: 423-928-2800

5. I do not own stock or options and/or warrants to purchase stock in Newco, Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.¹

9. I will not receive any financial benefit from the Transaction.

10. Clem “Bo” Wilkes III will receive a financial benefit from the Transaction.²

11. I have been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies.

12. I AM NOT compensated for my service as A DIRECTOR of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: NOT APPLICABLE.

13. Briefly describe your educational background:

   B.S., East Tennessee State University, 1975

14. Briefly describe your business or work experience:

   Citizens Bank, Finance & Investment Advisor/Senior Vice President, 1985-Present

15. Explain the reasons why you voted to approve the Transaction.

   After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health System by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

¹ Please note that my son, Clem “Bo” Wilkes III, is currently employed by Mountain States Health Alliance, which will become an affiliate of Newco when the Transaction closes.

² Clem “Bo” Wilkes III has signed a Retention/Severance Agreement pursuant to which he will receive a retention bonus if he remains an employee of NewCo for three months after the close of the Transaction. Under the Retention/Severance Agreement, Bo will also be eligible in certain circumstances for a severance payment for six months after close of the Transaction.
16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Because the Transaction is being structured as a combination of two entities and will not involve a sale of assets, transfer of funds or the payment of a purchase price, the Board of Directors did not commission or review traditional external valuations of either hospital system as a whole, as would traditionally be performed in a traditional acquisition context. The Board of Directors did however review and consider numerous reports and analyses regarding the projected financial and business operations of a combined hospital system and the identification and likelihood of potential savings and efficiencies that would result from the Transaction, including the economies and efficiencies analysis performed by FTI Consulting, Inc.

The Transaction is primarily the result of a strategic alternatives review by Wellmont Health System in which Mountain States Health Alliance was invited to participate and submit proposals for a potential business combination transaction. As a result, the Board of Directors did not actively evaluate alternatives to pursuing a transaction with Wellmont Health System, other than the alternative of not pursuing the Transaction. For reasons considered and discussed by the Board of Directors and its committees, the decision to pursue the Transaction was determined to be in the best interest of Mountain States Health Alliance and its nonprofit mission.

In late 2014, while continuing to evaluate the Transaction, Mountain States Health Alliance was approached by Covenant Health about interest in a potential transaction with Covenant Health. The Mountain States Health Alliance Board of Directors’ Executive Committee and the its Chief Executive Officer/President, Alan Levine met with Covenant Health’s Chairman of the Board of Directors and Chief Executive Officer, at which high-level discussion about an alternative transaction was discussed. However, a potential transaction with Covenant Health was not formally considered or evaluated at any time by the Board of Directors. Because the many benefits of the potential combination with Wellmont Health System were so great, the Board of Directors determined that it was not in the best interest of Mountain States Health Alliance to further consider or explore a potential transaction with Covenant Health unless it became apparent the Transaction with Wellmont Health System could not be realized.

17. I DO NOT plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. I WILL NOT receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:
18. **I DO NOT** have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, **under penalty of perjury**.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: 
Date: 11/14/2016 

Sworn to and subscribed before me this 14th day of November, 2016 

_notary public_ 

My Commission expires: 02/24/2020
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Alan Levine, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am an OFFICER of MOUNTAIN STATES HEALTH ALLIANCE and serv as President and Chief Executive Officer.

2. I have been an OFFICER since 2014. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Current Committees</th>
<th>Title</th>
<th>Term</th>
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<tbody>
<tr>
<td>Executive (ex-officio, non-voting)</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Finance</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Investment</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Quality</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Retirement</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Work Force</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
</tbody>
</table>

3. My home address is

My telephone number is:

4. My business address is

303 Med Tech Parkway, Suite 300
Johnson City, TN 37604

My business telephone number is: 423-302-3423

My business facsimile number is: 423-302-3446

5. I do not own stock or options and/or warrants to purchase stock in Newco Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will receive financial benefit from the Transaction. I will receive a cash bonus in the amount of $500,000 upon the successful completion of the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies. Pursuant to the terms of the Master Affiliation Agreement and Plan of Integration, following its execution in February 2016 I was appointed as the acting President for Acquirer. In addition and in accordance with the Master Affiliation Agreement and Plan of Integration, it is intended that, upon the close of the Transaction, I will become the Executive Chairman and President of Acquirer and a member of Acquirer’s board of directors and will be installed in similar positions at the Mountain States Health Alliance and the Wellmont Health System entities that will become controlled subsidiaries of Acquirer.

12. I AM compensated for my service as AN OFFICER of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: My total compensation for 2015 was $1,320,803, which included bonus compensation of $259,087, in addition to retirement, deferred compensation and other non-cash and non-taxable benefits. My current base wage is $925,000.

13. Briefly describe your educational background:

MBA, University of Florida, 1992
MHS, University of Florida, 1992
BS, University of Florida, 1990

14. Briefly describe your business or work experience:

Mountain States Health Alliance, President and CEO, 2014-Present
Health Management Associates, Senior Advisor to Chairman, 2010-2013
State of Louisiana, Secretary of Department of Health and Hospitals, 2008-2010
North Broward Hospital District, President and CEO, 2006-2008
15. Explain the reasons why you voted to approve the Transaction.

After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health System by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Because the Transaction is being structured as a combination of two entities and will not involve a sale of assets, transfer of funds or the payment of a purchase price, the Board of Directors did not commission or review traditional external valuations of either hospital system as a whole, as would traditionally be performed in a traditional acquisition context. The Board of Directors did however review and consider numerous reports and analyses regarding the projected financial and business operations of a combined hospital system and the identification and likelihood of potential savings and efficiencies that would result from the Transaction, including the economies and efficiencies analysis performed by FTI Consulting, Inc.

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In late 2014, while continuing to evaluate the Transaction, Mountain States Health Alliance was approached by Covenant Health about interest in a potential transaction with Covenant Health. The Mountain States Health Alliance Board of Directors' Executive Committee and I met with Covenant Health's Chairman of the Board of Directors and Chief Executive Officer, at which high-level discussion about an alternative transaction was discussed. However, a potential transaction with Covenant Health was not formally considered or evaluated at any time by the Board of Directors. Because the many benefits of the potential combination with Wellmont Health System were so great, the Board of Directors determined that it was not in the best interest of
Mountain States Health Alliance to further consider or explore a potential transaction with Covenant Health unless it became apparent the Transaction with Wellmont Health System could not be realized.

17. **I DO NOT** plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. **I WILL NOT** receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

Not applicable.

18. **I DO NOT** have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, **under penalty of perjury.**

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: [Signature]
Date: 11-6-16

Sworn to and subscribed before me this 16th day of December, 2016.

[Signature]
Notary Public

My Commission expires: 9/25/2018
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Alan Levine, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am an OFFICER of MOUNTAIN STATES HEALTH ALLIANCE and serv as President and Chief Executive Officer.

2. I have been an OFFICER since 2014. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

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<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Investment</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Quality</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Retirement</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Work Force</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
</tbody>
</table>

3. My home address is

My telephone number is:

4. My business address is

303 Med Tech Parkway, Suite 300
Johnson City, TN 37604

My business telephone number is: 423-302-3423

My business facsimile number is: 423-302-3446

5. I do not own stock or options and/or warrants to purchase stock in Newco Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will receive financial benefit from the Transaction. I will receive a cash bonus in the amount of $500,000 upon the successful completion of the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies. Pursuant to the terms of the Master Affiliation Agreement and Plan of Integration, following its execution in February 2016 I was appointed as the acting President for Acquirer. In addition and in accordance with the Master Affiliation Agreement and Plan of Integration, it is intended that, upon the close of the Transaction, I will become the Executive Chairman and President of Acquirer and a member of Acquirer’s board of directors and will be installed in similar positions at the Mountain States Health Alliance and the Wellmont Health System entities that will become controlled subsidiaries of Acquirer.

12. I AM compensated for my service as AN OFFICER of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: My total compensation for 2015 was $1,320,803, which included bonus compensation of $259,087, in addition to retirement, deferred compensation and other non-cash and non-taxable benefits. My current base wage is $925,000.

13. Briefly describe your educational background:

MBA, University of Florida, 1992
MHS, University of Florida, 1992
BS, University of Florida, 1990

14. Briefly describe your business or work experience:

Mountain States Health Alliance, President and CEO, 2014-Present
Health Management Associates, Senior Advisor to Chairman, 2010-2013
State of Louisiana, Secretary of Department of Health and Hospitals, 2008-2010
North Broward Hospital District, President and CEO, 2006-2008
15. Explain the reasons why you voted to approve the Transaction.

After reviewing the facts and opinions provided to me, I voted to approve the Transaction because I concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves. I and the other members of the Board of Directors believe that the Transaction will be a unique and effective means to improve population health and patient outcomes, to increase access to quality health care and prevention services within our communities, and to improve health care value and address cost growth challenges presently affecting all health care providers but which are particularly acute within the substantially rural population served by Mountain States Health Alliance and Wellmont Health System by achieving a level of efficiencies, opportunities for cost-savings and quality-enhancements that would not be possible without the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Because the Transaction is being structured as a combination of two entities and will not involve a sale of assets, transfer of funds or the payment of a purchase price, the Board of Directors did not commission or review traditional external valuations of either hospital system as a whole, as would traditionally be performed in a traditional acquisition context. The Board of Directors did however review and consider numerous reports and analyses regarding the projected financial and business operations of a combined hospital system and the identification and likelihood of potential savings and efficiencies that would result from the Transaction, including the economies and efficiencies analysis performed by FTI Consulting, Inc.

The Transaction is primarily the result of a strategic alternatives review by Wellmont Health System in which Mountain States Health Alliance was invited to participate and submit proposals for a potential business combination transaction. As a result, the Board of Directors did not actively evaluate alternatives to pursuing a transaction with Wellmont Health System, other than the alternative of not pursuing the Transaction. For reasons considered and discussed by the Board of Directors and its committees, the decision to pursue the Transaction was determined to be in the best interest of Mountain States Health Alliance and its nonprofit mission.

In late 2014, while continuing to evaluate the Transaction, Mountain States Health Alliance was approached by Covenant Health about interest in a potential transaction with Covenant Health. The Mountain States Health Alliance Board of Directors' Executive Committee and I met with Covenant Health's Chairman of the Board of Directors and Chief Executive Officer, at which high-level discussion about an alternative transaction was discussed. However, a potential transaction with Covenant Health was not formally considered or evaluated at any time by the Board of Directors. Because the many benefits of the potential combination with Wellmont Health System were so great, the Board of Directors determined that it was not in the best interest of
Mountain States Health Alliance to further consider or explore a potential transaction with Covenant Health unless it became apparent the Transaction with Wellmont Health System could not be realized.

17. I **DO NOT** plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. I **WILL NOT** receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

Not applicable.

18. I **DO NOT** have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, under penalty of perjury.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: 
Date: 12-6-16

Sworn to and subscribed before me this 6th day of December, 2016.

[Signature]
Notary Public

My Commission expires: 9/25/2018

[Notary Seal]
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Marvin Eichorn, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am an OFFICER of MOUNTAIN STATES HEALTH ALLIANCE and serve as Executive Vice President & Chief Operating Officer.

2. I have been an OFFICER since 1998. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Current Committees</th>
<th>Title</th>
<th>Term</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Quality</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Retirement</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
</tbody>
</table>

3. My home address is

4. My telephone number is:

5. I do not own stock or options and/or warrants to purchase stock in Newco Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.

8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.
9. I will receive financial benefit from the Transaction under certain circumstances. I am a party to a Retention/Severance Agreement pursuant to which I will receive a retention bonus if I remain an employee of NewCo for three months after the close of the Transaction or if I am terminated without cause during such period. In addition, under the Retention/Severance Agreement and existing Mountain States Health Alliance policies, I may become eligible to receive additional severance payments if my employment is terminated for “good reason” within six months after close of the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have not been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies. Notwithstanding the foregoing, I am currently employed by Mountain States Health Alliance which will become a controlled subsidiary of Newco Inc. upon the close of the Transaction and it is my belief that I will continue in my current position with Mountain States Health Alliance following the close of the Transaction.

12. I AM compensated for my service as AN OFFICER of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: My total compensation for 2015 was $790,325, which included bonus compensation of $134,090, in addition to retirement and other non-cash and non-taxable benefits. My current base wage is $572,290.

13. Briefly describe your educational background:

BS, University of West Florida, 1979
MBA, Milligan College, 2010

14. Briefly describe your business or work experience:

Mountain States Health Alliance, 1998-Present

EVP/Chief Operating Officer

SVP/Chief Financial Officer

SVP of Regional Operations

Covenant Health, EVP/Non-Hospital Operations and EVP/CFO, 14 yrs.
The Windham Company, SVP/CFO, 2 yrs.

Ernst and Young, CPA, 5 yrs.

15. Explain the reasons why you voted to approve the Transaction.

Not applicable. I am not a member of the Mountain States Health Alliance Board of Directors and therefore did not deliberate or vote with that board on the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Not applicable.

17. **I DO NOT** plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. **I WILL NOT** receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

Not applicable.

18. **I DO NOT** have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, **under penalty of perjury.**

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: [Signature]

Date: 12/6/2016

Sworn to and subscribed before me this [6th] day of December, 2016.

[Signature]

Notary Public

My Commission expires: 9/25/2018
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Dr. Morris Seligman, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am an OFFICER of MOUNTAIN STATES HEALTH ALLIANCE and serve as Executive Vice President & Chief Medical Officer.

2. I have been an OFFICER since 2010. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Current Committees</th>
<th>Title</th>
<th>Term</th>
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</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Member</td>
<td>2016-2017</td>
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</tbody>
</table>

3. My home address is

   My telephone number is:

4. My business address is

   303 Med Tech Parkway, Suite 300
   Johnson City, TN 37604

   My business telephone number is: 423-302-3373

   My business facsimile number is: 423-302-3446

5. I do not own stock or options and/or warrants to purchase stock in Newco Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.

8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

9. I will receive financial benefit from the Transaction under certain circumstances. I am a party to a Retention/Severance Agreement pursuant to which I will receive a retention bonus if I remain an employee of NewCo for three months after the close
of the Transaction or if I am terminated without cause during such period. In addition, under the Retention/Severance Agreement and existing Mountain States Health Alliance policies, I may become eligible to receive additional severance payments if my employment is terminated for “good reason” within six months after close of the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have not been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies. Notwithstanding the foregoing, I am currently employed by Mountain States Health Alliance which will become a controlled subsidiary of Newco Inc. upon the close of the Transaction and it is my belief that I will continue in my current position with Mountain States Health Alliance following the close of the Transaction.

12. I AM compensated for my service as AN OFFICER of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: My total compensation for 2015 was $734,601, which included bonus compensation of $111,446, in addition to retirement and other non-cash and non-taxable benefits. My current base wage is $515,113.

13. Briefly describe your educational background:

MD, University of Missouri-Columbia, 1989
AAES, St. Louis Missouri, 1984
CPA, State of Missouri, 1981
MBA, Washington University, 1979
BSBA, Washington University, 1979

14. Briefly describe your business or work experience:

Mountain States Health Alliance, EVP/CMO, 7/2014-Present
SVP/CMO, 1/2010-7/2014
Trinity Regional Health System, CMO/VP for Physician Services, 2007-2010
Salina Regional Health Center, Interim CEO/COO/CMO, 2002-2007
Southeast Missouri Hospital, Director of Medical Affairs, 2001-2002
15. Explain the reasons why you voted to approve the Transaction.

Not applicable. I am not a member of the Mountain States Health Alliance Board of Directors and therefore did not deliberate or vote with that board on the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Not applicable.

17. I DO NOT plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. I WILL NOT receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

Not applicable.

18. I DO NOT have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, under penalty of perjury.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: [Signature]
Date: 10/6/2016

Sworn to and subscribed before me this 6th day of December, 2016.

[Signature]
Notary Public

My Commission expires: 9/25/2018
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Anthony (Tony) Keck, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am an OFFICER of MOUNTAIN STATES HEALTH ALLIANCE and serve as Senior Vice President & Chief Development Officer.

2. I have been an OFFICER since 2014. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Current Committee</th>
<th>Title</th>
<th>Term</th>
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</thead>
<tbody>
<tr>
<td>Social Responsibility</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
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</table>

3. My home address is

4. My business address is

   303 Med Tech Parkway, Suite 300
   Johnson City, TN 37604

   My business telephone number is: 423-302-3375
   My business facsimile number is: 423-302-3446

5. I do not own stock or options and/or warrants to purchase stock in Newco Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.

8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.

Page 1 of 4
9. I will receive financial benefit from the Transaction under certain circumstances. I am a party to a Retention/Severance Agreement pursuant to which I will receive a retention bonus if I remain an employee of NewCo for three months after the close of the Transaction or if I am terminated without cause during such period. In addition, under the Retention/Severance Agreement and existing Mountain States Health Alliance policies, I may become eligible to receive additional severance payments if my employment is terminated for “good reason” within six months after close of the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have not been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies. Notwithstanding the foregoing, I am currently employed by Mountain States Health Alliance which will become a controlled subsidiary of Newco Inc. upon the close of the Transaction and it is my belief that I will continue in my current position with Mountain States Health Alliance following the close of the Transaction.

12. I AM compensated for my service as AN OFFICER of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: My total compensation for 2015 was $500,503, which included bonus compensation of $84,485, in addition to retirement and other non-cash and non-taxable benefits. My current base wage is $360,579.

13. Briefly describe your educational background:

DrPH (did not matriculate), Tulane University School of Public Health, ABD
MPH, University of Michigan School of Public Health, 1993
BS, University of Michigan College of Engineering, 1989

14. Briefly describe your business or work experience:

MSHA, SVP/Chief Development Officer, 2014-Present
SC Department of Health and Human Resources, Director, 2011-2014
Louisiana Department of Health and Hospitals, Deputy Secretary, 2010-2011
Office of Louisiana Governor Bobby Jindal, Policy Adviser, 2009
Louisiana Department of Health & Hospitals, Chief of Staff, 2008-2009
15. Explain the reasons why you voted to approve the Transaction.

Not applicable. I am not a member of the Mountain States Health Alliance Board of Directors and therefore did not deliberate or vote with that board on the Transaction.

16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Not applicable.

17. I DO NOT plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. I WILL NOT receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

Not applicable.

18. I DO NOT have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, under penalty of perjury.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: 

Date: 12/15/2014

Sworn to and subscribed before me this 13 day of December, 2014.

Notary Public

My Commission expires: March 30, 2019
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Lynn Krutak, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am an OFFICER of MOUNTAIN STATES HEALTH ALLIANCE and serve as Senior Vice President & Chief Financial Officer.

2. I have been an OFFICER since 2014. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Current Committees</th>
<th>Title</th>
<th>Term</th>
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<tr>
<td>Finance</td>
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</tr>
<tr>
<td>Investment</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Quality</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
<tr>
<td>Retirement</td>
<td>Member</td>
<td>2016-2017</td>
</tr>
</tbody>
</table>

3. My home address is

4. My home telephone number is:

5. I do not own stock or options and/or warrants to purchase stock in Newco Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family own(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.
8. No one in my immediate family is employed by **Acquirer** or any parent, subsidiary, or affiliated company.

9. I will receive financial benefit from the Transaction under certain circumstances. I am a party to a Retention/Severance Agreement pursuant to which I will receive a retention bonus if I remain an employee of NewCo for three months after the close of the Transaction or if I am terminated without cause during such period. In addition, under the Retention/Severance Agreement and existing Mountain States Health Alliance policies, I may become eligible to receive additional severance payments if my employment is terminated for “good reason” within six months after close of the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have not been contacted or otherwise requested or been offered a position on the **Acquirer** board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with **Acquirer** or any of its subsidiaries, affiliates or parent companies. Notwithstanding the foregoing, I am currently employed by Mountain States Health Alliance which will become a controlled subsidiary of Newco Inc. upon the close of the Transaction and it is my belief that I will continue in my current position with Mountain States Health Alliance following the close of the Transaction.

12. I **AM** compensated for my service as **AN OFFICER** of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: My total compensation for 2015 was $652,528, which included bonus compensation of $102,076, in addition to retirement and other non-cash and non-taxable benefits. My current base wage is $463,601.

13. Briefly describe your educational background:

MBA, East Tennessee State University, 2001

BS, University of Tennessee, 1989

14. Briefly describe your business or work experience:

Mountain States Health Alliance, 1998-Present

   Senior Vice President/CFO

   Vice President/CFO, Corporate and Blue Ridge Medical Management
Assistant Vice President, Corporate Controller
Controller, Washington County
Columbia/HCA, 1995-1998
   CFO, Johnson City Specialty Hospital
   Controller, North Side Hospital
   Assistant Controller, Indian Path Hospital
   Senior Accountant, Indian Path Hospital
RTM, Inc., 1990-1994
   Treasury Manager
   Senior Accountant
   Staff Accountant

15. Explain the reasons why you voted to approve the Transaction.
   Not applicable. I am not a member of the Mountain States Health Alliance Board of
   Directors and therefore did not deliberate or vote with that board on the
   Transaction.

16. Please briefly explain any information you had regarding valuation of
    MOUNTAIN STATES HEALTH ALLIANCE and other options available to
    MOUNTAIN STATES HEALTH ALLIANCE prior to approving the
    Transaction referenced in Item 15.
    Not applicable.

17. I DO NOT plan to become a director or officer of the foundation or other nonprofit
    entity to be created from the assets resulting from the Transaction. I WILL NOT
    receive compensation for my service in such position. If your response is that you
    will be compensated, please state the amount of the compensation per year:
    Not applicable.

18. I DO NOT have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, under penalty of perjury.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: [Signature]
Date: [Dec 9, 2014]

Sworn to and subscribed before me this 9th day of December, 2014

[Signature]
Notary Public

My Commission expires: [Mar 30, 2019]
AFFIDAVIT OF OFFICERS AND DIRECTORS

STATE OF Tennessee
COUNTY OF Washington

I, Timothy S. Belisle, after first being duly sworn, do hereby depose and, upon personal knowledge, state as follows:

1. I am an OFFICER of MOUNTAIN STATES HEALTH ALLIANCE and serve as Senior Vice President, Compliance Officer and General Counsel.

2. I have been an OFFICER since 2003. Please identify any committees you have served on, the length of service on each committee, and any titles you have held on such committees.

<table>
<thead>
<tr>
<th>Current Committee Quality</th>
<th>Title</th>
<th>Term</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Member</td>
<td>2016-2017</td>
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</table>

3. My home address is

My telephone number is:

4. My business address is

303 Med Tech Parkway, Suite 300
Johnson City, TN 37604

My business telephone number is: 423-302-3394

My business facsimile number is: 423-302-3446

5. I do not own stock or options and/or warrants to purchase stock in Newco Inc. ("Acquirer") or any parent, subsidiary, or affiliated company.

6. No one in my immediate family owns(s) stock or options and/or warrants to purchase stock in Acquirer or any parent, subsidiary, or affiliated company.

7. I am not employed by Acquirer or any parent, subsidiary, or affiliate company.

8. No one in my immediate family is employed by Acquirer or any parent, subsidiary, or affiliated company.
9. I will receive financial benefit from the Transaction under certain circumstances. I am a party to a Retention/Severance Agreement pursuant to which I will receive a retention bonus if I remain an employee of NewCo for three months after the close of the Transaction or if I am terminated without cause during such period. In addition, under the Retention/Severance Agreement and existing Mountain States Health Alliance policies, I may become eligible to receive additional severance payments if my employment is terminated for “good reason” within six months after close of the Transaction.

10. No one in my immediate family will receive any financial benefit from the Transaction.

11. I have not been contacted or otherwise requested or been offered a position on the Acquirer board or any of its subsidiaries, affiliates, or parent companies, or otherwise been offered employment of any sort with Acquirer or any of its subsidiaries, affiliates or parent companies. Notwithstanding the foregoing, I am currently employed by Mountain States Health Alliance which will become a controlled subsidiary of Newco Inc. upon the close of the Transaction and it is my belief that I will continue in my current position with Mountain States Health Alliance following the close of the Transaction.

12. I AM compensated for my service as AN OFFICER of MOUNTAIN STATES HEALTH ALLIANCE. If your response is that you are compensated, please state the amount of your compensation per year: My total compensation for 2015 was $399,444, which included bonus compensation of $62,452, in addition to retirement and other non-cash and non-taxable benefits. My current base is $283,312.

13. Briefly describe your educational background:

MBA, Wake Forest University, 2004
JD, Wake Forest University, 1992
BS, East Tennessee State University, 1989

14. Briefly describe your business or work experience:

Mountain States Health Alliance, SVP Corp. Compliance/General Counsel, 2000-Present
Anderson, Fugate, Givens, & Belisle, Partner, 1993-2000

15. Explain the reasons why you voted to approve the Transaction.

Not applicable. I am not a member of the Mountain States Health Alliance Board of Directors and therefore did not deliberate or vote with that board on the Transaction.
16. Please briefly explain any information you had regarding valuation of MOUNTAIN STATES HEALTH ALLIANCE and other options available to MOUNTAIN STATES HEALTH ALLIANCE prior to approving the Transaction referenced in Item 15.

Not applicable.

17. I DO NOT plan to become a director or officer of the foundation or other nonprofit entity to be created from the assets resulting from the Transaction. I WILL NOT receive compensation for my service in such position. If your response is that you will be compensated, please state the amount of the compensation per year:

Not applicable.

18. I DO NOT have a conflict of interest, self-interest, financial interest or other self-dealing with regard to the Transaction. If your answer is yes, please explain such interest in detail.
I certify, upon personal knowledge, that the information in this affidavit is true, accurate, and complete, under penalty of perjury.

FURTHER AFFIANT SAITH NOT.

Affiant’s Signature: [Signature]
Date: December 9, 2010

Sworn to and subscribed before me this [date] day of December, 2010.

[Signature]
Notary Public

My Commission expires: March 30, 2019
I. **TITLE:** CONFLICT OF INTEREST POLICY OF MOUNTAIN STATES HEALTH ALLIANCE

II. **PURPOSE:**
To define the process regarding conflict of interest disclosure for Mountain States Health Alliance.

III. **SCOPE:**
All team members

IV. **FACILITIES/ENTITIES:**
MSHA Corporate
Tennessee: FWCH, IPMC, JCCH, JCMC, SSH, UCMH, WPH, Niswonger Children’s Hospital, Kingsport Day Surgery, Princeton Transitional Care, Unicoi County Nursing Home
Virginia: DCH, JMH, NCH, RCMC, SCCH, Francis Marion Manor Health & Rehabilitaiton, Norton Community Physicians Services (NCPS), Community Home Care (CHC)
BRMMC owned and managed practices
Home Health/Hospice
ISHN
Wilson Pharmacy, Inc.
Mountain States Pharmacy at Norton Community Hospital

V. **DEFINITIONS:**
A. If The following terms shall have the following meanings when used in this Policy:
   1. “Affiliate” shall mean any organization that controls, is controlled by, or is related by common control to this Corporation.
   2. “Board Committee” means any committee that has specific authority to take final action relative to the charitable, business or clinical aspects of this Corporation delegated to it by the Board or the Bylaws of this Corporation, as opposed to committees that are simply advisory.
   3. "Board Member" shall refer to all Directors and Trustees of this Corporation, and members of all Board Committees, whether appointed, elected, or ex officio, and including, but not limited to, physicians.
4. **“Compensation”** shall mean any remuneration, whether direct or indirect, including any gifts or favors that are substantial in nature.

5. **“Conflicting Interest”** shall mean service as a member, shareholder, trustee, owner, partner, director, officer, or employee of any organization or governmental entity that either:
   a. Competes with this Corporation or any Affiliate, or
   b. Is involved or is likely to become involved in any litigation or adversarial proceeding with this Corporation or any Affiliate, or
   c. Is seeking or soliciting funds or other substantial benefits from this Corporation

6. **“Financial Interest”** shall mean any arrangement or transaction pursuant to which an Interest Person has, directly or indirectly, through business, investment or family, either:
   a. A present or potential ownership, investment interest or compensation arrangement in any entity with which this Corporation or any Affiliate has or may have a transaction or arrangement; or a compensation arrangement with this Corporation or any entity or individual with which this Corporation or any Affiliate has or may have a transaction or arrangement.

**VI. POLICY:**

A. Disclosure of Conflicting Interests

1. Every Person Covered by this Policy shall submit in writing to the Chief Executive Officer (CEO) a Conflict of Interest Disclosure Statement listing all Financial and Conflicting Interests.

2. Each Statement will be resubmitted with any necessary changes each year or as any additional Conflicting or Financial Interests arise. The Chairman of the Board shall become familiar with all such Disclosure Statements in order to guide his conduct should a conflict arise.

3. The Vice Chairman of the Board shall be familiar with the Disclosure Statement filed by the Chairman.

B. Procedure to be Followed at Meetings

1. Whenever the Board or Board Committee is considering a transaction of arrangement with an organization, entity or individual in which a Person Covered by this Policy has a Financial or Conflicting Interest, the following shall occur:
   a. The Interested Person must disclose the Financial or Conflicting Interest to the Board or Board Committee;
   b. The Board Chair, the Board Committee or the Board shall ask the Interested Person to leave the meeting during discussion of the matter that gives rise to the potential conflict. If asked, the Interested Person
shall leave the meeting, although he may make a statement or answer any questions on the matter before leaving;

c. The Interested Person will not vote on the matter that gives rise to the potential conflict; and

d. The Board or Board Committee must approve the transaction or arrangement by a majority vote of the Board Members present at a meeting that has a quorum, not including the vote of the Interested Person.

2. In addition, if an Interested Person has a Financial Interest in a transaction or arrangement that might involve personal financial gain or loss for the Interested Person, the following should be observed in addition to the provisions described above:

   a. If appropriate, the Board or Board Committee may appoint a non-interest person or committee to investigate alternatives to the proposed transaction or arrangement;

   b. In order to approve the transaction, the Board or Board Committee must first find, by a majority vote of the Board Members then in office, without counting the vote of the Interested Person, that the proposed transaction or arrangement is in the Corporation’s best interest and for its own benefit; the proposed transaction is fair and reasonable to the Corporation; and, after reasonable investigation, the Board or Board Committee has determined that the Corporation cannot obtain a more advantageous transaction or arrangement with reasonable efforts under the circumstances;

   c. The Interested Person will not be present for the discussion or vote regarding the transaction or arrangement; and

   d. The transaction or arrangement must be approved by a majority vote of the Board Members, not including any Interested Persons.

C. Minutes of Meetings

   1. Minutes of all Board and Board Committee Meetings shall include the following:

      a. The names of the persons who disclosed Conflicting or Financial Interest, the nature of the Conflicting or Financial Interests and whether the Board determined there was a conflict of interest; and

      b. The names of the persons who were present for discussions and votes relating to the transaction or arrangement; the content of these discussions, including any alternatives to the proposed transaction or arrangement; and a record of the vote.

D. Dissemination and Acknowledgement of Policy

   1. This policy shall be distributed to all Persons Covered by this Policy.
2. Each Person covered by this Policy shall sign an annual statement that the person:
   a. Received a copy of the policy;
   b. Has read and understands the policy;
   c. Agrees to comply with the policy;
   d. Understands that the policy applies to the Board and all Board Committees; and
   e. Understands that this Corporation and its Affiliates are organized to advance charitable purposes and that in order to maintain tax-exempt status they must continuously engage primarily in activities which accomplish one or more tax-exempt purposes.

E. Compensation Committee
   1. All medical staff members who receive, directly or indirectly, compensation from the Corporation for any services rendered as an employee or as an independent contractor, shall not serve as a member of any compensation committee established by the Corporation.
   2. No interested person serving on any committee established by the Corporation shall vote on any matters pertaining to that person’s compensation.

F. Penalties for Non-Compliance
   1. Failure to comply with this Policy shall constitute grounds for removal from office and, in the case of Key Management Personnel, termination of employment.

G. Competitive Bidding
   1. To assure this Corporation, the general public, and outside vendors of objective evaluations of outside proposals for the provision of goods and services, a competitive bidding process has been established as follows:
      a. Under normal circumstances, this Corporation will obtain competitive bids.
      b. The decision to select a vendor for the provision of good and services will be based upon a combination of factors (price competitiveness, quality, delivery time, service and other valid considerations).

H. Periodic Reviews
   1. To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as an organization exempt from federal income tax, periodic reviews shall be conducted. The periodic review shall, at a minimum, include the following subjects:
a. Whether compensation arrangements and benefits are reasonable and are the result of arm’s-length bargaining.

b. Whether acquisitions or other arrangements with providers result in inurement or impermissible private benefit.

c. Whether partnership and joint venture arrangements and arrangements with other organizations conform to written policies, are properly recorded, reflect reasonable payments for goods and services, further the Corporation’s charitable purposes and do not result in inurement or impermissible private benefit.

d. Whether arrangements to provide health care and arrangements with other health care providers, employees, and third party payors further the Corporation’s charitable purposes and do not result in inurement or impermissible private benefit.

**LINKS:**

Board Members’ Confidentiality Agreement
Conflict of Interest Disclosure Statement

_________________________  ______________________
Chair, MSHA Board          Date
Confidentiality Agreement for
MSHA Board Members and Members of
Affiliated Committees and Boards

The members of the MSHA Board of Directors recognize the importance of confidentiality with respect to the affairs of Mountain States Health Alliance. Each member of the Board agrees to keep confidential, during and after service of the Board, all information not made available to the public pertaining to MSHA and any related activities in the court of membership on the Board. This commitment to confidentiality includes but is not limited to: Confidentiality Agreement for MSHA Board Members and Members of Affiliated Committees and Boards.

1) Information regarding disciplinary action, denial of appointment, or denial of reappointment to the medical staff, information included in quality reports, risk management and malpractice information regarding any MSHA facility or individual professional performance;
2) Information regarding medical recruitment plans and contractual agreements;
3) Information relating to strategic plans, processes toward meeting goals in the plans, programs, mergers and any plans or activities that may impact the competitive position of MSHA relative to other providers (both institutional and individual) in or out of the service area;
4) Informational facts or records of performance evaluations of management executives, compensation, contract and employment conditions, and executive management succession plans;
5) All financial data related to the organization’s past, present, or future performance or plans of MSHA which are considered proprietary property of MSHA;
6) In accordance with state and federal regulations, any patient protected health information which a Board Member may be exposed to as a result of participation on the Board or that which may be incidentally made available as a result of their presence in a MSHA facility.

It is the responsibility of the Chairman of the Board to advise Board members when matters of particular sensitivity are to be presented before the board; to address infractions of confidentiality by individual Board members and to take prompt actions to insure resolution. Depending upon the severity of an infraction, the Chairman of the Board may ask for the resignation of any individual Board member who has violated this confidentiality agreement. In addition, particular violations may be considered a violation of federal regulations and be subject to investigation.

In addition, my signature acknowledges receipt of an initial orientation packet for new Board members and the provision of ongoing educational information as deemed necessary to fulfill the role of an MSHA Board member.

Date: _________________________________________________

Director’s Signature: _______________________________________

Director’s Name: _________________________________________

MSHA7772
CONFLICT OF INTEREST POLICY ACKNOWLEDGEMENT
AND DISCLOSURE STATEMENT

I hereby acknowledge that I have received a copy of the Conflict of Interest Policy. I have read and understand the Policy, including the fact that it applies to all Boards and Board Committees in the system. I also understand that this Corporation and its Affiliates are organized to advance charitable purposes and that in order to maintain tax-exempt status, they must continuously engage primarily in activities which accomplish one or more tax-exempt purposes. I hereby agree to be legally bound by and comply with the Conflict of Interest Policy as a condition of my continued association with the Corporation. Failure to comply may result in removal from my position.

I hereby certify that I or a member of my family (including by marriage) have the following interests in the following organizations with which this Corporation has, or might reasonably in the future enter into, a relationship or a transaction in which I may have a Financial or Conflicting Interest:

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<th>Description of Interest</th>
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I hereby certify that the above information is true, correct, and complete to the best of my knowledge, information and belief.

Date ___________________ Signature ___________________
Master Affiliation Agreement

and

Plan of Integration

By and Between

Wellmont Health System

and

Mountain States Health Alliance

Dated as of February 15, 2016
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THIS MASTER AFFILIATION AGREEMENT AND PLAN OF INTEGRATION (this "Agreement") is dated as of February 15, 2016, by and between Wellmont Health System, a Tennessee nonprofit public benefit corporation with a principal place of business in Kingsport, Tennessee ("Wellmont") and Mountain States Health Alliance, a Tennessee nonprofit public benefit corporation with a principal place of business in Johnson City, Tennessee ("MSHA"). Wellmont and MSHA are each a "Party" and collectively the "Parties."

WHEREAS, Wellmont is a Tennessee public benefit corporation that serves as the parent entity of a health care delivery system which operates hospitals and health care facilities in Tennessee and Virginia; and

WHEREAS, MSHA is a Tennessee public benefit corporation that serves as the parent entity of a health care delivery system which operates hospitals and health care facilities in Tennessee and Virginia; and

WHEREAS, the Parties share a common and unifying charitable mission to provide high quality affordable health care and health care-related services; to expand access to health care services; and to promote and improve the health care status of the communities they serve; and

WHEREAS, Wellmont and MSHA have concluded that it is in the best interests of the residents of the respective communities that they merge their organizations by establishing a single parent company with a self-perpetuating board of directors that oversees all of the assets and operations of the previously separate Parties and all of their respective Affiliates (identified on Exhibit A hereto) on the terms and conditions set forth herein (the "Affiliation") for the purpose of enhancing the provision of high quality and cost effective health care that such a unified structure will facilitate, and for the purpose of positioning the combined systems to adapt effectively to the changes taking place locally and nationally in the health care delivery and financing systems; and

WHEREAS, Wellmont and MSHA reflected these understandings in a nonbinding Term Sheet executed on April 2, 2015; and

WHEREAS, the United States Supreme Court has determined that immunity (known as State action immunity) from federal anti-trust law is available to non-State actors when: (1) such non-State actors carry on their activity pursuant to a clearly articulated policy of the involved State(s) to displace competition with State regulation of the activity to be carried on by non-State actors; and (2) such regulation displacing competition is actively supervised by the involved State(s); and

WHEREAS, both the State of Tennessee and the Commonwealth of Virginia have set out by statute a clear policy permitting, in certain circumstances, the displacement of competition with regulation by the State in the merger of hospital and other healthcare organizations, and both the State of Tennessee and the Commonwealth of Virginia have articulated by statute its intent to actively oversee and supervise any such merger it approves; and

WHEREAS, it is the intent of Wellmont and MSHA to seek approval of their merger, as detailed in this Agreement, pursuant to the statutory schemes of the State of Tennessee and the
COMMONWEALTH OF VIRGINIA, which would permit the displacement of competition that otherwise exists between Wellmont and MSHA with regulation by both the State of Tennessee and the Commonwealth of Virginia, and it is further the parties’ intent to submit the regulation of their merger to the active and continuing oversight of both the State of Tennessee and the Commonwealth of Virginia, all in order to secure State action immunity from federal anti-trust laws to the fullest extent permitted and required; and

WHEREAS, this Agreement is intended to memorialize the actions that each of Wellmont and MSHA must take in order to effect the Affiliation.

NOW, THEREFORE, in consideration of the representations, warranties, premises and the mutual covenants and agreements hereinafter contained, each of the parties hereto, intending to be legally bound, hereby agree as follows:

Article I  Shared Vision and Guiding Principles.

Section 1.01  Shared Vision and Guiding Principles.  Wellmont and MSHA hereby adopt the statements of Shared Vision and Guiding Principles attached as Exhibit B to this Agreement.

Section 1.02  Community Benefit.

(a) To carry out the Shared Vision and Guiding Principles, prior to the Effective Date Wellmont and MSHA shall have caused Newco, Inc. (“Parent Company”) to be formed as a Tennessee nonprofit public benefit corporation to serve as the parent entity of the integrated health system created by the Wellmont and MSHA Affiliation.

(b) Parent Company will operate in accordance with the “community benefit standards” as they apply to Code Section 501(c)(3) hospital non-profit corporations, including, without limitation, the (i) acceptance of all Medicare and Medicaid patients, (ii) acceptance of all emergency patients without regard to ability to pay, (iii) maintenance of an open medical staff (subject to certain exclusive physician service arrangements in connection with the provision of hospital-based specialty medical services approved by the governing body of Parent Company from time to time), (iv) provision of public health programs of educational benefit to the community, and (v) general promotion of public health, wellness, and welfare to the community through the provision of health care at a reasonable cost.

(c) Parent Company will maintain the Parties’ existing or equivalent community benefit and education programs and services in effect as of the Effective Time, subject to (i) changes approved by the Parent Company Board of Directors from time-to-time to reflect changing circumstances of the communities served by the Parent Company health system, and (ii) changes in law, policy or regulation as applicable.

(d) Parent Company will abide by policies and provisions of charity care that are no less generous than the policies of the Parties in effect as of the Effective Time, subject to changes in law, policy or regulation as applicable. Notwithstanding Parent
Company’s commitment to maintain and abide by charity care policies as generous as past policies, nothing herein guaranties any particular level of furnished charity care.

Article II  System Structure.

Section 2.01  Actions and Amendments to Organize Parent Company.

(a) Parent Company Formation and Interim Governance. The articles of incorporation (the "Interim Parent Company Articles") and bylaws (the “Interim Parent Company Bylaws”) of Parent Company are set forth in Exhibit C-1. The individuals whose names are listed as directors on Exhibit C-2 have been appointed by the Parties pursuant to the Parent Company Bylaws to serve as the directors of Parent Company until the Effective Time (the “Interim Directors”). The individuals whose names are listed as officers on Exhibit C-2 have been appointed by the Interim Directors pursuant to the Parent Company Bylaws to serve as the officers of Parent Company until the Effective Time (the “Interim Officers”). The Interim Directors and Interim Officers shall only take such actions as the Parties direct to complete the organization of Parent Company or to effect the transactions contemplated by this Agreement.

(b) Form 1023 Application. The Interim Directors and Interim Officers shall cause Parent Company to file an Application for Recognition of Exemption Under Code Section 501(c)(3) on Form 1023, and to take such actions and to execute, deliver and file such additional documents and information as may be reasonably necessary to obtain recognition of Parent Company as an organization exempt from taxation under the Code.

(c) Amended Parent Company Articles and Bylaws. On the Effective Date, the Interim Directors shall cause the Parent Company Articles to be amended and restated in the form set forth in Exhibit C-3 (the "Amended Parent Company Articles"), and the Parent Company Bylaws to be amended and restated in the form set forth in Exhibit C-4 (the "Amended Parent Company Bylaws").

(d) Board of Directors of Parent Company.

(i) On the Effective Date the Parties shall cause the individuals who are selected pursuant to the principles described in subsection (ii) below to be elected the directors of Parent Company as of the Effective Time in accordance with the Amended Parent Company Bylaws (the “Initial Directors”). The Initial Directors shall serve until the earlier of their resignation or removal or until their successors are duly elected and qualified in accordance with the Amended Parent Company Bylaws. Simultaneously with such election, the Interim Directors shall submit their resignations, which shall take effect at the Effective Time.

(ii) The directors of Parent Company shall be selected on the following principles. Wellmont and MSHA will each appoint six (6) members to serve on the Board of Directors of Parent Company. Wellmont and MSHA will jointly select two (2) members of the Board of Directors of Parent Company, who shall not be incumbent members of the board of directors of either Wellmont or
MSHA. At least two of the persons appointed by each of Wellmont and MSHA shall be licensed physicians who are members of the medical staff of one or more hospitals affiliated with Parent Company; provided, however, that at no time will the number of Interested Persons on the Board of Directors who have voting rights be more than a minority of the total number of directors who have voting rights, and provided further that the total number of voting Directors shall not exceed seventeen (17). The Executive Chairman/President of Parent Company will serve on the Board of Directors of Parent Company as an ex-officio voting member. The initial Chief Executive Officer of Parent Company will serve on the Board of Directors of Parent Company as an ex-officio voting member for a term of two years after the Effective Time. At the conclusion of the initial Chief Executive Officer’s two-year term, the Chief Executive Officer will rotate off the Board of Directors of the Parent Company and a replacement director shall be elected in accordance with the terms of the Amended Parent Company Bylaws. The President of East Tennessee State University will serve on the Amended Parent Company Board of Directors as an ex officio nonvoting member.

(e) Parent Company Board Committees. Subject to the rights of the Board pursuant to the Amended Parent Company Bylaws, the Parent Company Board of Directors will have the following standing committees: Executive; Finance; Audit and Compliance; Quality, Service and Safety; Executive Compensation; Community Benefit; Workforce; and Governance / Nominating. By the Effective Date, the Parties shall mutually determine the individuals who shall serve as the initial members of such committees and the Parent Company Board shall appoint such individuals to such committee memberships.

(f) Board Officers. Effective as of the Effective Time, the Board Officers of Parent Company shall consist of an Executive Chairman/President, a Vice Chairman/Lead Independent Director, a Chief Executive Officer, a Secretary and a Treasurer and shall be the individuals whose names are listed on Exhibit D-1, who shall serve in such office until the earlier of their resignation or removal or until their successors are duly elected or appointed and qualified in accordance with the Amended Parent Company Bylaws.

(g) Initial Management Team of Parent Company. The initial corporate officers of Parent Company (the “Initial Management Team”) shall include the Executive Chairman/President, Chief Executive Officer, Chief Operating Officer and Chief Financial Officer. On the Effective Date, the Initial Directors shall cause the individuals whose names and corporate offices are listed on Exhibit D-1 to be elected to such offices. Simultaneously with such election, the Interim Officers shall submit their resignations, which shall take effect at the Effective Time.

(i) The position description for the Executive Chairman/President shall be substantially similar to the position description attached hereto as Exhibit D-2 and ensure the position is the most senior officer of Parent Company. The employment contract for the Executive Chairman/President in the form and containing the terms approved by the Joint Board Task Force, the MSHA Board
and the Wellmont Board prior to the date of this Agreement will be executed by the Vice Chair/Lead Independent director on behalf of the Parent Company and by the Executive Chairman/President on the Effective Date. The Executive Chairman/President shall report to the Board of Parent Company which shall be responsible for conducting the evaluation of the Executive Chairman/President. In the event of separation between the Parent Company and the Executive Chairman/President prior to the second anniversary of the Effective Time, the position shall be filled as described in the Amended Parent Company Bylaws.

(ii) The position description for the Chief Executive Officer shall be substantially similar to the position description attached hereto as Exhibit D-3. The employment contract for the Chief Executive Officer in the form and containing the terms negotiated by the Executive Chairman/President and ratified by the Joint Board Task Force, the MSHA Board and the Wellmont Board prior to the date of this Agreement will be executed by the Executive Chairman/President on behalf of Parent Company and by the Chief Executive Officer on the Effective Date. The Chief Executive Officer shall report to the Executive Chairman/President, who shall be responsible for conducting the evaluation of the Chief Executive Officer.

(iii) The position descriptions for Chief Operating Officer and the Chief Financial Officer of the Parent Company, as developed by the Chief Executive Officer and approved by the Executive Chairman/President are attached hereto as Exhibit D-4.

(iv) On or soon after the Effective Date, the Executive Chairman/President will submit to the Parent Company Board for its approval, a proposed policy for delegating Board authority to corporate officers for managing and conducting the business of the Parent Company.

(h) Governance. The Parent Company shall be governed in accordance with the terms and practices set forth in the Amended Parent Company Bylaws as they are modified from time to time in accordance with the vote and process set forth therein.

Section 2.02 Membership Changes and Amendments to Governing Documents of MSHA and Wellmont.

(a) MSHA Membership Changes and Amendments. On the Effective Date, MSHA shall cause Parent Company to become its sole member by amending and restating its Articles of Incorporation effective as of the Effective Time in a form mutually agreed upon by the Parties (the "Amended MSHA Articles") and filing the Amended MSHA Articles with the Tennessee Secretary of State. On the Effective Date, MSHA shall cause its Bylaws to be amended and restated in a form mutually agreed upon by the Parties (the "Amended MSHA Bylaws") effective as of the Effective Time.

(b) Wellmont Membership Changes and Amendments. On the Effective Date, Wellmont shall cause Parent Company to become its sole member by amending and...
restating its Articles of Incorporation effective as of the Effective Time in a form mutually agreed upon by the Parties (the "Amended Wellmont Articles") and filing the Amended Wellmont Articles with the Tennessee Secretary of State. On the Effective Date, Wellmont shall cause its Bylaws to be amended and restated in a form mutually agreed upon by the Parties effective as of the Effective Time (the "Amended Wellmont Bylaws").

(c) **MSHA and Wellmont Boards of Directors.** On the Effective Date, the individuals selected by the Parties to be the initial directors of the Parent Company shall also be elected the directors of MSHA and Wellmont as of the Effective Time.

(d) **Affiliate Membership Changes and Amendments.** Prior to the Effective Date, the Parties will agree upon the modifications and amendments necessary to conform the Articles of Organization, Charters, Bylaws and Operating Agreements of all the Wellmont Subsidiaries and all the MSHA Subsidiaries to establish an initial equal role for Wellmont and MSHA in governance of each of them during the Integration Period and to make such other changes as the Parties agree are necessary or appropriate to establish and maintain the direct or indirect authority of the Newco Board of Directors over all such Subsidiaries.

Section 2.03 **Effective Time.** The Affiliation shall be effective as of the day and hour specified in Section 5.01 of this Agreement (the "Effective Time").

Section 2.04 **Debts and Liabilities.** At the Effective Time subject to the approval of the Parent Company Board of Directors, Parent Company shall guarantee such tax exempt and taxable bond indebtedness of Wellmont and MSHA as is necessary to result in an increase in the credit rating assigned by the three principal credit rating agencies to the aggregate outstanding bond indebtedness of all entities within the integrated healthcare system overseen by the Parent Company.

Section 2.05 **Name of the Integrated Health System.** Prior to the Effective Date, the Parties shall agree upon the name of the integrated health system created by the Wellmont and MSHA Affiliation, which name shall be reflected in the Charter and Bylaws of Parent Company that will become effective at the Effective Time.

Section 2.06 **Indemnification, Exculpation and Insurance.**

(a) The Amended Parent Company Bylaws, Amended MSHA Bylaws and Amended Wellmont Bylaws shall include the fullest indemnification and exculpation of the current and former directors, officers, and board committee members of each organization or who served at the request of any of them as a director or officer of another Person (the “Indemnified Parties”) that is allowable under Tennessee law both with respect to service prior to the Effective Time and with respect to service following the Effective Time. Such Bylaws shall also provide for advancement of the costs of defense upon a finding by the Parent Company Board of Directors that the individual seeking advancement of such costs met the standard of conduct for indemnification and upon the individual providing a written undertaking to repay the advanced amounts in the
event that the Parent Company Board of Directors ultimately determines that the individual was not entitled to indemnification under applicable Tennessee law.

(b) For a period of six years from and after the Effective Time, Parent Company shall either cause to be maintained in effect the current policies of directors' and officers' liability insurance and fiduciary liability insurance maintained by MSHA and Wellmont or provide substitute policies for the Company and its current and former directors and officers who are currently covered by the directors' and officers' and fiduciary liability insurance coverage currently maintained by the Company in either case, of not less than the existing coverage and having other terms not less favorable to the insured persons than the directors' and officers' liability insurance and fiduciary liability insurance coverage currently maintained by MSHA and Wellmont with respect to claims arising from facts or events that occurred on or before the Effective Time (with insurance carriers having at least an "A" rating by A.M. Best with respect to directors' and officers' liability insurance and fiduciary liability insurance), except that in no event shall Parent Company be required to pay with respect to such insurance policies in respect of any one policy year more than 250% of the aggregate annual premium most recently collectively paid by MSHA and Wellmont prior to the date of this Agreement (the "Maximum Amount"), and if Parent Company is unable to obtain the insurance required by this Section 2.06(b) it shall obtain as much comparable insurance as possible for the years within such six-year period for an annual premium equal to the Maximum Amount, in respect of each policy year within such period. In lieu of such insurance, prior to the Effective Date Parent Company may, at its option, purchase a "tail" directors' and officers' liability insurance policy and fiduciary liability insurance policy for the MSHA, Wellmont and their current and former directors and officers who are currently covered by the directors' and officers' and fiduciary liability insurance coverage currently maintained by MSHA and Wellmont, such tail to provide coverage in an amount not less than the existing coverage and to have other terms not less favorable to the insured persons than the directors' and officers' liability insurance and fiduciary liability insurance coverage currently maintained by MSHA and Wellmont with respect to claims arising from facts or events that occurred on or before the Effective Time; provided that in no event shall the cost of any such tail policy in respect of any one policy year exceed the Maximum Amount. In the event Parent Company purchases such tail coverage, Parent Company shall cease to have any obligations under the first sentence of this Section 2.06(b). Parent Company shall maintain such policies in full force and effect, and continue to honor the obligations thereunder.

(c) In the event that Parent Company, MSHA or Wellmont or any of their successors or assigns (i) consolidates with or merges into any other Person and is not the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, Parent Company, MSHA or Wellmont, as applicable, shall cause proper provision to be made so that the successors and assigns of Parent Company, MSHA or Wellmont, as applicable, assume the obligations set forth in this Section 2.06.
(d) For a period of six years from and after the Effective Time, each of Parent Company, MSHA and Wellmont shall maintain in effect the provisions in its articles of incorporation and bylaws to the extent they provide for indemnification, advancement and reimbursement of expenses and exculpation of each Indemnified Party as applicable, with respect to facts or circumstances occurring at or prior to the Effective Time, on the same basis as set forth in its articles of incorporation and bylaws in effect as of the Effective Time, which provisions shall not be amended during such time except as required by applicable law or except to make changes permitted by applicable law that would enlarge the scope of the Indemnified Parties' indemnification rights thereunder.

(e) The provisions of this Section 2.06 shall survive the consummation of the transactions contemplated by this Agreement, (ii) are intended to be for the benefit of, and will be enforceable by, each of the Indemnified Parties, his or her heirs and his or her representatives, and (iii) are in addition to, and not in substitution for, any other rights to indemnification or contribution that any such Person may have by contract or otherwise.

Article III Representations and Warranties of Wellmont.

Subject to the limitations and qualifications set forth in this Agreement, Wellmont represents and warrants to MSHA the matters set forth below. Statements by Wellmont with respect to the Wellmont Subsidiaries (as defined in Section 3.03) refer to all of its subsidiaries.

Section 3.01 Effect of Agreement. Assuming the due execution and delivery of this Agreement by MSHA, this Agreement is a legal, valid, and binding obligation of Wellmont and is enforceable against it in accordance with its terms, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other laws affecting creditors’ rights generally and except as enforceability may be subject to general principles of equity. Except as set forth in a confidential memorandum delivered by Wellmont legal counsel to MSHA legal counsel prior to the date of this Agreement (the "Wellmont Counsel Memorandum"), the execution, delivery and performance of this Agreement by Wellmont are within its corporate powers. Except as set forth in the Wellmont Counsel Memorandum, or otherwise expressly provided in this Agreement, the execution, delivery, and performance of this Agreement by Wellmont are within its corporate powers. Except as set forth in the Wellmont Counsel Memorandum, or otherwise expressly provided in this Agreement, the execution, delivery, and performance of this Agreement by Wellmont and the consummation of the transactions contemplated hereby by Wellmont will not: (i) require the consent, approval, or authorization of any person, corporation, partnership, joint venture, or other business association or public authority; (ii) violate any provisions of law applicable to Wellmont or to any of the Wellmont Subsidiaries now or immediately prior to the Effective Date; (iii) with or without the giving of notice or the passage of time, or both, conflict with or result in a breach or termination of any provision of, or constitute a material default under, or result in the creation of any lien, charge, or encumbrance upon any of the properties or assets of Wellmont or any of the Wellmont Subsidiaries pursuant to, any corporate charter, bylaw, indenture, note, bond, pledge, mortgage, deed of trust, lease, license, contract, agreement, commitment, or other instrument or obligation, or any order, judgment, award, decree, statute, ordinance, or regulation, to which Wellmont or any of the Wellmont Subsidiaries is a party or by which Wellmont or any of the Wellmont Subsidiaries or any of their respective material assets or properties may be bound; or (iv) result in the acceleration of any indebtedness of Wellmont or any of the Wellmont Subsidiaries or increase the rate of interest payable by Wellmont or by any of the Wellmont Subsidiaries with respect to any indebtedness.
Section 3.02  **Organization; Power; Good Standing.** Wellmont is a nonprofit corporation duly organized and validly existing under the laws of the State of Tennessee and has all requisite corporate power and authority to own, lease, and operate its properties, to carry on its business as now being conducted, and to enter into this Agreement and perform its obligations hereunder. True and correct copies of the Articles of Incorporation and Bylaws or Articles of Organization and Operating Agreements, as applicable, of each of Wellmont and the Wellmont Subsidiaries have been provided to MSHA. Neither the character of the properties owned or leased by Wellmont nor the nature of the business conducted by Wellmont requires the licensing or qualification of Wellmont as a corporation in any jurisdiction other than the State of Tennessee and the Commonwealth of Virginia.

Section 3.03  **Wellmont Subsidiaries.** Other than as disclosed in the Wellmont Counsel Memorandum, Wellmont does not directly or indirectly own any interest in any other corporation, partnership, joint venture, or other business association or entity, foreign or domestic. Such corporations, partnerships, joint ventures, or other business entities set forth in the Wellmont Counsel Memorandum of which it owns, directly or indirectly, more than fifty percent (50%) of the outstanding membership interests, shares of capital stock, or other equity interests (including partnership interests) are referred to herein each as a "Wellmont Subsidiary" or collectively as the "Wellmont Subsidiaries." Set forth in the Wellmont Counsel Memorandum is an indication of the interest owned by Wellmont in each corporation, partnership, joint venture, or other business association or entity in which Wellmont owns any of the outstanding membership interests, shares of capital stock, or other equity interests (including partnership interests). With respect to the Wellmont Subsidiaries, Wellmont represents and warrants the following:

(a) Each Wellmont Subsidiary that is a corporation is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation. Each Wellmont Subsidiary that is a limited liability company is duly formed and validly existing under the laws of its jurisdiction of formation.

(b) Each Wellmont Subsidiary has the corporate power, or power under the Tennessee Limited Liability Company Act, the Virginia Limited Liability Company Act, or the Companies Law of the Cayman Islands, as the case may be, and its internal governing documents, as applicable, and authority to own, lease, and operate its properties and to carry on its business as presently conducted or presently proposed to be conducted.

(c) Each Wellmont Subsidiary is duly qualified to do business as a foreign corporation or limited liability company, as the case may be, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary.

(d) All of the outstanding shares of capital stock or other equity interests of the Wellmont Subsidiaries that are for-profit entities and all membership interests in non-profit entities are, in each case, validly issued, fully paid, and non-assessable.
(e) All of the outstanding shares of capital stock of, or other ownership or membership interests in, each of the Wellmont Subsidiaries owned by Wellmont or by any of the Wellmont Subsidiaries are so owned free and clear of any liens, claims, charges, or encumbrances. There are no outstanding options, warrants, subscriptions, calls, rights, convertible securities, or other agreements or commitments obligating Wellmont or any of the Wellmont Subsidiaries to issue, transfer, or sell any securities of any Wellmont Subsidiary.

(f) There are no voting trusts, standstill, shareholder, partnership, operating, or other agreements or understandings to which Wellmont or a Wellmont Subsidiary is a party or is bound with respect to the voting of the capital stock or other ownership interest in any Wellmont Subsidiary.

Section 3.04 Financial Statements. Wellmont has delivered to MSHA, or will deliver to MSHA within five (5) days of becoming available, copies of (i) its audited consolidated financial statements for the years ended June 30, 2013 and June 30, 2014 and for each year thereafter through the Effective Date, as presented by the auditors regularly retained by Wellmont, together with any management letters issued by the auditors in connection with the foregoing and a written copy of all material presented to the Audit Committee of the Wellmont Board, and (ii) its unaudited interim consolidated financial reports for the year ended June 30, 2015 and for the two months ended August 31, 2015 and each month thereafter through the Effective Date. Such financial statements, together with the notes thereto, and such interim unaudited consolidated financial reports (collectively, the "Financial Statements"), are in accordance with the books and records of Wellmont; and except as otherwise set forth in the Wellmont Counsel Memorandum, fairly present in all material respects the financial position of Wellmont and the results of operations and cash flows for the years then ended or other periods indicated in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout such periods, except to the extent that the interim unaudited consolidated financial reports contain no notes and are subject to year-end audit adjustments that are not, individually or in the aggregate, material and, except as noted in such statements, consistent with prior periods. The most recent balance sheet of Wellmont included in its Financial Statements is referred to herein as its "Balance Sheet." The "Balance Sheet Date" shall mean June 30, 2015.

Section 3.05 Absence of Undisclosed Liabilities. Other than with respect to matters addressed in Section 3.17, representations concerning which are contained only in Section 3.17, except as expressly disclosed or reserved against on the Balance Sheet or as specifically set forth in the Wellmont Counsel Memorandum, neither Wellmont nor any of the Wellmont Subsidiaries had, as of the Balance Sheet Date, any debts, liabilities, or obligations of any nature, whether accrued, absolute, contingent, or otherwise, and whether due or to become due, including, but not limited to, guarantees, liabilities, or obligations on account of Taxes (as defined in Section 3.08 below), other governmental charges, duties, penalties, interest, fines, or obligations to refund, required in accordance with GAAP to be disclosed on the Balance Sheet.

Section 3.06 Absence of Certain Changes. Except as set forth in the Wellmont Counsel Memorandum, as disclosed to MSHA prior to the date hereof through the process established in Section 5.04 for sharing Competitive Sensitive Information (the “Black Box Process”), or as
permitted by this Agreement, since the Balance Sheet Date, Wellmont has suffered no Material Adverse Effect.

Section 3.07 Contracts. The Wellmont Counsel Memorandum contains a list of all contracts, agreements, commitments, and arrangements to which Wellmont or any of the Wellmont Subsidiaries are a party or by which any of their assets are bound or affected that: (i) involve the expenditure by Wellmont or any of the Wellmont Subsidiaries thereto of more than $250,000 on an annual basis; or (ii) to the Knowledge of Wellmont, are with, or relate to, any physician; or (iii) to the Knowledge of Wellmont, are with, or relate to, any Disqualified Person within the meaning of Section 4958(f) of the Internal Revenue Code of 1986, as amended (the "Code") (each a "Wellmont Material Contract"). "Knowledge of Wellmont" when used in this Agreement means the actual knowledge of the Chief Executive Officer, Chief Operating Officer, Chief Financial Officer, or the General Counsel of Wellmont. For avoidance of doubt, the term Disqualified Person shall include persons (including any physicians or their family members) who are or were, at any time during the five-year period ending on the Effective Date: (a) voting members of the subject organization’s governing body; (b) presidents, chief executive officers, chief operating officers, and other persons with ultimate responsibility for implementing the decisions of the governing body or for supervising the management, administration, or operation of the organization, regardless of title; (c) treasurers and chief financial officers and other persons with ultimate responsibility for managing the finances of the organization, regardless of title; (d) in a position to exercise substantial influence over the subject organization’s affairs, including (i) persons who have or share authority to control or determine a substantial portion of the organization’s capital expenditures, operating budget, or compensation for employees, (ii) persons who manage a discrete segment or activity of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole, (iii) persons who are substantial contributors to the organization (within the meaning of Code Section 507(d)(2)(A)), taking into account only contributions received by the organization during its current taxable year and the four preceding taxable years; and (iv) persons whose compensation is primarily based on revenues derived from activities of the organization, or of a particular department or function of the organization, that the person controls; (e) family members of persons meeting a definition in (a)-(d) above (for this purpose, "family members" are limited to the following: spouse, brothers or sisters (by whole or half-blood), spouses of brothers or sisters (by whole or half-blood), ancestors, children, grandchildren, great grandchildren, and spouses of children, grandchildren, and great grandchildren); and (f)(i) a corporation in which persons described in (a)-(e) own more than 35 percent of the combined voting power; (ii) a partnership in which persons described in (a)-(e) own more than 35 percent of the profits interests; or (iii) a trust or estate in which persons described in (a)-(e) own more than 35 percent of the beneficial interests. Other than as set forth in the Wellmont Counsel Memorandum, neither Wellmont nor any of the Wellmont Subsidiaries has entered into any Wellmont Material Contract. All Wellmont Material Contracts are valid and enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, receivership, and other laws affecting creditors’ rights generally and general principles of equity. Wellmont and the Wellmont Subsidiaries and, to the Knowledge of Wellmont, all other parties to each of the foregoing arrangements, have performed in all material respects their respective obligations to date required to be performed under each Wellmont Material Contract. Except as disclosed in the Wellmont Counsel Memorandum, neither
Wellmont nor any of the Wellmont Subsidiaries nor, to the Knowledge of Wellmont, any other party, is in default or in arrears in any material respect under the terms of any of the foregoing arrangements, and no condition exists or event has occurred that, with the giving of notice or the lapse of time or both, would constitute a material default under any of them. Except as noted to the contrary in the Wellmont Counsel Memorandum, none of the rights of Wellmont or any of the Wellmont Subsidiaries under any of such agreements is subject to termination or modification as the result of the transactions contemplated by this Agreement. Correct and complete copies of all written contracts referenced in the Wellmont Counsel Memorandum and true and complete summaries of any oral contracts or other arrangements therein referenced have been made available to MSHA.

Section 3.08 Tax Matters. For purposes of this Section:

(a) "Tax" or "Taxes" means any federal, state, or local income (including unrelated business income), gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, environmental (including taxes under Code Section 59A), capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

(b) "Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(c) Wellmont and the Wellmont Subsidiaries will have timely filed all federal income tax returns and all other material Tax Returns that they are required to file on or before the Effective Date. All such Tax Returns are correct and complete in all material respects. All material Taxes due and owing by Wellmont and the Wellmont Subsidiaries have been paid or reserved against in such party’s Financial Statements. Neither Wellmont nor the Wellmont Subsidiaries currently are the beneficiary of any extension of time within which to file any Tax Return except as set forth in the Wellmont Counsel Memorandum. No written claim has been made within the last 3 years by an authority in a jurisdiction where Wellmont or the Wellmont Subsidiaries do not file Tax Returns that they are or may be subject to taxation by that jurisdiction.

(d) Wellmont and the Wellmont Subsidiaries have withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(e) There is no material dispute or claim concerning any Tax liability of Wellmont or any entity listed in Schedule 3.03 of the Wellmont Counsel Memorandum either: (i) claimed or raised by any governmental authority in writing and brought to the attention of any of the directors, officers, or employees responsible for Tax matters of Wellmont and the Wellmont Subsidiaries; or (ii) as to which any of the directors, officers, or employees responsible for Tax matters of Wellmont and the Wellmont Subsidiaries has knowledge based upon personal contact with any agent of such governmental
authority. Except as disclosed in the Wellmont Counsel Memorandum, neither Wellmont nor any of the Wellmont Subsidiaries is the subject of an audit or examination by any governmental authority with respect to its potential liability for Taxes.

(f) Neither Wellmont nor the Wellmont Subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(g) Other than as disclosed in the Wellmont Counsel Memorandum, Wellmont and each of the Wellmont Subsidiaries is not a party to and have no continuing obligations under any Tax allocation or sharing agreement. Wellmont and each of the Wellmont Subsidiaries: (i) have not been members of an affiliated group (within the meaning of Code § 1504(a)) filing a consolidated federal income Tax Return, and (ii) have no liability for the Taxes of any entity or unincorporated organization (other than Wellmont and the Wellmont Subsidiaries) under Treasury Regulation § 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract or otherwise.

(h) The unpaid Taxes of Wellmont and the Wellmont Subsidiaries: (i) did not, as of the Balance Sheet Date, exceed by any material amount the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Balance Sheet as of the Balance Sheet Date (rather than in any notes thereto), and (ii) will not exceed by any material amount that reserve as adjusted for the passage of time through the Effective Date in accordance with the past custom and practice of Wellmont and the Wellmont Subsidiaries in filing its Tax Returns.

(i) Wellmont and the Wellmont Subsidiaries that claim to be tax-exempt under Code Section 501(c)(3) (for purposes of this Section 3.08.(i) only, the "Tax-Exempt Wellmont Subsidiaries") have, by reason of letters from the Internal Revenue Service, been determined by the Internal Revenue Service to be exempt from federal income taxation under Code Section 501(c)(3) and not to be private foundations under Code Section 509(a). Wellmont has no Knowledge of any facts or circumstances which would cause the Internal Revenue Service to revoke such determinations or to conclude that Wellmont or the Tax Exempt Wellmont Subsidiaries are "private foundations" as defined in Code Section 509(a). Wellmont has no Knowledge of any facts or circumstances indicating that any part of the net earnings of Wellmont or the Tax Exempt Wellmont Subsidiaries inures to the benefit of any private member or individual, within the meaning of Code Section 501(c)(3). Neither Wellmont nor the Tax-Exempt Wellmont Subsidiaries has taken or permitted any action that would subject Wellmont or any Tax-Exempt Wellmont Subsidiary to penalty excise taxes (also known as "Intermediate Sanctions") under the Taxpayer Bill of Rights 2 (Pub. L. No. 104-168, 110 Stat. 1452).

Section 3.09 Title to Properties. Except as set forth in the Wellmont Counsel Memorandum, Wellmont and the Wellmont Subsidiaries have good and marketable title to, or a valid leasehold interest in, all their real and personal property and other assets, tangible and intangible, subject to no security interest, pledge, lien, encumbrance, claim, charge, or other
restrictions other than; (a) those incurred in the ordinary course of Wellmont’s business, including those related to debt obligations of Wellmont reflected in the Financial Statements, and (b) "Permitted Liens." For the purposes of this Agreement, "Permitted Liens" shall mean: (i) easements that do not materially adversely affect the full use and enjoyment of the Owned Real Property (as defined in Section 3.13 below) or Leased Real Property (as defined in Section 3.13 below) for the purposes for which it is currently used or materially detract from its value; (ii) imperfections of title and encumbrances, if any, individually or in the aggregate, which are not material, do not materially detract from the marketability or value of the properties subject thereto, and do not materially impair the operations of the owner thereto; (iii) liens for taxes not yet due and payable; and (iv) liens incurred in the ordinary course of business in connection with governmental insurance or benefits or to secure performance of leases and contracts (other than for borrowed money) which liens do not, individually or in the aggregate, materially and adversely affect the full use and enjoyment of the properties to which they are attached.

Section 3.10 Litigation. The Wellmont Counsel Memorandum contains a true and correct listing of all material litigation, administrative, arbitration, and other proceedings in which Wellmont or any of the Wellmont Subsidiaries is currently involved, and all court decrees or administrative orders to which Wellmont or any of the Wellmont Subsidiaries is subject. Other than as shown in the Wellmont Counsel Memorandum or disclosed to MSHA prior to the date hereof through the Black Box Process, there is no claim, action, suit, proceeding (legal, administrative, or otherwise), investigation, or inquiry (by an administrative agency, governmental body, or otherwise) pending as to which Wellmont has been served process or otherwise notified or, to the Knowledge of Wellmont, threatened in writing by or against, Wellmont or any of the Wellmont Subsidiaries, their properties or assets, or the transactions contemplated hereby, at law or in equity, or before or by any federal, state, municipal, or other governmental department, commission, board, agency, instrumentality, or authority, domestic or foreign, the result of which could reasonably be expected to have a Material Adverse Effect.

Section 3.11 Compliance with Law. Other than with respect to matters addressed in Section 3.17, representations concerning which are contained only in Section 3.17, and except as set forth in the Wellmont Counsel Memorandum or disclosed to MSHA prior to the date hereof through the Black Box Process, Wellmont and the Wellmont Subsidiaries are in compliance in all material respects with all applicable laws, rules, regulations, and licensing requirements of all federal, state, local, and foreign authorities.

Section 3.12 Permits and Licenses. Wellmont and the Wellmont Subsidiaries maintain in full force and effect all permits, licenses, orders, and approvals necessary for them to carry on their respective businesses as presently conducted other than such permits, licenses, orders, and approvals the absence of which, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect. All fees and charges incident to such permits, licenses, orders, and approvals have been fully paid and are current, and no suspension or cancellation of any such permit, license, order, or approval has been threatened or could result by reason of the transactions contemplated by this Agreement. Neither Wellmont nor any of the Wellmont Subsidiaries have received any notice from any Governmental Entity that any Wellmont Facilities are not in substantial compliance with all of the terms, conditions, and provisions of such permits, consents, approvals, or licenses. Wellmont heretofore has made
available to MSHA correct and complete copies of all such permits, consents, orders, approvals, and licenses. A list of all permits, licenses, orders, and approvals held by Wellmont and the Wellmont Subsidiaries is set forth in the Wellmont Counsel Memorandum.

Section 3.13 Real Property.

(a) Owned. With respect to all real property reflected on the respective balance sheets of Wellmont and the Wellmont Subsidiaries (collectively, the "Owned Real Property"), except as set forth in the Wellmont Counsel Memorandum, (i) neither Wellmont nor any Wellmont Subsidiary has agreed, orally or in writing, or is otherwise obligated, to sell, lease, encumber, or otherwise dispose of any of the Owned Real Property; and (ii) other than tenant leases entered into in the ordinary course of operations, no person or entity has any leasehold interest in, and no person or entity (other than Wellmont or a Wellmont Subsidiary) has any right to use, operate, or occupy any of the Owned Real Property.

(b) Leased. With respect to all real property leased by Wellmont or the Wellmont Subsidiaries which (i) involve the expenditure by Wellmont or any of the Wellmont Subsidiaries of more than $250,000 on an annual basis or (ii) to the Knowledge of Wellmont, are with, or relate to, any physician (collectively, the "Leased Real Property") and all leases relating thereto (collectively, the "Real Property Leases"), Wellmont represents and warrants that except as set forth in Wellmont Counsel Memorandum, (i) each Real Property Lease is valid, binding, and enforceable in accordance with its terms and is in full force and effect, and there are no offsets or defenses by either landlord or tenant thereunder; (ii) there are no existing breaches of or defaults under, and no events or circumstances have occurred which, with or without notice or lapse of time, or both, would constitute a breach of or a default under, any of the Real Property Leases; and (iii) consummation of the Affiliation will not constitute or result in a breach or default under any Real Property Lease. A list of all Real Property Leases of Wellmont and the Wellmont Subsidiaries is set forth in the Wellmont Counsel Memorandum.

(c) Improvements. The Owned Real Property and the Leased Real Property are zoned for the various purposes for which the buildings and other improvements located thereon (the "Improvements") are presently being used, except in the case of permitted nonconforming uses. All of the Improvements and all uses thereof are in material compliance with all applicable zoning and land use laws, ordinances, and regulations. No part of any of the Improvements encroach on any real property not included in the Owned Real Property or the Leased Real Property in such a way that the remediation of the encroachment would prevent Wellmont’s continued use of the Improvements to such an extent as to materially affect such Party’s operations.

Section 3.14 Environmental Protection. Except as set forth in the Wellmont Counsel Memorandum, and to the Knowledge of Wellmont:

(a) Wellmont and the Wellmont Subsidiaries are in compliance in all material respects with federal, state, and local environmental laws and regulations that are
applicable to Wellmont and the Wellmont Subsidiaries and to their respective business operations.

(b) No substances that are defined and regulated by applicable environmental laws and regulations as toxic substances, hazardous wastes, hazardous materials, or hazardous substances (including, without limitation, asbestos, and petroleum and its constituents) (collectively, "Hazardous Substances") have been stored, disposed of, or released in or on the Owned Real Property, the Leased Real Property, the Improvements, or other assets of Wellmont or the Wellmont Subsidiaries in any manner, locations, or amounts that are outside of the ordinary course of business for Wellmont and the Wellmont Subsidiaries, or that violate applicable environmental laws and regulations, or that create material response duties or material cleanup liability for Wellmont or any of the Wellmont Subsidiaries.

(c) Wellmont and the Wellmont Subsidiaries have received no written notices regarding any potential claims, costs, or liabilities being asserted or to be asserted against Wellmont or the Wellmont Subsidiaries arising from or related to the off-site transport or disposal of Hazardous Substances from the owned Real Property or the Lease Real Property.

Section 3.15 Insurance. Other than as set forth in the Wellmont Counsel Memorandum, Wellmont and the Wellmont Subsidiaries maintain in force valid, binding, and enforceable insurance policies providing adequate coverage for all risks normally insured against by others in the businesses of Wellmont and the Wellmont Subsidiaries. All premiums due thereon have been paid and will be paid through the Effective Date. Neither Wellmont nor any of the Wellmont Subsidiaries has been refused any insurance by any insurance carrier during the past two years. All insurance policies maintained by Wellmont and by the Wellmont Subsidiaries are described in the Wellmont Counsel Memorandum.

Section 3.16 Employees; Benefit Plans.

(a) Except as set forth in the Wellmont Counsel Memorandum, there are no Plans, as defined below, contributed to, maintained, or sponsored by Wellmont or any of the Wellmont Subsidiaries, to which Wellmont or any Wellmont Subsidiary is obligated to contribute or with respect to which it has any current or future obligation or liability, including all Plans contributed to, maintained, or sponsored in the past six years by any current or former member of the controlled group of companies, within the meaning of Sections 414(b), 414(c), 414(m), and 414(o) of the Code, of which Wellmont or any of the Wellmont Subsidiaries is a member. For the purposes of this Agreement, the term "Plans" shall mean: (i) employee benefit plans as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), whether or not funded and whether or not terminated; (ii) employment agreements (exclusive of physician contracts); and (iii) personnel policies or fringe benefit plans, policies, programs, and arrangements, whether or not subject to ERISA, whether or not funded, whether written or unwritten, and whether or not terminated, including without limitation, stock bonus, deferred compensation, pension, severance, bonus, vacation, sabbatical, travel, incentive, and health, disability, and welfare plans.
(b) Except as set forth in the Wellmont Counsel Memorandum, none of the Plans obligates Wellmont or any of the Wellmont Subsidiaries to pay separation, severance, termination, or similar-type benefits solely as a result of any transaction contemplated by this Agreement or solely as a result of a "change in control," as such term is used in Section 280G of the Code and the regulations promulgated thereunder.

(c) Except as set forth in the Wellmont Counsel Memorandum, each Plan and all related trusts, insurance contracts, and funds have been maintained, funded, and administered in compliance with all applicable laws and regulations, including but not limited to ERISA and the Code. Each Plan that is intended to be a qualified retirement plan and its related trust, if any, are qualified under Code Section 401(a) and Code Section 501(a) and have been determined by the Internal Revenue Service to qualify, and nothing has occurred since the latest determination of their qualified status by the Internal Revenue Service to cause the loss of such qualification. In addition to the foregoing, each Plan that is intended to be a tax-deferred annuity plan within the meaning of Code Section 403(b), has been administered in accordance with the provisions of that Section. Except as set forth the Wellmont Counsel Memorandum, no Plan that is qualified under Code Section 401(a) has ever been merged with or accepted transfers from another Plan under Code Section 414(1).

(d) Wellmont has provided to MSHA the latest actuarial valuation report for each Plan that is a defined benefit pension plan and the most recent information on contributions and the fair market value of the assets for each Plan. All financial and employee census data, and all other information provided by Wellmont to the actuaries for each such Plan in order to prepare the latest actuarial report for each such Plan was true, correct and complete in all material respects. With respect to each Plan that is subject to the funding requirements of Section 412 of the Code and Section 302 of ERISA, all contributions required to have been made for all periods ending prior to or as of the Effective Date (including periods from the first day of the then-current plan year to the Effective Date) have been made, and no accumulated funding deficiency (as defined in Code Section 412(a)) has been incurred, without regard to any waiver granted under Code Section 412. With respect to each other Plan, all required payments, premiums, contributions, reimbursements, or adequate accruals for all periods ending prior to or as of the Effective Date have been made within the time due. Except as set forth in the Wellmont Counsel Memorandum, no Plan which is a qualified retirement plan within the meaning of Section 401(a) of the Code ("Qualified Plan") has any material unfunded liabilities.

(e) There have been no prohibited transactions with respect to any Plan which could result in liability to the Representing Party, any of the Wellmont Subsidiaries, or any of their respective employees that, individually or in the aggregate, could have a Material Adverse Effect. There has been no breach of fiduciary duty (including violations under Part 4 of Title I of ERISA) with respect to any Plan which could result in liability to the Representing Party, any of the Wellmont Subsidiaries, or any of their respective employees that, individually or in the aggregate, could have a Material Adverse Effect. No action, suit, proceeding, hearing, or investigation relating to any Plan
(other than routine claims for benefits) is pending or has been threatened, and neither Wellmont nor any of the Wellmont Subsidiaries, nor any of their respective employees, has knowledge of any fact that would reasonably be expected to form the basis for such action, suit, proceeding, hearing, or investigation. Except as set forth in the Wellmont Counsel Memorandum, no matters are currently pending with respect to any Plan under the Employee Plans Compliance Resolution System maintained by the Internal Revenue Service or any similar program maintained by any other government authority.

(f) Except as disclosed in the Wellmont Counsel Memorandum, neither Wellmont nor any of the Wellmont Subsidiaries has ever sponsored, maintained, contributed to, had any obligation to contribute to, or had any other liability under or with respect to any employee pension benefit plan covered by Title IV of ERISA, Section 302 of ERISA, or Section 412 of the Code. Neither Wellmont nor any of the Wellmont Subsidiaries has ever had any obligation to contribute to, participated in, or been subject to any liability under or with respect to any "multiemployer plan" as defined in Section 3(37) of ERISA or any "multiple employer welfare arrangement" as defined in Section 3(40)(A) of ERISA.

(g) Except as disclosed in the Wellmont Counsel Memorandum, neither Wellmont nor any of the Wellmont Subsidiaries has ever sponsored, maintained, administered, contributed to, had any obligation to contribute to, or had any other liability under or with respect to any policy, practice, agreement, or Plan which provides health, life, or other coverage for former directors, officers, or employees (or any spouse or former spouse or other dependent thereof), other than benefits required by COBRA or comparable state-mandated health plan continuation coverage.

(h) Neither Wellmont nor any of the Wellmont Subsidiaries has ever maintained a "voluntary employees' beneficiary association" within the meaning of Section 501(c)(9) of the Code or any other "welfare benefit fund" as defined in Section 419(e) of the Code.

(i) With respect to each Plan that is subject to COBRA and that benefits any current or former employee of Wellmont or any of the Wellmont Subsidiaries, Wellmont or the Wellmont Subsidiaries has complied in all material respects with the continuation coverage requirements of COBRA to the extent such requirements are applicable.

(j) All reports and information relating to each Plan required to be filed with a government authority have been timely filed and are accurate in all material respects, all reports and information relating to each such Plan required to be disclosed or provided to participants or their beneficiaries have been timely disclosed or provided, and there are no restrictions on the right of Wellmont or any of the Wellmont Subsidiaries to terminate or decrease (prospectively) the level of benefits under any Plan after the Effective Date without liability to any participant or beneficiary thereunder.

(k) Except as reflected in the Wellmont Counsel Memorandum, each Plan sponsored by Wellmont or any of the Wellmont Subsidiaries is terminable at the discretion of such entity with no more than 30 days’ advance notice and without material cost to such entity. Wellmont and any of the Wellmont Subsidiaries may, without
material cost, withdraw their employees, directors, officers, and consultants from any Plan which is not sponsored by such entity. Except as reflected in the Wellmont Counsel Memorandum, no Plan has any provision which could increase or accelerate benefits or any provision which could increase liability to MSHA as a result of the transactions contemplated hereby, alone or together with any other event. Except as reflected in the Wellmont Counsel Memorandum, no Plan imposes withdrawal charges, redemption fees, contingent deferred sales charges, or similar expenses triggered by termination of the plan or cessation of participation or withdrawal of employees thereunder. No officer, trustee, agent, or employee of Wellmont or any of the Wellmont Subsidiaries has made any oral or written representation which is inconsistent with the terms of any Plan which may be binding on such Plan, the Representing Party, or any of the Wellmont Subsidiaries.

(l) Each nonqualified deferred compensation plan within the meaning of Code Section 409A has been administered in compliance in all material respects with the plan terms, to the extent consistent with Code Section 409A and the applicable guidance, as described in IRS Notice 2007-86.

(m) Neither Wellmont nor any of the Wellmont Subsidiaries has any leased employees within the meaning of Code Section 414(n).

Section 3.17 Medicare Participation/Accreditation.

(a) For purposes of this Section:

(i) "Governmental Entity" shall mean any government or any agency, bureau, board, directorate, commission, court, department, official, political subdivision, tribunal, or other instrumentality of any government, whether federal, state, or local, domestic or foreign.

(ii) "Person" shall mean an association, a corporation, a limited liability company, an individual, a partnership, a limited liability partnership, a trust, or any other entity or organization, including a Governmental Entity.

(b) All hospitals and other health care providers owned or operated as continuing operations by Wellmont or any Wellmont Subsidiary (each, a "Wellmont Facility," and together, the "Wellmont Facilities") that make claims for payment under Title XVIII of the Social Security Act ("Medicare") and Title XIX of the Social Security Act ("Medicaid") are eligible to receive payment without restriction under Medicare and Medicaid, and each of them is a "provider" or "supplier" with valid and current provider agreements and with one or more provider numbers with the federal Medicare program and the Medicaid program of Tennessee or Virginia (the "Government Programs") through a contractor, a fiscal intermediary, or a carrier, as applicable. Each of the Wellmont Facilities that makes claim for payment under TRICARE programs is a "provider" with valid and current provider agreements and with one or more provider numbers with TRICARE. Each Wellmont Facility is in compliance with the conditions of participation for the Government Programs and TRICARE in all material respects and
has received all approvals or qualifications necessary for capital reimbursement of the assets of Wellmont or a Wellmont Subsidiary, except where the failure to be in such compliance or to have such approvals or qualifications would not individually or in the aggregate have a Material Adverse Effect on Wellmont or on any of the Wellmont Subsidiaries. There is not pending, nor to the Knowledge of Wellmont, threatened, any proceeding or investigation under the Government Programs or TRICARE involving Wellmont or the Wellmont Facilities. The cost reports of Wellmont and the Wellmont Facilities for the Government Programs for the fiscal years through June 30, 2014 and for subsequent periods that are required to be filed on or before the Effective Date have been or will be properly filed and, to the Knowledge of Wellmont, are or will be complete and correct in all material respects. Wellmont and the Wellmont Subsidiaries are in material compliance with filing requirements with respect to cost reports of the Wellmont Facilities and, to the Knowledge of Wellmont, such reports do not claim, and none of the Wellmont Facilities have received payment or reimbursement in excess of the amount provided by federal or state law or any applicable agreement, except where excess reimbursement was noted on the cost report. Except for claims, actions, and appeals in the ordinary course of business, there are no material claims, actions, or appeals pending before any commission, board, or agency, including any contractor, fiscal intermediary, or carrier, or Governmental Entity, with respect to any Government Program cost reports or claims filed with respect to the Wellmont Facilities, on or before the date of this Agreement, or any disallowances by any commission, board, or agency in connection with any audit of such cost reports.

(c) Except as disclosed in the Wellmont Counsel Memorandum or disclosed to MSHA prior to the date hereof through the Black Box Process, to the Knowledge of Wellmont, all billing practices of Wellmont and the Wellmont Subsidiaries with respect to the Wellmont Facilities to all third party payors, including the Government Programs, TRICARE, and private insurance companies, have been in compliance with all applicable federal and state laws, regulations, and polices of such third party payors and Government Programs in all material respects, and (to the Knowledge of Wellmont) neither Wellmont nor the Wellmont Facilities have billed or received any payment or reimbursement in excess of amounts allowed by state or federal law.

(d) Except as set forth in the Wellmont Counsel Memorandum, each Wellmont Facility eligible for such accreditation is accredited by The Joint Commission, the Commission on Accreditation of Rehabilitation Facilities, or other appropriate accreditation agency.

(e) Neither Wellmont nor any of the Wellmont Subsidiaries nor (to the Knowledge of Wellmont) any member, trustee, officer, or employee of Wellmont or any of the Wellmont Subsidiaries, nor any agent acting on behalf of or for the benefit of any of the foregoing, has directly or indirectly in connection with any of the Wellmont Facilities; (i) offered or paid, solicited or received, any remuneration, in cash or in kind, to or from, or made any financial arrangements with, any past, present, or potential customers, past or present suppliers, patients, physicians, contractors, or third party payors of Wellmont or any of the Wellmont Facilities in order to induce referrals or
otherwise generate business or obtain payments from such Persons to the extent any of
the foregoing is prohibited by federal or state law; (ii) given or agreed to give, or is aware
that there has been made or that there is any agreement to make, any gift or gratuitous
payment of any kind, nature, or description (whether in money, property, or services) to
any customer or potential customer, supplier, or potential supplier, contractor, third party
payor, or any other Person to the extent any of the foregoing is prohibited by federal or
state law; (iii) made or agreed to make, or is aware that there has been made, or that there
is any agreement to make, any contribution, payment, or gift of funds or property to, or
for the private use of, any governmental official, employee, or agent where either the
contribution, payment, or gift or the purpose of such contribution, payment, or gift is or
was illegal under the laws of the United States or under the law of any state or any other
Governmental Entity having jurisdiction over such payment, contribution, or gift; (iv)
established or maintained any unrecorded fund or asset for any purpose or made any
misleading, false, or artificial entries on any of its books or records for any reason; or (v)
made, or agreed to make, or is aware that there has been made, or that there is any
agreement to make, any payment to any Person with the intention or understanding that
any part of such payment would be used for any purpose other than that described in the
documents supporting such payment.

(f) Neither Wellmont nor any of the Wellmont Subsidiaries, nor (to the
Knowledge of Wellmont) any member, trustee, officer, or employee of Wellmont nor any
of the Wellmont Subsidiaries, is a party to any contract, lease agreement, or other
arrangement (including any joint venture or consulting agreement) related to Wellmont or
any of the Wellmont Facilities with any physician, health care facility, hospital, nursing
facility, home health agency, or other Person who is in a position to make or influence
referrals to or otherwise generate business for Wellmont with respect to any of the
Wellmont Facilities, to provide services, lease space, lease equipment, or engage in any
other venture or activity, to the extent that any of the foregoing is prohibited by any
federal or state law.

(g) Wellmont represents and warrants to MSHA that neither it nor any of the
Wellmont Subsidiaries: (i) is currently excluded, debarred, or otherwise ineligible to
participate in the Federal health care programs as defined in 42 U.S.C. § 1320a-7b(f) (the
"Federal health care programs"); (ii) is or has been convicted of a criminal offense related
to the provision of health care items or services but has not yet been excluded, debarred,
or otherwise declared ineligible to participate in the Federal health care programs; or (iii)
is, to the Knowledge of Wellmont, under investigation with respect to matters which may
result in such party being excluded from participation in the Federal health care
programs.

Section 3.18  Minute and Stock Transfer Books. The minute books of Wellmont and the
Wellmont Subsidiaries are true, correct, complete, and current in all material respects, and
contain accurate and complete records of all material actions taken by their respective Boards of
Directors, Members or Managers and, in the case of for-profit Wellmont Subsidiaries, their
respective shareholders. All signatures contained in such minute books are the true signatures of
the persons whose signatures they purport to be. The stock (or other equity) transfer books of
each for-profit Wellmont Subsidiary are true, correct, complete, and current in all respects.

Section 3.19 Records. All records, technical data, asset ledgers, books of account,
inventory records, budgets, supplier records, payroll and personnel records, computer programs,
correspondence, and other files of Wellmont and the Wellmont Subsidiaries are true, accurate,
and complete in all material respects and those items that are subject to generally accepted
accounting principles have been maintained in all material respects in accordance therewith.

Section 3.20 No Other Representations or Warranties. None of Wellmont nor any
affiliate thereof, nor any of their agents (financial, legal or otherwise), makes or has made any
representations or warranties, express or implied, of any nature whatsoever relating to Wellmont
or the Wellmont Subsidiaries or the business of Wellmont and the Wellmont Subsidiaries or
otherwise in connection with the transactions contemplated by this Agreement, other than those
representations and warranties of Wellmont expressly set forth in this ARTICLE III. Wellmont
hereby expressly disclaims, and MSHA acknowledges that it is not relying on, any other express
or implied representations or warranties with respect to any matter whatsoever, including any
express or implied representation or warranty as to the completeness of the information
contained in this Agreement. Without limiting the generality of the foregoing, MSHA
acknowledges that none of Wellmont nor any affiliate or agents thereof has made, and shall not
be deemed to have made, any representations or warranties, express or implied, in, or concerning
the accuracy or completeness of, the materials relating to the business of Wellmont and the
Wellmont Subsidiaries made available to MSHA and its affiliates and agents, including due
diligence materials, or in any presentation about the business of Wellmont and the Wellmont
Subsidiaries by Wellmont, management of Wellmont or others in connection with the
transactions contemplated by this Agreement, and no statement contained in any of such
materials or made in any such presentation shall be a representation or warranty hereunder or
otherwise or be relied upon by MSHA in executing, delivering and performing this Agreement.
MSHA acknowledges that any cost estimates, projections or other predictions, any data, any
future financial information or any memoranda or offering materials or presentations, including
but not limited to, any confidential information memorandum or similar materials made available
by Wellmont, its affiliates or agents are not and shall not be deemed to be or to include
representations or warranties of Wellmont, and are not and shall not be relied upon by MSHA or
its affiliates in executing, delivering and performing this Agreement. Furthermore, Wellmont
and MSHA each hereby acknowledge that this Agreement embodies the justifiable expectations
of sophisticated parties derived from arm’s-length negotiations; all parties to this Agreement
specifically acknowledge that no party has any special relationship with another party that would
justify any expectation beyond that of an ordinary buyer and an ordinary seller in an arm’s-
length transaction.
Article IV  Representations and Warranties of MSHA.

Subject to the limitations and qualifications set forth in this Agreement, MSHA represents and warrants to Wellmont the matters set forth below. Statements by MSHA with respect to the MSHA Subsidiaries (as defined in Section 4.03) refer to all of its subsidiaries.

Section 4.01  Effect of Agreement. Assuming the due execution and delivery of this Agreement by Wellmont, this Agreement is a legal, valid, and binding obligation of MSHA and is enforceable against it in accordance with its terms, except as enforceability may be restricted, limited or delayed by applicable bankruptcy or other laws affecting creditors' rights generally and except as enforceability may be subject to general principles of equity. Except as set forth in a confidential communication delivered by MSHA legal counsel to Wellmont legal counsel prior to the date of this Agreement (the "MSHA Counsel Memorandum"), the execution, delivery and performance of this Agreement by MSHA are within its corporate powers. Except as set forth in the MSHA Counsel Memorandum, or otherwise expressly provided in this Agreement, the execution, delivery, and performance of this Agreement by MSHA and the consummation of the transactions contemplated hereby by MSHA will not: (i) require the consent, approval, or authorization of any person, corporation, partnership, joint venture, or other business association or public authority; (ii) violate any provisions of law applicable to MSHA or to any of the MSHA Subsidiaries now or immediately prior to the Effective Date; (iii) with or without the giving of notice or the passage of time, or both, conflict with or result in a breach or termination of any provision of, or constitute a material default under, or result in the creation of any lien, charge, or encumbrance upon any of the properties or assets of MSHA or any of the MSHA Subsidiaries pursuant to, any corporate charter, bylaw, indenture, note, bond, pledge, mortgage, deed of trust, lease, license, contract, agreement, commitment, or other instrument or obligation, or any order, judgment, award, decree, statute, ordinance, or regulation, to which MSHA or any of the MSHA Subsidiaries is a party or by which MSHA or any of the MSHA Subsidiaries or any of their respective material assets or properties may be bound; or (iv) result in the acceleration of any indebtedness of MSHA or any of the MSHA Subsidiaries or increase the rate of interest payable by MSHA or by any of the MSHA Subsidiaries with respect to any indebtedness.

Section 4.02  Organization; Power; Good Standing. MSHA is a nonprofit corporation duly organized and validly existing under the laws of the State of Tennessee and has all requisite corporate power and authority to own, lease, and operate its properties, to carry on its business as now being conducted, and to enter into this Agreement and perform its obligations hereunder. True and correct copies of the Articles of Incorporation and Bylaws or Articles of Organization and Operating Agreements, as applicable, of each of MSHA and the MSHA Subsidiaries have been provided to Wellmont. Neither the character of the properties owned or leased by MSHA nor the nature of the business conducted by MSHA requires the licensing or qualification of MSHA as a corporation in any jurisdiction other than the State of Tennessee and the Commonwealth of Virginia.

Section 4.03  MSHA Subsidiaries. Other than as disclosed in Schedule 4.03 of the MSHA Counsel Memorandum, MSHA does not directly or indirectly own any interest in any other corporation, partnership, joint venture, or other business association or entity, foreign or domestic. Such corporations, partnerships, joint ventures, or other business entities set forth in
the MSHA Counsel Memorandum of which it owns, directly or indirectly, more than fifty percent (50%) of the outstanding membership interests, shares of capital stock, or other equity interests (including partnership interests) are referred to herein each as a "MSHA Subsidiary" or collectively as "MSHA Subsidiaries." Set forth in the MSHA Counsel Memorandum is an indication of the interest owned by MSHA in each corporation, partnership, joint venture, or other business association or entity in which MSHA owns any of the outstanding membership interests, shares of capital stock, or other equity interests (including partnership interests). With respect to the MSHA Subsidiaries, MSHA on behalf of itself and the MSHA Subsidiaries, represents and warrants the following:

(a) Each MSHA Subsidiary that is a corporation is a corporation duly organized, validly existing, and in good standing under the laws of the jurisdiction of its incorporation. Each MSHA Subsidiary that is a limited liability company is duly formed and validly existing under the laws of its jurisdiction of formation.

(b) Each MSHA Subsidiary has the corporate power, or power under the Tennessee Limited Liability Company Act or the Virginia Limited Liability Company Act, as the case may be, and its internal governing documents, as applicable, and authority to own, lease, and operate its properties and to carry on its business as presently conducted or presently proposed to be conducted.

(c) Each MSHA Subsidiary is duly qualified to do business as a foreign corporation or limited liability company, as the case may be, and is in good standing, in each jurisdiction where the character of its properties owned or held under lease or the nature of its activities makes such qualification necessary.

(d) All of the outstanding shares of capital stock or other equity interests of the MSHA Subsidiaries that are for-profit entities and all membership interests in non-profit entities are, in each case, validly issued, fully paid, and non-assessable.

(e) All of the outstanding shares of capital stock of, or other ownership or membership interests in, each of the MSHA Subsidiaries owned by MSHA or by any of its MSHA Subsidiaries are so owned free and clear of any liens, claims, charges, or encumbrances. There are no outstanding options, warrants, subscriptions, calls, rights, convertible securities, or other agreements or commitments obligating MSHA or any of the MSHA Subsidiaries to issue, transfer, or sell any securities of any MSHA Subsidiary.

(f) There are no voting trusts, standstill, shareholder, partnership, operating, or other agreements or understandings to which MSHA or an MSHA Subsidiary is a party or is bound with respect to the voting of the capital stock or other ownership interest in any MSHA Subsidiary.

Section 4.04 Financial Statements. MSHA has delivered to Wellmont, or will deliver to Wellmont within five (5) days of becoming available, copies of (i) its audited consolidated financial statements for the years ended June 30, 2013 and June 30, 2014 and for each year thereafter through the Effective Date, as presented by the auditors regularly retained by MSHA, together with any management letters issued by the auditors in connection with the foregoing and
a written copy of all material presented to the Audit Committee of the MSHA Board, and (ii) its 
unaudited interim consolidated financial reports for the year ended June 30, 2015, and the two 
months ended August 31, 2015 and each month thereafter through the Effective Date. Such 
financial statements, together with the notes thereto, and such interim unaudited consolidated 
financial reports (collectively, the "Financial Statements"), are in accordance with the books and 
records of MSHA; and except as otherwise set forth in the MSHA Counsel Memorandum, fairly 
present in all material respects the financial position of MSHA and the results of operations and 
cash flows for the years then ended or other periods indicated in conformity with GAAP applied 
on a consistent basis throughout such periods, except to the extent that the interim unaudited 
consolidated financial reports contain no notes and are subject to year-end audit adjustments that 
are not, individually or in the aggregate, material and, except as noted in such statements, 
consistent with prior periods. The most recent balance sheet of MSHA included in its Financial 
Statements is referred to herein as its "Balance Sheet." The "Balance Sheet Date" shall mean 
June 30, 2015.

Section 4.05 Absence of Undisclosed Liabilities. Other than with respect to matters 
addressed in Section 4.17, representations concerning which are contained only in Section 4.17, 
except as expressly disclosed or reserved against on the Balance Sheet or as specifically set forth 
in the MSHA Counsel Memorandum, neither MSHA nor any of the MSHA Subsidiaries had, as 
of the Balance Sheet Date, any debts, liabilities, or obligations of any nature, whether accrued, 
absolute, contingent, or otherwise, and whether due or to become due, including, but not limited 
to, guarantees, liabilities, or obligations on account of Taxes (as defined in Section 4.08 below), 
other governmental charges, duties, penalties, interest, fines, or obligations to refund, required in 
accordance with GAAP to be disclosed on the Balance Sheet.

Section 4.06 Absence of Certain Changes. Except as set forth in the MSHA Counsel 
Memorandum, as disclosed to Wellmont prior to the date hereof through the Black Box Process, 
or as permitted by this Agreement, since the Balance Sheet Date, MSHA has suffered no 
Material Adverse Effect (as defined in Section 3.06).

Section 4.07 Contracts. The MSHA Counsel Memorandum contains a list of all 
contracts, agreements, commitments, and arrangements to which MSHA or any of the MSHA 
Subsidiaries are a party or by which any of their assets are bound or affected that: (i) involve the 
expense by MSHA or any of the MSHA Subsidiaries thereto of more than $250,000 on an 
annual basis; (ii) to the Knowledge of MSHA, are with, or relate to, any physician; or (iii) to the 
Knowledge of MSHA, are with, or relate to, any Disqualified Person within the meaning of 
Section 4958(f) of the Code (each a “MSHA Material Contract”). "Knowledge of MSHA" when 
used in this Agreement means the actual knowledge of the Chief Executive Officer, Chief 
Operating Officer, Chief Financial Officer, or the General Counsel of MSHA. For avoidance of 
doubt, the term Disqualified Person shall include persons (including any physicians or their 
family members) who are or were, at any time during the five-year period ending on the 
Effective Date: (a) voting members of the subject organization’s governing body; (b) presidents, 
chief executive officers, chief operating officers, and other persons with ultimate responsibility 
for implementing the decisions of the governing body or for supervising the management, 
administration, or operation of the organization, regardless of title; (c) treasurers and chief 
financial officers and other persons with ultimate responsibility for managing the finances of the
organization, regardless of title; (d) in a position to exercise substantial influence over the subject organization’s affairs, including (i) persons who have or share authority to control or determine a substantial portion of the organization’s capital expenditures, operating budget, or compensation for employees, (ii) persons who manage a discrete segment or activity of the organization that represents a substantial portion of the activities, assets, income, or expenses of the organization, as compared to the organization as a whole, (iii) persons who are substantial contributors to the organization (within the meaning of Code Section 507(d)(2)(A)), taking into account only contributions received by the organization during its current taxable year and the four preceding taxable years; and (iv) persons whose compensation is primarily based on revenues derived from activities of the organization, or of a particular department or function of the organization, that the person controls; (e) family members of persons meeting a definition in (a)-(d) above (for this purpose, "family members" are limited to the following: spouse, brothers or sisters (by whole or half-blood), spouses of brothers or sisters (by whole or half-blood), ancestors, children, grandchildren, great grandchildren, and spouses of children, grandchildren, and great grandchildren); and (f)(i) a corporation in which persons described in (a)-(e) own more than 35 percent of the combined voting power; (ii) a partnership in which persons described in (a)-(e) own more than 35 percent of the profits interests; or (iii) a trust or estate in which persons described in (a)-(e) own more than 35 percent of the beneficial interests. Other than as set forth in the MSHA Counsel Memorandum, neither MSHA nor any of the MSHA Subsidiaries has entered into any MSHA Material Contract. All MSHA Material Contracts are valid and enforceable in accordance with their terms, except as such enforceability may be limited by bankruptcy, insolvency, receivership, and other laws affecting creditors’ rights generally and general principles of equity. MSHA and the MSHA Subsidiaries and, to the Knowledge of MSHA, all other parties to each of the foregoing arrangements, have performed in all material respects their respective obligations to date required to be performed under each MSHA Material Contract. Except as disclosed in the MSHA Counsel Memorandum, neither MSHA nor any of the MSHA Subsidiaries is in default or in arrears in any material respect under the terms of any of the foregoing arrangements, and no condition exists or event has occurred that, with the giving of notice or the lapse of time or both, would constitute a material default under any of them. Except as noted to the contrary in the MSHA Counsel Memorandum, none of the rights of MSHA or any of the MSHA Subsidiaries under any of such agreements is subject to termination or modification as the result of the transactions contemplated by this Agreement. Correct and complete copies of all written contracts referenced in the MSHA Counsel Memorandum and true and complete summaries of any oral contracts or other arrangements therein referenced have been made available to Wellmont.

Section 4.08 Tax Matters. For purposes of this Section:

(a) "Tax" or "Taxes" means any federal, state, or local income (including unrelated business income), gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, environmental (including taxes under Code Section 59A), capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.
(b) "Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

(c) MSHA and the MSHA Subsidiaries will have timely filed all federal income tax returns and all other material Tax Returns that they are required to file before the Effective Date. All such Tax Returns are correct and complete in all material respects. All material Taxes due and owing by MSHA and the MSHA Subsidiaries have been paid or reserved against in such party’s Financial Statements. Neither MSHA nor the MSHA Subsidiaries currently are the beneficiary of any extension of time within which to file any Tax Return except as set forth the MSHA Counsel Memorandum. No written claim has been made within the last 3 years by an authority in a jurisdiction where MSHA or the MSHA Subsidiaries do not file Tax Returns that they are or may be subject to taxation by that jurisdiction.

(d) MSHA and the MSHA Subsidiaries have withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other third party.

(e) There is no material dispute or claim concerning any Tax liability of MSHA or any entity listed in the MSHA Counsel Memorandum either: (i) claimed or raised by any governmental authority in writing and brought to the attention of any of the directors, officers, or employees responsible for Tax matters of MSHA and the MSHA Subsidiaries; or (ii) as to which any of the directors, officers, or employees responsible for Tax matters of MSHA and the MSHA Subsidiaries has knowledge based upon personal contact with any agent of such governmental authority. Except as disclosed in the MSHA Counsel Memorandum, neither MSHA nor any of the MSHA Subsidiaries is the subject of an audit or examination by any governmental authority with respect to its potential liability for Taxes.

(f) Neither MSHA nor the MSHA Subsidiaries has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(g) Other than as set forth in the MSHA Counsel Memorandum, MSHA and each of the MSHA Subsidiaries is not a party to and have no continuing obligations under any Tax allocation or sharing agreement. MSHA and each of the MSHA Subsidiaries: (i) have not been members of an affiliated group (within the meaning of Code § 1504(a)) filing a consolidated federal income Tax Return, and (ii) have no liability for the Taxes of any entity or unincorporated organization (other than MSHA and the MSHA Subsidiaries) under Treasury Regulation § 1.1502-6 (or any similar provision of state, local, or foreign law), as a transferee or successor, by contract or otherwise.

(h) The unpaid Taxes of MSHA and the MSHA Subsidiaries: (i) did not, as of the Balance Sheet Date, exceed by any material amount the reserve for Tax liability (excluding any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Balance Sheet as of the
Balance Sheet Date (rather than in any notes thereto), and (ii) will not exceed by any material amount that reserve as adjusted for the passage of time through the Effective Date in accordance with the past custom and practice of MSHA and the MSHA Subsidiaries in filing its Tax Returns.

(i) MSHA and the MSHA Subsidiaries that claim to be tax-exempt under Code Section 501(c)(3) (for purposes of this Section 4.08.(i) only, the "Tax-Exempt MSHA Subsidiaries") have, by reason of letters from the Internal Revenue Service, been determined by the Internal Revenue Service to be exempt from federal income taxation under Code Section 501(c)(3) and not to be private foundations under Code Section 509(a). MSHA has no Knowledge of any facts or circumstances which would cause the Internal Revenue Service to revoke such determinations or to conclude that MSHA or the Tax Exempt MSHA Subsidiaries are "private foundations" as defined in Code Section 509(a). MSHA has no Knowledge of any facts or circumstances indicating that any part of the net earnings of MSHA or the Tax Exempt MSHA Subsidiaries inures to the benefit of any private member or individual, within the meaning of Code Section 501(c)(3). Neither MSHA nor the Tax-Exempt MSHA Subsidiaries has taken or permitted any action that would subject MSHA or any Tax-Exempt MSHA Subsidiary to penalty excise taxes (also known as "Intermediate Sanctions") under the Taxpayer Bill of Rights 2 (Pub. L. No. 104-168, 110 Stat. 1452).

Section 4.09 Title to Properties. Except as set forth in the MSHA Counsel Memorandum, MSHA and the MSHA Subsidiaries have good and marketable title to, or a valid leasehold interest in, all their real and personal property and other assets, tangible and intangible, subject to no security interest, pledge, lien, encumbrance, claim, charge, or other restrictions other than; (a) those incurred in the ordinary course of MSHA’s business, including those related to debt obligations of MSHA reflected in the Financial Statements, and (b) "Permitted Liens." For the purposes of this Agreement, "Permitted Liens" shall mean; (i) easements that do not materially adversely affect the full use and enjoyment of the Owned Real Property (as defined in Section 4.13 below) or Leased Real Property (as defined in Section 4.13 below) for the purposes for which it is currently used or materially detract from its value; (ii) imperfections of title and encumbrances, if any, individually or in the aggregate, which are not material, do not materially detract from the marketability or value of the properties subject thereto, and do not materially impair the operations of the owner thereto; (iii) liens for taxes not yet due and payable; and (iv) liens incurred in the ordinary course of business in connection with governmental insurance or benefits or to secure performance of leases and contracts (other than for borrowed money) which liens do not, individually or in the aggregate, materially and adversely affect the full use and enjoyment of the properties to which they are attached.

Section 4.10 Litigation. The MSHA Counsel Memorandum contains a true and correct listing of all material litigation, administrative, arbitration, and other proceedings in which MSHA or any of the MSHA Subsidiaries is currently involved, and all court decrees or administrative orders to which MSHA or any of the MSHA Subsidiaries is subject. Other than as shown in the MSHA Counsel Memorandum or as disclosed to Wellmont prior to the date hereof through the Black Box Process, there is no claim, action, suit, proceeding (legal, administrative, or otherwise), investigation, or inquiry (by an administrative agency,
Section 4.11 Compliance with Law. Other than with respect to matters addressed in Section 4.17, representations concerning which are contained only in Section 4.17, and except as set forth in the MSHA Counsel Memorandum or disclosed to Wellmont prior to the date hereof through the Black Box Process, MSHA and the MSHA Subsidiaries are in compliance in all material respects with all applicable laws, rules, regulations, and licensing requirements of all federal, state, local, and foreign authorities.

Section 4.12 Permits and Licenses. MSHA and the MSHA Subsidiaries maintain in full force and effect all permits, licenses, orders, and approvals necessary for them to carry on their respective businesses as presently conducted other than such permits, licenses, orders, and approvals the absence of which, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect. All fees and charges incident to such permits, licenses, orders, and approvals have been fully paid and are current, and no suspension or cancellation of any such permit, license, order, or approval has been threatened or could result by reason of the transactions contemplated by this Agreement. Neither MSHA nor any of the MSHA Subsidiaries have received any notice from any Governmental Entity that any MSHA Facilities are not in substantial compliance with all of the terms, conditions, and provisions of such permits, consents, approvals, or licenses. MSHA heretofore has made available to Wellmont correct and complete copies of all such permits, consents, orders, approvals, and licenses. A list of all permits, licenses, orders, and approvals held by MSHA and the MSHA Subsidiaries is set forth in the MSHA Counsel Memorandum.

Section 4.13 Real Property.

(a) Owned. With respect to all real property reflected on the respective balance sheets of MSHA and the MSHA Subsidiaries (collectively, the "Owned Real Property"), except as set forth in the MSHA Counsel Memorandum, (i) neither MSHA nor any MSHA Subsidiary has agreed, orally or in writing, or is otherwise obligated, to sell, lease, encumber, or otherwise dispose of any of the Owned Real Property; and (ii) other than tenant leases in the ordinary course of operations, no person or entity has any leasehold interest in, and no person or entity (other than MSHA or a MSHA Subsidiary) has any right to use, operate, or occupy any of the Owned Real Property.

(b) Leased. With respect to all real property leased by MSHA or the MSHA Subsidiaries and which (i) involve the expenditure by MSHA or any of the MSHA Subsidiaries therefor of more than $250,000 on an annual basis or (ii) to the Knowledge of MSHA, are with, or relate to, any physician (collectively, the "Leased Real Property") and all leases relating thereto (collectively, the "Real Property Leases"), MSHA represents and warrants that except as set forth in the MSHA Counsel Memorandum, (i) each Real Property Lease is valid, binding, and enforceable in accordance with its terms
and is in full force and effect, and there are no offsets or defenses by either landlord or
tenant thereunder; (ii) there are no existing breaches of or defaults under, and no events
or circumstances have occurred which, with or without notice or lapse of time, or both,
would constitute a breach of or a default under, any of the Real Property Leases; and (iii)
consummation of the Affiliation will not constitute or result in a breach or default under
any Real Property Lease. A list of all Real Property Leases of MSHA and the MSHA
Subsidiaries is set forth in the MSHA Counsel Memorandum.

(c) **Improvements.** The Owned Real Property and the Leased Real Property are
zoned for the various purposes for which the buildings and other improvements located
thereon (the "Improvements") are presently being used, except in the case of permitted
nonconforming uses. All of the Improvements and all uses thereof are in material
compliance with all applicable zoning and land use laws, ordinances, and regulations. No
part of any of the Improvements encroach on any real property not included in the Owned
Real Property or the Leased Real Property in such a way that the remediation of the
encroachment would prevent MSHA’s continued use of the Improvements to such an
extent as to materially affect such Party’s operations.

Section 4.14 **Environmental Protection.** Except as set forth in the MSHA Counsel
Memorandum, and to the Knowledge of MSHA:

(a) MSHA and the MSHA Subsidiaries are in compliance in all material
respects with federal, state, and local environmental laws and regulations that are
applicable to MSHA and the MSHA Subsidiaries and to their respective business
operations.

(b) No substances that are defined and regulated by applicable environmental
laws and regulations as toxic substances, hazardous wastes, hazardous materials, or
hazardous substances (including, without limitation, asbestos, and petroleum and its
constituents) (collectively, "Hazardous Substances") have been stored, disposed of, or
released in or on the Owned Real Property, the Leased Real Property, the Improvements,
or other assets of MSHA or the MSHA Subsidiaries in any manner, locations, or amounts
that are outside of the ordinary course of business for MSHA and the MSHA
Subsidiaries, or that violate applicable environmental laws and regulations, or that create
material response duties or material cleanup liability for MSHA or any of the MSHA
Subsidiaries.

(c) MSHA and the MSHA Subsidiaries have received no written notices
regarding any potential claims, costs, or liabilities being asserted or to be asserted against
MSHA or the MSHA Subsidiaries arising from or related to the off-site transport or
disposal of Hazardous Substances from the owned Real Property or the Lease Real
Property.

Section 4.15 **Insurance.** Other than as set forth in the MSHA Counsel Memorandum,
MSHA and the MSHA Subsidiaries maintain in force valid, binding, and enforceable insurance
policies providing adequate coverage for all risks normally insured against by others in the
businesses of MSHA and the MSHA Subsidiaries. All premiums due thereon have been paid
and will be paid through the Effective Date. Neither MSHA nor any of the MSHA Subsidiaries has been refused any insurance by any insurance carrier during the past two years. All insurance policies maintained by MSHA and by the MSHA Subsidiaries are described in the MSHA Counsel Memorandum.

Section 4.16  Employees; Benefit Plans.

(a) Except as set forth in the MSHA Counsel Memorandum, there are no Plans, as defined below, contributed to, maintained, or sponsored by MSHA or any of the MSHA Subsidiaries, to which MSHA or any MSHA Subsidiary is obligated to contribute or with respect to which it has any current or future obligation or liability, including all Plans contributed to, maintained, or sponsored in the past six years by any current or former member of the controlled group of companies, within the meaning of Sections 414(b), 414(c), 414(m), and 414(o) of the Code, of which MSHA or any of the MSHA Subsidiaries is a member. For the purposes of this Agreement, the term "Plans" shall mean: (i) employee benefit plans as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), whether or not funded and whether or not terminated; (ii) employment agreements (exclusive of physician contracts); and (iii) personnel policies or fringe benefit plans, policies, programs, and arrangements, whether or not subject to ERISA, whether or not funded, whether written or unwritten, and whether or not terminated, including without limitation, stock bonus, deferred compensation, pension, severance, bonus, vacation, sabbatical, travel, incentive, and health, disability, and welfare plans.

(b) Except as set forth in the MSHA Counsel Memorandum, none of the Plans obligates MSHA or any of the MSHA Subsidiaries to pay separation, severance, termination, or similar-type benefits solely as a result of any transaction contemplated by this Agreement or solely as a result of a "change in control," as such term is used in Section 380G of the Code and the regulations promulgated thereunder.

(c) Except as set forth in the MSHA Counsel Memorandum, each Plan and all related trusts, insurance contracts, and funds have been maintained, funded, and administered in compliance with all applicable laws and regulations, including but not limited to ERISA and the Code. Each Plan that is intended to be a qualified retirement plan and its related trust, if any, are qualified under Code Section 401(a) and Code Section 501(a) and have been determined by the Internal Revenue Service to qualify, and nothing has occurred since the latest determination of their qualified status by the Internal Revenue Service to cause the loss of such qualification. In addition to the foregoing, each Plan that is intended to be a tax-deferred annuity plan within the meaning of Code Section 403(b), has been administered in accordance with the provisions of that Section. Except as set forth in the MSHA Counsel Memorandum, no Plan that is qualified under Code Section 401(a) has ever been merged with or accepted transfers from another Plan under Code Section 414(1).

(d) MSHA has provided to Wellmont the latest actuarial valuation report for each Plan that is a defined benefit pension plan and the most recent information on contributions and the fair market value of the assets for each Plan. All financial and
employee census data, and all other information provided by MSHA to the actuaries for each such Plan in order to prepare the latest actuarial report for each such Plan was true, correct and complete in all material respects. With respect to each Plan that is subject to the funding requirements of Section 412 of the Code and Section 302 of ERISA, all contributions required to have been made for all periods ending prior to or as of the Effective Date (including periods from the first day of the then-current plan year to the Effective Date) have been made, and no accumulated funding deficiency (as defined in Code Section 412(a)) has been incurred, without regard to any waiver granted under Code Section 412. With respect to each other Plan, all required payments, premiums, contributions, reimbursements, or adequate accruals for all periods ending prior to or as of the Effective Date have been made within the time due. Except as set forth in the MSHA Counsel Memorandum, no Plan which is a qualified retirement plan within the meaning of Section 401(a) of the Code ("Qualified Plan") has any material unfunded liabilities.

(e) There have been no prohibited transactions with respect to any Plan which could result in liability to the Representing Party, any of the MSHA Subsidiaries, or any of their respective employees that, individually or in the aggregate, could have a Material Adverse Effect. There has been no breach of fiduciary duty (including violations under Part 4 of Title I of ERISA) with respect to any Plan which could result in liability to the Representing Party, any of the MSHA Subsidiaries, or any of their respective employees that, individually or in the aggregate, could have a Material Adverse Effect. No action, suit, proceeding, hearing, or investigation relating to any Plan (other than routine claims for benefits) is pending or has been threatened, and neither MSHA nor any of the MSHA Subsidiaries, nor any of their respective employees, has knowledge of any fact that would reasonably be expected to form the basis for such action, suit, proceeding, hearing, or investigation. Except as set forth in the MSHA Counsel Memorandum, no matters are currently pending with respect to any Plan under the Employee Plans Compliance Resolution System maintained by the Internal Revenue Service or any similar program maintained by any other government authority.

(f) Except as disclosed in the MSHA Counsel Memorandum, neither MSHA nor any of the MSHA Subsidiaries has ever sponsored, maintained, contributed to, had any obligation to contribute to, or had any other liability under or with respect to any employee pension benefit plan covered by Title IV of ERISA, Section 302 of ERISA, or Section 412 of the Code. Neither MSHA nor any of the MSHA Subsidiaries has ever had any obligation to contribute to, participated in, or been subject to any liability under or with respect to any "multiemployer plan" as defined in Section 3(37) of ERISA or any "multiple employer welfare arrangement" as defined in Section 3(40)(A) of ERISA.

(g) Except as disclosed in the MSHA Counsel Memorandum, neither MSHA nor any of the MSHA Subsidiaries has ever sponsored, maintained, administered, contributed to, had any obligation to contribute to, or had any other liability under or with respect to any policy, agreement, practice, or Plan which provides health, life, or other coverage for former directors, officers, or employees (or any spouse or former spouse or
other dependent thereof), other than benefits required by COBRA or comparable state-mandated health plan continuation coverage.

(h) Neither MSHA nor any of the MSHA Subsidiaries has ever maintained a "voluntary employees' beneficiary association" within the meaning of Section 501(c)(9) of the Code or any other "welfare benefit fund" as defined in Section 419(e) of the Code.

(i) With respect to each Plan that is subject to COBRA and that benefits any current or former employee of MSHA or any of the MSHA Subsidiaries, MSHA or the MSHA Subsidiaries has complied in all material respects with the continuation coverage requirements of COBRA to the extent such requirements are applicable.

(j) All reports and information relating to each Plan required to be filed with a government authority have been timely filed and are accurate in all material respects, all reports and information relating to each such Plan required to be disclosed or provided to participants or their beneficiaries have been timely disclosed or provided, and there are no restrictions on the right of MSHA or any of the MSHA Subsidiaries to terminate or decrease (prospectively) the level of benefits under any Plan after the Effective Date without liability to any participant or beneficiary thereunder.

(k) Except as reflected in the MSHA Counsel Memorandum, each Plan sponsored by MSHA or any of the MSHA Subsidiaries is terminable at the discretion of such entity with no more than 30 days’ advance notice and without material cost to such entity. MSHA and any of the MSHA Subsidiaries may, without material cost, withdraw their employees, directors, officers, and consultants from any Plan which is not sponsored by such entity. Except as reflected in the MSHA Counsel Memorandum, no Plan has any provision which could increase or accelerate benefits or any provision which could increase liability to Wellmont as a result of the transactions contemplated hereby, alone or together on with any other event. Except as reflected in the MSHA Counsel Memorandum, no Plan imposes withdrawal charges, redemption fees, contingent deferred sales charges, or similar expenses triggered by termination of the plan or cessation of participation or withdrawal of employees thereunder. No officer, trustee, agent, or employee of MSHA or any of the MSHA Subsidiaries has made any oral or written representation which is inconsistent with the terms of any Plan which may be binding on such Plan, the Representing Party, or any of the MSHA Subsidiaries.

(l) Each nonqualified deferred compensation plan within the meaning of Code Section 409A has been administered in compliance in all material respects with the plan terms, to the extent consistent with Code Section 409A and the applicable guidance, as described in IRS Notice 2007-86.

(m) Neither MSHA nor any of the MSHA Subsidiaries has any leased employees within the meaning of Code Section 414(n).

Section 4.17 Medicare Participation/Accreditation.

(a) For purposes of this Section:
(i) "Governmental Entity" shall mean any government or any agency, bureau, board, directorate, commission, court, department, official, political subdivision, tribunal, or other instrumentality of any government, whether federal, state, or local, domestic or foreign.

(ii) "Person" shall mean an association, a corporation, a limited liability company, an individual, a partnership, a limited liability partnership, a trust, or any other entity or organization, including a Governmental Entity.

(b) All hospitals and other health care providers owned or operated as continuing operations by MSHA or any MSHA Subsidiary (each, a "MSHA Facility," and together, the "MSHA Facilities") that make claims for payment under Title XVIII of the Social Security Act ("Medicare") and Title XIX of the Social Security Act ("Medicaid") are eligible to receive payment without restriction under Medicare and Medicaid, and is a "provider" or "supplier" with valid and current provider agreements and with one or more provider numbers with the federal Medicare program and the Medicaid program of Tennessee or Virginia (the "Government Programs") through a contractor, a fiscal intermediary, or a carrier, as applicable. Each of the MSHA Facilities that make claims for payment under TRICARE programs is a "provider" with valid and current provider agreements and with one or more provider numbers with TRICARE. Each MSHA Facility is in compliance with the conditions of participation for the Government Programs and TRICARE in all material respects and has received all approvals or qualifications necessary for capital reimbursement of the assets of MSHA or a MSHA Subsidiary, except where the failure to be in such compliance or to have such approvals or qualifications would not individually or in the aggregate have a Material Adverse Effect on MSHA or on any of the MSHA Subsidiaries. There is not pending, nor to the Knowledge of MSHA, threatened, any proceeding or investigation under the Government Programs or TRICARE involving MSHA or the MSHA Facilities. The cost reports of MSHA and the MSHA Facilities for the Government Programs for the fiscal years through June 30, 2014 and for each subsequent period required to be filed on or before the Effective Date have been or will be properly filed and, to the Knowledge of MSHA, are or will be complete and correct in all material respects. MSHA and the MSHA Subsidiaries are in material compliance with filing requirements with respect to cost reports of the MSHA Facilities and, to the Knowledge of MSHA, such reports do not claim, and none of the MSHA Facilities have received payment or reimbursement in excess of the amount provided by federal or state law or any applicable agreement, except where excess reimbursement was noted on the cost report. Except for claims, actions, and appeals in the ordinary course of business, there are no material claims, actions, or appeals pending before any commission, board, or agency, including any contractor, fiscal intermediary, or carrier, or Governmental Entity, with respect to any Government Program cost reports or claims filed with respect to the MSHA Facilities, on or before the date of this Agreement, or any disallowances by any commission, board, or agency in connection with any audit of such cost reports.

(c) Except as set forth in the MSHA Counsel Memorandum or disclosed to Wellmont prior to the date hereof through the Black Box Process, to the Knowledge of
MSHA, all billing practices of MSHA and the MSHA Subsidiaries with respect to the MSHA Facilities to all third party payors, including the Government Programs, TRICARE, and private insurance companies, have been in compliance with all applicable federal and state laws, regulations, and polices of such third party payors and Government Programs in all material respects, and (to the Knowledge of MSHA) neither MSHA nor the MSHA Facilities have billed or received any payment or reimbursement in excess of amounts allowed by state or federal law.

(d) Except as set forth in the MSHA Counsel Memorandum, each MSHA Facility eligible for such accreditation is accredited by The Joint Commission, the Commission on Accreditation of Rehabilitation Facilities, or other appropriate accreditation agency.

(e) Neither MSHA nor any of the MSHA Subsidiaries nor (to the Knowledge of MSHA) any member, trustee, officer, or employee of MSHA or any of the MSHA Subsidiaries, nor any agent acting on behalf of or for the benefit of any of the foregoing, has directly or indirectly in connection with any of the MSHA Facilities; (i) offered or paid, solicited or received, any remuneration, in cash or in kind, to or from, or made any financial arrangements with, any past, present, or potential customers, past or present suppliers, patients, physicians, contractors, or third party payors of MSHA or any of the MSHA Facilities in order to induce referrals or otherwise generate business or obtain payments from such Persons to the extent any of the foregoing is prohibited by federal or state law; (ii) given or agreed to give, or is aware that there has been made or that there is any agreement to make, any gift or gratuitous payment of any kind, nature, or description (whether in money, property, or services) to any customer or potential customer, supplier, or potential supplier, contractor, third party payor, or any other Person to the extent any of the foregoing is prohibited by federal or state law; (iii) made or agreed to make, or is aware that there has been made, or that there is any agreement to make, any contribution, payment, or gift of funds or property to, or for the private use of, any governmental official, employee, or agent where either the contribution, payment, or gift or the purpose of such contribution, payment, or gift is or was illegal under the laws of the United States or under the law of any state or any other Governmental Entity having jurisdiction over such payment, contribution, or gift; (iv) established or maintained any unrecorded fund or asset for any purpose or made any misleading, false, or artificial entries on any of its books or records for any reason; or (v) made, or agreed to make, or is aware that there has been made, or that there is any agreement to make, any payment to any Person with the intention or understanding that any part of such payment would be used for any purpose other than that described in the documents supporting such payment.

(f) Neither MSHA nor any of the MSHA Subsidiaries, nor (to the Knowledge of MSHA) any member, trustee, officer, or employee of MSHA nor any of the MSHA Subsidiaries, is a party to any contract, lease agreement, or other arrangement (including any joint venture or consulting agreement) related to MSHA or any of the MSHA Facilities with any physician, health care facility, hospital, nursing facility, home health agency, or other Person who is in a position to make or influence referrals to or otherwise generate business for MSHA with respect to any of the MSHA Facilities, to provide
services, lease space, lease equipment, or engage in any other venture or activity, to the extent that any of the foregoing is prohibited by any federal or state law.

(g) MSHA represents and warrants to Wellmont that neither it nor any of the MSHA Subsidiaries: (i) is currently excluded, debarred, or otherwise ineligible to participate in the Federal health care programs as defined in 42 U.S.C. § 1320a-7b(f) (the "Federal health care programs"); (ii) is or has been convicted of a criminal offense related to the provision of health care items or services but has not yet been excluded, debarred, or otherwise declared ineligible to participate in the Federal health care programs; or (iii) is, to the Knowledge of MSHA, under investigation with respect to matters which may result in such party being excluded from participation in the Federal health care programs.

Section 4.18 Minute and Stock Transfer Books. The minute books of MSHA and the MSHA Subsidiaries are true, correct, complete, and current in all material respects, and contain accurate and complete records of all material actions taken by their respective Boards of Directors, Members or Managers and, in the case of for-profit MSHA Subsidiaries, their respective shareholders. All signatures contained in such minute books are the true signatures of the persons whose signatures they purport to be. The stock (or other equity) transfer books of each for-profit MSHA Subsidiary are true, correct, complete, and current in all respects.

Section 4.19 Records. All records, technical data, asset ledgers, books of account, inventory records, budgets, supplier records, payroll and personnel records, computer programs, correspondence, and other files of MSHA and the MSHA Subsidiaries are true, accurate, and complete in all material respects and those items that are subject to generally accepted accounting principles have been maintained in all material respects in accordance therewith.

Section 4.20 No Other Representations or Warranties. None of MSHA nor any affiliate thereof, nor any of their agents (financial, legal or otherwise), makes or has made any representations or warranties, express or implied, of any nature whatsoever relating to MSHA or the MSHA Subsidiaries or the business of MSHA and the MSHA Subsidiaries or otherwise in connection with the transactions contemplated by this Agreement, other than those representations and warranties of MSHA expressly set forth in this ARTICLE II. MSHA hereby expressly disclaims, and Wellmont acknowledges that it is not relying on, any other express or implied representations or warranties with respect to any matter whatsoever, including any express or implied representation or warranty as to the completeness of the information contained in this Agreement. Without limiting the generality of the foregoing, Wellmont acknowledges that none of MSHA nor any affiliate or agents thereof has made, and shall not be deemed to have made, any representations or warranties, express or implied, in, or concerning the accuracy or completeness of, the materials relating to the business of MSHA and the MSHA Subsidiaries made available to Wellmont and its affiliates and agents, including due diligence materials, or in any presentation about the business of MSHA and the MSHA Subsidiaries by MSHA, management of MSHA or others in connection with the transactions contemplated by this Agreement, and no statement contained in any of such materials or made in any such presentation shall be a representation or warranty hereunder or otherwise or be relied upon by Wellmont in executing, delivering and performing this Agreement. Wellmont acknowledges that any cost estimates, projections or other predictions, any data, any future financial information or
any memoranda or offering materials or presentations, including but not limited to, any confidential information memorandum or similar materials made available by Wellmont, its affiliates or agents are not and shall not be deemed to be or to include representations or warranties of Wellmont, and are not and shall not be relied upon by MSHA or its affiliates in executing, delivering and performing this Agreement. Furthermore, Wellmont and MSHA each hereby acknowledge that this Agreement embodies the justifiable expectations of sophisticated parties derived from arm’s-length negotiations; all parties to this Agreement specifically acknowledge that no party has any special relationship with another party that would justify any expectation beyond that of an ordinary buyer and an ordinary seller in an arm’s-length transaction.

Article V Pre-Effective Date Covenants and Regulatory Approvals.

Section 5.01 Effective Date. Subject to the satisfaction or waiver by the appropriate Party of all the conditions precedent to Closing specified in Article VI and Article VII, the consummation of the Affiliation and the other transactions contemplated by this Agreement (the “Closing”) shall take place at a mutually agreed neutral location at 10:00 A.M. local time on or before September 1, 2016 or at a mutually agreed time within five business days after all conditions have been satisfied or waived (the "Effective Date"), unless the parties hereto agree in writing upon a different time, date, or place. The parties agree that no actions to be taken on the Effective Date shall be deemed consummated until all actions required to be taken at or before Closing under this Agreement are consummated. The "Effective Time" of the Affiliation shall be the later of 12:00:01 A.M. local time on September 1, 2016 or on the date on which all actions required to be taken at Closing are consummated.

Section 5.02 Conduct of Business. Between the date hereof and the Effective Time, each of Wellmont and MSHA covenants and agrees that its business and those of its Subsidiaries will be conducted in a manner not materially different from past practice and, except as otherwise approved by MSHA or Wellmont, as the case may be, in writing, only in the ordinary course. Wellmont and MSHA shall provide, not less than five business days prior to the Effective Date, any updates to its Counsel Memorandum necessary to make its Counsel Memorandum true, correct and complete as of the Effective Time.

Section 5.03 Negative Covenants.

(a) Between the date hereof and the Effective Time, Wellmont agrees that, except as otherwise agreed herein as set forth in Schedule 5.03(a) of this Agreement, or pursuant to MSHA’s prior written consent, Wellmont will not and will cause each Wellmont Subsidiary not to:

(i) Except as expressly permitted herein, amend its present Articles of Incorporation or Bylaws (or other governing documents in the case of Wellmont Subsidiaries that are not corporations), sell any material portion of its assets or properties except in the ordinary course of business or change in any material manner the character of its business;
(ii) Encumber, mortgage, pledge, or suffer any lien to be placed against any of its properties or assets, except in the ordinary course of business;

(iii) Incur any indebtedness for borrowed money other than draws in the ordinary course of business against credit lines existing on the date hereof; assume, guarantee, endorse, or otherwise become responsible for the obligations of any other individual, firm, or corporation, or make any loans or advances to any individual, firm, or corporation; or make any material change in any investment allocation; or

(iv) make or solicit offers for, or hold discussions or negotiations or enter into any agreement with respect to, (a) the sale, lease or management of any of its hospitals or any material portion of its assets or any ownership interest in any entity owning any of its hospitals or any material portion of its assets, (b) any reorganization, merger, consolidation, management agreement, member substitution or joint venture involving any of its hospitals or any material portion of its assets, or (c) any other transaction in which a person or group other than MSHA would acquire the right, directly or indirectly, to control the governing board of, direct the operations of, establish governing or operating policies for, and/or own, lease or otherwise acquire the right to use or control, any of its hospitals or any material portion of its assets, or provide information to any person who may be interested in any of the foregoing, or permit any trustee, officer, employee, agent, or other affiliate to do any of the foregoing.

(b) Between the date hereof and the Effective Time, MSHA agrees that, except as otherwise agreed herein as set forth in Schedule 5.03(b) of this Agreement, or pursuant to Wellmont’s prior written consent, MSHA will not and will cause each MSHA Subsidiary not to:

(i) Except as expressly permitted herein, amend its present Articles of Incorporation or Bylaws (or other governing documents in the case of MSHA Subsidiaries that are not corporations), sell any material portion of its assets or properties except in the ordinary course of business or change in any material manner the character of its business;

(ii) Encumber, mortgage, pledge, or suffer any lien to be placed against any of its properties or assets, except in the ordinary course of business;

(iii) Incur any indebtedness for borrowed money other than draws in the ordinary course of business against credit lines existing on the date hereof; assume, guarantee, endorse, or otherwise become responsible for the obligations of any other individual, firm, or corporation, or make any loans or advances to any individual, firm, or corporation; or make any material change in any investment allocation; or

(iv) make or solicit offers for, or hold discussions or negotiations or enter into any agreement with respect to, (a) the sale, lease or management of any
of its hospitals or any material portion of its assets or any ownership interest in any entity owning any of its hospitals or any material portion of its assets, (b) any reorganization, merger, consolidation, management agreement, member substitution or joint venture involving any of its hospitals or any material portion of its assets, or (c) any other transaction in which a person or group other than Wellmont would acquire the right, directly or indirectly, to control the governing board of, direct the operations of, establish governing or operating policies for, and/or own, lease or otherwise acquire the right to use or control, any of its hospitals or any material portion of its assets, or provide information to any person who may be interested in any of the foregoing, or permit any trustee, officer, employee, agent, or other affiliate to do any of the foregoing.

Section 5.04 Confidentiality; Access to Books, Records, and Properties.

(a) The Parties acknowledge that they are bound by and hereby ratify and affirm the terms of the Confidentiality Agreement entered into by the parties as of April 2, 2014 (the "Confidentiality Agreement").

(b) The Parties recognize that disclosure of certain information may raise unique legal concerns due to the proximity of the Parties’ operations and facilities ("Competitive Sensitive Information"). Such Competitive Sensitive Information may include, but is not limited to, information about prices, pricing formulas, costs, rates of provider compensation, strategy or intentions regarding contracting with any provider or purchaser, fee schedules, managed care contracts, premium rates, compensation or benefits information relating to employees, recruitment of medical professionals or others, future expansion plans involving clinical services or pertaining to physicians, and any non-public marketing or strategic planning documents or other competitively sensitive documents relating to a Party’s future plans. The Parties will only disclose Competitive Sensitive Information in accordance with law as agreed to in advance by the Parties and their respective legal counsel and to that end, the Parties may enter into one or more protective agreements or develop other arrangements to address the review of such Competitive Sensitive Information to ensure compliance with applicable law.

(c) Subject to subsection (b) above, each of Wellmont and MSHA shall afford to the other Party and such Party’s representatives full access to its properties, books, and records and those of its Subsidiaries during normal business hours in order that each Party may have full opportunity to make such reasonable investigation as it desires of the affairs of the other Party and its Subsidiaries, provided that such Party’s right of access and inspection shall not interfere unreasonably with the business or operations of the other Party. Neither Party (nor such Party’s representatives) will contact the employees or other personnel of the other Party (including without limitation members of the medical staffs of such Party’s hospitals), and no inspection will be conducted, without such party first coordinating such inspection or contact with, in the case of Wellmont, Gary Miller, Esq. or his designees and in the case of MSHA, Tim Belisle, Esq. or his designees.
Section 5.05  Regulatory Filings; Efforts to Close.  Unless and until this Agreement is terminated pursuant to Article VIII, each of MSHA and Wellmont shall exercise reasonable diligence to: (a) make or obtain all consents, approvals, authorizations, registrations, and filings with all Governmental Entities or administrative agencies as are required in connection with the consummation of the transactions contemplated by this Agreement; (b) provide such other information and communications to any Governmental Entity as MSHA, Wellmont, or such Governmental Entities may reasonably request; and (c) otherwise take such actions necessary to satisfy all conditions to Closing and to Close. Without limiting the generality of the foregoing, MSHA and Wellmont shall, as promptly as practicable and in cooperation with each other, to the extent required by law, complete and file with the appropriate authorities the notification forms and any other documents, and provide such information, as required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 ("HSR"), the Tennessee Public Benefit Hospital Sales and Conveyance Act of 2006, §§55-531 et seq. of the Code of Virginia, and the Government Programs. MSHA and Wellmont will, and will cause their respective counsel to, supply to each other copies of all material correspondence, filings or written communications by such party or its Affiliates with any Governmental Entity or staff members thereof, with respect to the Affiliation. Neither Party shall be required to affirmatively sue any applicable governmental agency in order to obtain the regulatory approvals required by Sections 6.05 and 7.05, nor shall either party be required to defend any action or proceeding by or before any court or other governmental body or agency which seeks to restrain, prohibit, or invalidate the transactions contemplated by this Agreement.

Section 5.06  Cooperative Agreement.

(a) The Parties deem this Agreement to be their “cooperative agreement” as defined in the Tennessee Hospital Cooperation Act of 1993, as amended (the “Tennessee COPA Act”) and § 15.2-5369 of the Code of Virginia (the “Virginia COPA Act” and together with Tennessee COPA Act, the “COPA Acts”).

(b) As promptly as practicable after the execution date hereof, Wellmont and MSHA will apply to the Tennessee Department of Health for a certificate of public advantage pursuant to the Tennessee COPA Act, and to the Southwest Virginia Health Authority and to the Virginia Department of Health for approval, pursuant to § 15.2-5384.1 of the Code of Virginia, of this Agreement as the cooperative agreement
collectively, the “Approvals”). Each of Wellmont and MSHA shall exercise reasonable
diligence to obtain the Approvals.

(c) Reasonable diligence shall include each party participating diligently and
continuously participating in the processes established by each of Tennessee and Virginia
for the granting of the Approvals until the earlier of: (i) the date on which it is clear that
the final terms and conditions of both Approvals have been established by the Tennessee
and Virginia Departments of Health; or (ii) The Outside Date established by Section
8.01(b) of this Agreement. Neither Party shall be required to affirmatively sue any
applicable governmental agency in order to obtain the Approvals, nor shall either party be
required to defend any action or proceeding by or before any court or other governmental
body or agency which seeks to restrain, prohibit, or invalidate the transactions
contemplated by this Agreement.

Section 5.07 Resolution of Open Diligence Items. Each Party has identified for the other
Party specific items (the “Open Diligence Items”) which arose from the identifying Party’s
diligence of the other Party, about which the identifying Party has requested the other Party to
provide additional information. Each Party shall provide to the identifying Party, as soon as
practicable, but in any event within sixty (60) days after the signing of this Agreement, such
additional information concerning the Open Diligence Items as the identifying Party may
reasonably request. Thereafter, each Party will use good faith efforts to resolve the questions,
comments and concerns raised by the identifying Party with respect to the Open Diligence Items,
including without limitation, providing additional information concerning the Open Diligence Items as the identifying Party may reasonably request.

Article VI Conditions Precedent to the Obligations of MSHA.

The obligations of MSHA to consummate the Affiliation contemplated by this
Agreement are, except to the extent expressly waived in writing by a party, subject to the
satisfaction at or prior to the Effective Date of each of the following conditions:

Section 6.01 Accuracy of Representations and Warranties. The representations and
warranties of Wellmont set forth in this Agreement shall have been true and correct on the date
of this Agreement and shall be true and correct in all material respects on and as of the Effective
Date, with the same force and effect as though made on and as of the Effective Date, except as
affected by the transactions contemplated hereby, and there shall be delivered to MSHA on the
Effective Date a certificate to such effect signed by an executive officer of Wellmont; provided
that a material inaccuracy or combination of material inaccuracies of the representations and
warranties of Wellmont shall not be sufficient grounds for MSHA to not consummate the
Affiliation unless the disclosed inaccuracy or inaccuracies are of a character or nature that could
reasonably be expected to have a Material Adverse Effect with respect to Wellmont or that
constitute grounds for not Closing under another Section of this Article VI.

Section 6.02 Performance of Agreements. Wellmont shall have performed in all material
respects all obligations and agreements and complied in all material respects with all covenants
and conditions contained in this Agreement to be performed or complied with by such party at or
prior to the Effective Date, and there shall be delivered to each party on the Effective Date a
certificate to such effect signed by an executive officer of Wellmont; provided that a material failure to perform or combination of material failures to perform shall not be sufficient grounds for MSHA to not consummate the Affiliation unless the material failure or failures to perform could reasonably be expected to have a Material Adverse Effect with respect to Wellmont or that constitute grounds for not Closing under another Section of this Article VI.

Section 6.03 Actual Actions. There shall not be any actual action or proceeding by or before any court or other governmental body or agency which (a) seeks to restrain, prohibit, or invalidate the transactions contemplated by this Agreement or (b) could reasonably be expected to materially affect the right of Parent Company, MSHA or Wellmont to own, operate, or control a material portion of their respective assets after the Effective Date.

Section 6.04 Necessary Consents; Notices. All authorizations, consents, and approvals by any third parties, including all federal, state, and local regulatory bodies and officials, that are necessary for the consummation of the transactions contemplated by this Agreement shall have been received and shall be in full force and effect; provided that, except for the condition set forth in Section 6.08, absence of one or more non-governmental third-party consents shall not be sufficient grounds for MSHA to not consummate the Affiliation unless the absence of such non-governmental third-party consent or consents could reasonably be expected to have a Material Adverse Effect or constitute grounds for not Closing under another Section of this Article VI. Without limiting the generality of the foregoing, MSHA shall not be obligated to consummate the transactions contemplated hereby unless it receives reasonably satisfactory evidence that (a) the Wellmont Board has ratified, adopted, confirmed and approved this Agreement and the transactions herein contemplated which evidence means receipt from Wellmont of a certified copy of resolutions of its Board of Directors to such effect adopted in the manner required by the law of Tennessee, and (b) all of the conditions in Section 6.05 have been satisfied.

Section 6.05 Regulatory Matters.

(a) If applicable, the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 shall have expired or been terminated.

(b) The Attorney General and Reporter of Tennessee shall have issued written notice of his decision to take no action with respect to the Affiliation pursuant to the Tennessee Public Benefit Hospital Sales and Conveyance Act of 2006, Tennessee Code §§ 48-68-201, et seq.

(c) The Attorney General of Virginia shall not have issued any correspondence or communication to the parties indicating that the Attorney General will take action with respect to any notice filing made pursuant to §§55-531 et seq. of the Code of Virginia.

(d) The Approvals shall have been received from the Tennessee Department of Health, the Southwest Virginia Health Authority and the Virginia Department of Health.

(e) The terms and conditions of the foregoing regulatory approvals shall be satisfactory in form and substance to the Board of Directors of MSHA.
Section 6.06  **Absence of Material Adverse Change.**

(a) From the date hereof through the Effective Date, there shall have not occurred any event or circumstance or combination of events or circumstances that would reasonably be expected to have a Material Adverse Effect with respect to Wellmont.

(b) Neither (i) the Open Diligence Items identified by MSHA which have not been resolved to the reasonable satisfaction of MSHA, nor (ii) any litigation pending against Wellmont, would reasonably be expected to have a Material Adverse Effect with respect to Wellmont.

Section 6.07  **Other Matters.** The actions required by Sections 2.01(b),(c), (d), (e), (f), (g)(i), and (g)(ii), 2.02, and 2.05, including without limitation, preparation and attachment to this Agreement of relevant Exhibits, shall have occurred.

Section 6.08  **Note Holders Waivers.** The holders of the Notes shall have unconditionally waived any Event of Default resulting from or arising out of the transactions contemplated by this Agreement.

**Article VII  Conditions Precedent to the Obligations of Wellmont.**

The obligations of Wellmont to consummate the Affiliation contemplated by this Agreement are, except to the extent expressly waived in writing by a party, subject to the satisfaction at or prior to the Effective Date of each of the following conditions:

Section 7.01  **Accuracy of Representations and Warranties.** The representations and warranties of MSHA set forth in this Agreement shall have been true and correct on the date of this Agreement and shall be true and correct in all material respects on and as of the Effective Date, with the same force and effect as though made on and as of the Effective Date, except as affected by the transactions contemplated hereby, and there shall be delivered to Wellmont on the Effective Date a certificate to such effect signed by an executive officer of MSHA; provided that a material inaccuracy or combination of material inaccuracies of the representations and warranties of MSHA shall not be sufficient grounds for Wellmont to not consummate the Affiliation unless the disclosed inaccuracy or inaccuracies are of a character or nature that could reasonably be expected to have a Material Adverse Effect with respect to Mountain States or that constitute grounds for not Closing under another Section of this Article VII.

Section 7.02  **Performance of Agreements.** MSHA shall have performed in all material respects all obligations and agreements and complied in all material respects with all covenants and conditions contained in this Agreement to be performed or complied with by such party at or prior to the Effective Date, and there shall be delivered to each party on the Effective Date a certificate to such effect signed by an executive officer of MSHA; provided that a material failure to perform or combination of material failures to perform shall not be sufficient grounds for Wellmont to not consummate the Affiliation unless the material failure or failures to perform could reasonably be expected to have a Material Adverse Effect with respect to Mountain States or that constitute grounds for not Closing under another Section of this Article VI.
Section 7.03  **Actual Actions.** There shall not be any actual actions or proceedings by or before any court or other governmental body or agency which (a) seek to restrain, prohibit, or invalidate the transactions contemplated by this Agreement or (b) could reasonably be expected to materially affect the right of Parent Company, MSHA or Wellmont to own, operate, or control a material portion of their respective assets after the Effective Date.

Section 7.04  **Necessary Consents; Notices.** All authorizations, consents, and approvals by any third parties, including all federal, state, and local regulatory bodies and officials, that are necessary for the consummation of the transactions contemplated by this Agreement shall have been received and shall be in full force and effect; provided that, except for the condition set forth in Section 7.08, absence of one or more non-governmental third-party consents shall not be sufficient grounds for Wellmont to not consummate the Affiliation unless the absence of such non-governmental third-party consent(s) could reasonably be expected to have a Material Adverse Effect or constitute grounds for not Closing under another Section of this Article VII. Without limiting the generality of the foregoing, Wellmont shall not be obligated to consummate the transactions contemplated hereby unless it receives reasonably satisfactory evidence that (a) the MSHA Board has ratified, adopted, confirmed and approved this Agreement and the transactions herein contemplated which evidence means receipt from MSHA of a certified copy of resolutions of its Board of Directors to such effect adopted in a manner required by the law of Tennessee, and (b) all of the conditions in Section 7.05 have been satisfied.

Section 7.05  **Regulatory Approvals.**

(a) If applicable, the waiting period imposed by the Hart-Scott-Rodino Antitrust Improvements Act of 1976 shall have expired or been terminated.

(b) The Attorney General and Reporter of Tennessee shall have issued written notice of his decision to take no action with respect to the Affiliation pursuant to the Tennessee Public Benefit Hospital Sales and Conveyance Act of 2006, Tennessee Code §§ 48-68-201, et seq.

(c) The Attorney General of Virginia shall not have issued any correspondence or communication to the parties indicating that the Attorney General will take action with respect to any notice filing made pursuant to §§55-531 et seq. of the Code of Virginia.

(d) The Approvals shall have been received from the Tennessee Department of Health, the Southwest Virginia Health Authority and the Virginia Department of Health.

(e) The terms and conditions of the foregoing regulatory approvals shall be satisfactory in form and substance to the Board of Directors of Wellmont.

Section 7.06  **Absence of Material Adverse Change.**

(a) From the date hereof through the Effective Time, there shall not have occurred any event or circumstance or combination of events or circumstances that would reasonably be expected to have a Material Adverse Effect with respect to Mountain States.
(b) Neither (i) the Open Diligence Items identified by Wellmont which have not been resolved to the reasonable satisfaction of Wellmont, nor (ii) any litigation pending against MSHA, would reasonably be expected to have a Material Adverse Effect with respect to MSHA.

Section 7.07 Other Matters. The actions required by 2.01(b), (c), (d), (e), (f), (g)(i), and (g)(ii), 2.02, and 2.05, including without limitation, preparation and attachment to this Agreement of relevant Exhibits, shall have occurred.

Section 7.08 Note Holders Waivers. The holders of the Notes shall have unconditionally waived any Event of Default resulting from or arising out of the transactions contemplated by this Agreement.

Article VIII Termination.

Section 8.01 Termination. This Agreement may be terminated and the transactions contemplated hereby abandoned prior to the Closing upon the following terms:

(a) By both Parties upon their mutual written consent

(b) By either Wellmont or MSHA if Closing shall not have occurred on or before the Outside Date and, within the fourteen (14) day period immediately preceding such Outside Date, such Party gives written notice of its intent to terminate effective as of the Outside Date should Closing not have previously occurred. For purposes of this Agreement, the term “Outside Date” means the date that is one (1) year after the date of this Agreement and, unless earlier terminated as provided in this Article VIII, the expiration date of each subsequent automatic three-month extension, provided that the party electing to terminate this Agreement shall not then be in breach of this Agreement;

(c) By MSHA, if (without any breach by MSHA of any of its obligations hereunder) satisfaction of any condition to Closing set forth in Article VI becomes impossible and such failure of such satisfaction is not waived by MSHA; or

(d) by Wellmont, if (without any breach by Wellmont of any of its obligations hereunder) satisfaction of any condition to Closing set forth in Article VII becomes impossible and such failure of compliance is not waived by Wellmont.

Section 8.02 Effect of Termination. In the event of any termination of this Agreement, as provided by Section 8.01, no Party will have any further rights or obligations hereunder, except that the obligations of the parties contained in this Section 8.02 (Effect of Termination), and in Sections 5.04(a) (Confidentiality), 10.02 (Survival), 10.03 (Brokerage), 10.04 (Expenses), 10.05 (Governing Law and Venue), 10.06 (Entire Agreement), 10.07 (Amendments and Modifications), 10.08 (Assignment), 10.09 (Captions), 10.11 (Notices), 10.12 (Successors and Assigns), 10.13 (Public Announcement), 10.14 (Construction and Certain Definitions), and any related definitional provisions set forth in this Agreement shall survive and (b) termination shall not relieve any party of any liability for a breach of, or for any misrepresentation under, this
Agreement, or be deemed to constitute a waiver of any available remedy (including specific performance) for any such breach or misrepresentation.

Article IX Additional Covenants.

Section 9.01 Joint Board Task Force. The Parties have formed a Joint Board Task Force, comprised of an equal number of their respective existing board members and the CEOs of each and listed on Exhibit E to oversee the pre-Closing activities of the Integration Council identified in Section 9.02 below. As promptly as practicable after the date hereof, MSHA and Wellmont will jointly select two (2) additional members of the Joint Board Task Force, neither of whom may be incumbent members of either Party's board of directors. Further, upon signing of this Agreement, the Parties will jointly invite the incumbent President of East Tennessee State University to join the Joint Board Task Force. If at any time prior to the Effective Date, the identity of the individuals who will serve as the Initial Directors changes, then the individuals on the Joint Board Task Force will be modified to conform to the expected identity of the Initial Directors.

Section 9.02 Integration Council. The Parties have established an Integration Council, comprised of twelve (12) members listed on Exhibit F, as a nonexclusive means to prepare the parties for integration, and, among other things, to retain independent consultant (the “Consultant(s)”) to undertake a comprehensive analysis of the clinical, operational and financial functions of Wellmont and MSHA to (a) identify, substantiate and quantify the cost-savings and quality-enhancement opportunities achievable specifically from the Affiliation and (b) help establish a timeline and integration plan for achieving these opportunities. Prior to Closing, the Integration Council shall:

(a) engage on a regular basis, with the Consultant(s) for periodic reports on the Consultant(s)’ analysis and supply information as needed to further the analysis, and prepare the Parties for integration to ensure a system approach that best serves the needs of the community and region based on objective information; and

(b) Develop a draft Parent Company policy outlining the process for consolidating services and facilities, which policy shall include, but not be limited to, cultural integration, timetables for actions, input from physicians impacted, and notices to staff and community. Upon the Effective Time, the draft policy shall be submitted to the Board of Directors of the Parent Company for approval.

Wellmont and MSHA may jointly engage additional third-party consultants to advise the Integration Council. The Integration Council shall report to the Joint Board Task Force. All of the activities of the Integration Council prior to the Effective Time shall be reviewed by and advised in advance by legal counsel to ensure compliance with all applicable legal and regulatory restrictions. Establishment of the Integration Council is not intended to be the sole means to prepare for post-Closing integration of the Parties to establish the Parent Company health system. The directors, officers and management teams of each party may take such other planning steps as they determine to be necessary or appropriate to prepare for the post-Closing integration. The Chief Executive Officer, in consultation with the Executive Chairman/President, shall determine whether it is in the interest of the Parent Company for the
Integration Council to disband upon the Effective Date or for it to perform any specified functions post-Closing serving in the capacity of an advisory council to the Initial Management Team.

Section 9.03 Public Health Needs Assessment. After the Effective Time, Parent Company will conduct, in partnership with East Tennessee State University and other academic partners, as appropriate, a detailed public health needs assessment in order to identify and prioritize measurable health needs and initiatives. Such initiatives may include, but not be limited to:

(a) The establishment of a long-term strategy for improving the health status of the region served by the merged system that supports both the Tennessee and Virginia state health plans;

(b) Improvement of behavioral health services, mental health, addiction recovery, and services for people with developmental disabilities;

(c) Enhancement of programs to reduce drug abuse in the region, specifically among women in child-bearing years;

(d) Establishment of programs to improve health literacy;

(e) Development of programs to improve child wellness – physical and emotional;

(f) Growth of medical research programs; and

(g) Expansion of academic opportunities, to include, but not be limited to, expansion of new fellowships and other opportunities to allow physicians and allied health professionals to train and serve in health professional shortage areas within the region served by Parent Company and its Affiliates.

Section 9.04 Hospital and Affiliate Governance. Subject to the provisions of any existing joint venture and other contractual agreements, the governing board of all hospitals and other Affiliates will be appointed by, and serve at the pleasure of, the Parent Company Board of Directors. The Parent Company Board shall have final authority as sole member of Parent Company’s ownership interest in any hospital, joint venture or partnership. Except as provided below, the existing governing boards of hospitals and Affiliates as of the Effective Time will continue to serve unless and until replaced by the Parent Company Board. To the degree any of the Boards of any subsidiary or wholly-owned organizations of Wellmont or MSHA have membership constituted to include Board Members of Wellmont or MSHA, such composition shall be modified such that initially there is an equal representation from Wellmont and MSHA. The composition of the boards of the respective physician organizations of Wellmont and MSHA will be approved by the Parent Company Board. The charters of the Wellmont and MSHA foundations will require that their respective funds as of the Effective Time be used consistent with the intent of the original donors thereof.
Section 9.05  Clinical Council.

(a) Promptly after the Closing, Parent Company will develop a physician-led clinical council (the “Clinical Council”) (composed of appropriate balances of private physicians, group practice physicians and employed physicians whose initial composition is determined by the Parent Company Board of Directors) to guide, advise and assist in implementation of a plan to integrate clinical activities, service lines and business units, and to advise on any appropriate further clinical integrative actions post-implementation that would result in added growth, operational efficiencies and advancements in patient care. The initial Clinical Council will equally represent physicians whose primary practice venue is Wellmont or MSHA.

(b) The Clinical Council will include Parent Company management representatives but will be composed primarily of physician representatives. The Clinical Council will report to the Chief Medical Officer of Parent Company. The Chair of the Clinical Council will be a physician member of the active medical staff(s) of one or more Parent Company-affiliated hospitals, will serve on the Quality Committee of the Parent Company Board, and will provide ongoing reports on the activities of the Clinical Council to the Parent Company Board through the Quality and Safety Committee function of the Parent Company Board.

(c) Among other duties, it is anticipated the Clinical Council will work on areas, among others, such as establishing a common standard of care, common credentialing, consistent multidisciplinary peer review, where appropriate, and quality performance standards.

Section 9.06  Corporate Headquarters.  Within two (2) years of closing, the Parent Company Board of Directors will direct that Parent Company senior management evaluate the most suitable, cost-effective and appropriate location of the corporate headquarters of Parent Company and make a recommendation to the Board for consideration and approval. The Parent Company corporate headquarters shall not be located on the campus of any Parent Company affiliated hospital.

Section 9.07  Employees.

(a) After the Effective Time, all active employees of Wellmont, MSHA and their Affiliates will continue their employment at-will upon substantially similar terms and conditions with respect to base salaries and wages, job duties, titles and responsibilities that are provided to such employees immediately prior to Closing, except that certain positions that are identified as synergies may be eliminated. Normal employment practices, including terminations and reductions in force, will be unaffected.

(b) Parent Company will honor prior service credit under each Parties’ employee plans for purposes of eligibility and vesting under the employee benefit plans maintained by Wellmont and MSHA, and will waive any eligibility requirement or pre-existing condition limitation for persons covered under each Parties’ employee benefit
plans. Parent Company will provide all employees credit for accrued vacation and accumulated sick leave.

(c) Parent Company will work as quickly as practicable after closing to address any required actions with respect to differences in salary/pay rates and employee benefit structures with a goal of creating consistency throughout the merged health system wherever feasible.

Section 9.08 Medical Staffs; Physician Contracts.

(a) Parent Company is committed to a pluralistic, physician-led medical staff model that embraces the strengths of private practice, group practice and employed physicians.

(b) All existing medical staff members in good standing at any hospital affiliated with Wellmont or MSHA immediately prior to the Effective Time shall maintain such privileges immediately after the Effective Time, subject to the medical staff bylaws then in effect. All medical staff bylaws of any such hospital will remain in effect following the Effective Time. Notwithstanding any provision herein to the contrary, no term of this Agreement shall be deemed to (i) create any contract with any member of the medical staff, (ii) give any member of the medical staff the right to retain his or her medical staff privileges after the Effective Time, (iii) interfere with the right of Wellmont, MSHA or any affiliated hospital to terminate any member of the medical staff’s privileges in accordance with such hospital’s then current medical staff bylaws or (iv) interfere with the right of Parent Company, Wellmont, and MSHA or any affiliated hospital to modify such hospital’s medical staff bylaws.

(c) All contracts of Wellmont, MSHA, and their respective Affiliates with physicians deemed compliant with applicable law in accordance with the due diligence process followed by the Parties, including employment agreements, in effect as of the Effective Time will be performed in accordance with their terms after the Effective Time.

Section 9.09 Existing Affiliations. Parent Company will initially maintain the Wellmont and MSHA joint ventures, affiliations and other outsourced contracts/relationships existing at the Effective Time. Opportunities to optimize such structures will continue to be evaluated by the Parent Company Board and management team post-Closing.

Section 9.10 Information Technology. As soon as practicable after the Effective Time, all Parent Company hospitals will fully integrate into a common information system platform.

Section 9.11 Insurance Platforms. As soon as practicable after the Effective Time, Parent Company will review the structure of the existing insurance platforms of Wellmont and MSHA and work to spread risk, reduce costs and realize efficiencies that result from the Affiliation.

Section 9.12 Philanthropic Gifts. Parent Company will honor the intent of all gifts, bequests, grants and donations provided to either MSHA or Wellmont by a donor to be used for charitable purposes by a tax-exempt organization.
Article X  Miscellaneous Provisions.

Section 10.01  Nonsurvival of Representations and Warranties.  None of the representations and warranties in Articles III or IV of this Agreement shall survive the Effective Time.

Section 10.02  Survival of Covenants.  All covenants contained in this Agreement that contemplate performance thereof following the Effective Time will survive for the period so contemplated by such covenant whether for a specified number of years or by reference to a specified external event or circumstance, and may be enforced during, or timely following, their duration.

Section 10.03  Brokerage.  Except for Wellmont’s engagement of Kaufman Hall, each of Wellmont and MSHA represents and warrants to the other that it has not dealt with any business broker, real estate agent, finder, or other third party broker or intermediary in connection with the subject of this Agreement or the transactions contemplated hereby.

Section 10.04  Expenses; Termination Payment.

(a)  Except to the extent provided in Section 10.04(b), whether or not the transactions contemplated by this Agreement are consummated, MSHA shall bear seventy percent (70%) of all of the expenses incurred by MSHA or Wellmont for the accounting, legal, investment banking, and other professional services provided to either Party which arise out of the term sheet executed by the Parties effective April 2, 2015, the negotiation and preparation of this Agreement, and the transactions contemplated by, the performance of or compliance with any condition or covenant set forth in, and the consummation of the transactions provided for in, this Agreement, including Due Diligence Expenses (the "Expenses").  Wellmont shall bear thirty percent (30%) of the Expenses.

(b)  Notwithstanding Section 10.04(a), Wellmont shall pay all of the amount, if any, by which Wellmont Due Diligence Expenses exceeds MSHA Due Diligence Expenses and MSHA shall pay all of the amount, if any, by which MSHA Due Diligence Expenses exceeds Wellmont Due Diligence Expenses, and the amount of Expenses subject to subsection (a) shall be reduced by the amount of such excess.  “Wellmont Due Diligence Expenses” shall mean fees and expenses charged by Baker, Donelson, Bearman, Caldwell and Berkowitz, P.C. and Hunter, Smith and Davis LLP to Wellmont arising from their respective legal diligence reviews of MSHA and its Subsidiaries, and fees and expenses charged by Navigant Consulting, Inc. and others to Wellmont arising from their respective financial, business, and operational reviews of MSHA.  "MSHA Due Diligence Expenses” shall mean fees and expenses charged by Seigfreid Bingham P.C. to MSHA arising from its legal diligence review of Wellmont and its Subsidiaries, and fees and expenses charged by BKD, LLP and by Pershing Yoakley and Associates, P.C. to MSHA arising from their respective financial, business, and operational reviews of Wellmont.  In order for any other expenses incurred directly by a Party to be considered its Due Diligence Expenses, such expenses shall be reviewed and determined by the Parties to be for due diligence review.

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(c) Without limiting subsections (a) and (b) above, the expenses subject to this Section 10.04 shall include those the Joint Board Task Force or the Board of Directors of MSHA or Wellmont, as applicable, determine are necessary or appropriate to perform the Parties obligations specified in this Agreement. MSHA has retained an information technology consultant to conduct a comprehensive review of both party’s information technology systems. The Parties agree that this review is outside the scope of the agreed cost sharing, so that MSHA will pay 100% of this expense. The Parties may also make other exceptions to the agreed upon cost sharing on a case-by-case basis.

(d) On February 29, 2016, and again within ninety (90) days after the date this Agreement is terminated, MSHA and Wellmont shall provide each other with a report setting forth all Expenses, including a separate report showing Due Diligence Expenses, incurred by them through December 15, 2015 or the date of termination, as applicable, together with such reasonable supporting detail as either Party may request, subject to such redactions as may be required to preserve attorney-client privilege, comply with HIPAA and other applicable privacy laws, or to prevent the disclosure of Competitive Sensitive Information. Not less than thirty (30) days after such reports are provided, MSHA shall pay Wellmont, or Wellmont shall pay to MSHA cash in the amount that will result in Expenses, including Due Diligence Expenses, incurred through December 15, 2015 or the termination date, as applicable, being shared in the proportions set forth in subsection (a) above, as adjusted or limited as required by subsections (b) and (c) above, and taking into account the net effect of prior interim monthly payments made by each Party to the other. Beginning March 15, 2016, within fifteen (15) days after the end of each calendar quarter thereafter prior to the Effective Date, MSHA and Wellmont shall provide to each other a written report of Expenses, including a separate report showing Due Diligence Expenses, incurred through the end of the preceding quarter, together with such reasonable supporting detail as either Party may request, subject to such redactions as may be required to preserve attorney-client privilege, comply with HIPAA and other applicable privacy laws, or to prevent the disclosure of Competitive Sensitive Information. Not less than fifteen (15) days after such reports are provided, MSHA shall pay to Wellmont, or Wellmont shall pay to MSHA, as applicable, cash in the amount that will result in Expenses incurred through the end of the preceding month (not including the Due Diligence Expenses) being shared in the proportions set forth in subsection (a) above.

(e) In addition to any other payments required pursuant to this Section 10.04, in the event MSHA elects to terminate this Agreement pursuant to Section 8.01(c) in circumstances in which the conditions to Closing set forth in Article VI, other than the condition set forth in Section 6.05(e), have been satisfied, or Wellmont elects to terminate this Agreement pursuant to Section 8.01(d) in circumstances in which the conditions to Closing set forth in Article VII, other than the condition set forth in Section 7.05(e), have been satisfied, the Party exercising the right to terminate shall pay to the other Party cash in an amount equal to One Million, Five Hundred Thousand Dollars ($1,500,000).

Section 10.05 Governing Law; Venue.
(a) This Agreement and the transactions contemplated herein shall be governed by, interpreted, construed, and enforced in accordance with the laws of the State of Tennessee applicable to contracts made and to be performed entirely within the State of Tennessee without giving effect to choice or conflict law provisions that would cause the application of the domestic substantive laws of any other jurisdiction.

(b) Any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby shall be brought exclusively in the state or federal court located in the jurisdiction in which the corporate headquarters of the defending party is located (the "Proper Court"). Each party irrevocably and unconditionally waives any objection to the laying of venue of any such action, suit or proceeding in the Proper Court and further irrevocably and unconditionally waives and agrees not to plead or claim that any such action, suit or proceeding brought in the Proper Court has been brought in an inconvenient forum.

Section 10.06 Entire Agreement. This Agreement (together with the Schedules and any subsidiary documents incorporated herein) contains the entire agreement of the parties with respect to the subject matter hereof. Notwithstanding the foregoing, the parties acknowledge that they are bound by the terms of the Confidentiality Agreement, other than in cases in which it conflicts with the terms of this Agreement in which instances the terms of this Agreement shall prevail.

Section 10.07 Amendments and Modifications. This Agreement shall not be modified, amended, or changed in any respect except in writing duly signed by the parties hereto and each party hereby waives any right to amend this Agreement in any other way.

Section 10.08 Assignment. Neither party may assign any of its rights or delegate any of its duties under this Agreement without the prior written consent of the other party.

Section 10.09 Captions. Captions in this Agreement are solely for the purposes of identification and shall not in any manner alter or vary the interpretation or construction of this Agreement.

Section 10.10 Execution in Counterparts. This Agreement may be executed in more than one counterpart, each of which shall be deemed to be an original, but all of which shall be deemed to constitute one instrument. It shall not be necessary for all parties to have signed the same counterpart provided that all parties have signed at least one counterpart.

Section 10.11 Notices. All notices or other communications that are required or permitted hereunder shall be given in writing and shall be given either by personal delivery, by FedEx or other overnight courier, or by facsimile, shall be deemed to have been given when personally delivered, when deposited with charges prepaid with FedEx or other nationally recognized overnight courier service, or when transmitted to a facsimile machine, addressed to the respective parties as follows:

Wellmont: Wellmont Health System
1905 American Way

52
Kingsport, Tennessee 37660  
Attn: Bart Hove, President & CEO

**With a copy (which shall not constitute notice) to:**

Wellmont Health System  
1905 American Way  
Kingsport, Tennessee 37660  
Attn: Gary D. Miller, General Counsel

and to: Baker Donelson Bearman Caldwell & Berkowitz, P.C.  
211 Commerce Street, Suite 800  
Nashville, Tennessee 37201  
Attn: Richard G. Cowart, Esq.

**MSHA:**  
Mountain States Health Alliance  
303 Med Tech Parkway, Suite 303  
Johnson City, TN 37604  
Attn: Alan Levine, President

**With a copy (which shall not constitute notice) to:**

Mountain States Health Alliance  
303 Med Tech Parkway, Suite 370  
Johnson City, TN 37604  
Attn: Tim Belisle, General Counsel

Any party may by notice change the address to which notice or other communications to such party are to be delivered or mailed.

Section 10.12 **Successors and Assigns.** All of the terms and provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their successors, and, to the extent permitted herein, their assigns. No third parties are intended to benefit, however, from the terms and provisions hereof or from any representation, warranty, covenant, or obligation set forth herein or in any schedule, exhibit, or other writing delivered pursuant hereto.

Section 10.13 **Public Announcement.** Except as and to the extent required by law, without the prior written consent of the other party, neither MSHA nor Wellmont shall, and each shall direct its representatives not to, directly or indirectly, make any public comments, statement or communication with respect to, or otherwise disclose or permit the disclosure of the existence of this Agreement or any of the terms, conditions or aspects of this Agreement except in the manner provided by the Confidentiality Agreement. The timing, content and context of any announcements, press releases, public statements, or reports and related matters incident to the matters referenced in this term sheet, or its existence, will be determined in advance by the mutual written consent of the Parties. Further, the Parties will advise each other of communications to their employees and medical staff relating to the transactions contemplated by this Agreement prior to the communication of the same.
Section 10.14  Construction and Certain Definitions.

(a) Each party to this Agreement and its counsel have reviewed and revised this Agreement. The normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Agreement or of any amendments or Schedules to this Agreement.

(b) References to this Agreement are references to this Agreement and to the Exhibits and Schedules to this Agreement

(c) References to any document (including this Agreement) are references to that document as amended, consolidated, supplemented, novated or replaced by the parties thereto from time to time.

(d) References to Sections and Articles are references to sections and articles of this Agreement.

(e) References to a party to this Agreement shall include its respective successors and permitted assigns.

(f) The gender of all words in this Agreement includes the masculine, feminine and neuter, and the number of all words in this Agreement include the singular and plural.

(g) The word "including" shall mean including without limitation, unless followed by the word "only."

[Signature page follows]
IN WITNESS WHEREOF, the parties hereto have executed or caused to be executed this Agreement on the day and year first above written.

WELLMONT HEALTH SYSTEM

By: ______________________________
Roger Leonard
Chairman of the Board of Directors

By: ______________________________
Bart Hove
President and CEO

MOUNTAIN STATES HEALTH ALLIANCE

By: ______________________________
Barbara Allen
Chairman of the Board of Directors

By: ______________________________
Alan Levine
Chief Executive Officer
EXHIBITS

Exhibit A. Affiliates.
Exhibit B. Shared Vision and Guiding Principles.
Exhibit C-1. Interim Parent Company Articles and Interim Parent Company Bylaws.
Exhibit C-2. Interim Directors and Interim Officers.
Exhibit C-3 Amended Parent Company Articles.
Exhibit C-4 Amended Parent Company Bylaws.
Exhibit D-1. Parent Company Board Officers and Initial Management Team
Exhibit D-2. Position Description of Executive Chairman/President
Exhibit D-3. Position Description of CEO
Exhibit D-4. Position Descriptions of COO and CFO
Exhibit E. Joint Board Task Force
Exhibit F. Integration Council
Exhibit G. Definitions.
EXHIBIT A

Affiliates

MSHA AFFILIATES

Set forth below is an indication of the interest owned by MSHA in each corporation, partnership, joint venture, or other business association or entity in which MSHA owns any of the outstanding membership interests, shares of capital stock, or other equity interests (including partnership interests):

- Smyth County Community Hospital (80.0%)
- Mountain States Health Alliance Auxiliary, Inc. (100%)
- Mountain States Foundation (100%)
- Integrated Solutions Health Network (99.83%)
- Anew Care Collaborative, LLC (owned 100% by Integrated Solutions Health Network)
- CrestPoint Health Insurance Company, Inc. (owned 100% by Integrated Solutions Health Network)
- Norton Community Hospital (50.1%)
- Norton Community Physician Services, LLC (owned 100% by Norton Community Hospital)
- Dickenson Community Hospital, Inc. (owned 100% by Norton Community Hospital)
- Community Home Care, Inc. (owned 100% by Norton Community Hospital)
- Johnston Memorial Hospital, Inc. (50.1%)
- Abingdon Physician Partners (owned 100% by Johnston Memorial Hospital, Inc.)
- JMH Emergency Physicians, LLC (owned 100% by Johnston Memorial Hospital, Inc.)
- Blue Ridge Medical Management Corporation (100%)
- Mountain States Physician Group, Inc. (owned 100% by Blue Ridge Medical Management Corporation)
- Mountain States Properties, Inc. (owned 100% by Blue Ridge Medical Management Corporation)
- Kingsport Ambulatory Surgery Center, L.L.C. (owned 43% by Blue Ridge Medical Management Corporation)
- MediServe Medical Equipment of (owned 100% by Blue Ridge Medical Management Corporation)
- Kingsport, Inc. (owned 100% by Blue Ridge Medical Management Corporation)
- Emmaus Community Healthcare, LLC (owned 75% by Blue Ridge Medical Management Corporation)
- Wilson Pharmacy, Inc. (owned 100% by Blue Ridge Medical Management Corporation)
- The Castle Project, LLC (owned 5% by Blue Ridge Medical Management Corporation)
- Quillen Rehabilitation Hospital of Johnson City, LLC (owned 49.9% by Blue Ridge Medical Management Corporation)
- Mountain Empire Surgery Center, L.P (owned 33.86% by Blue Ridge Medical Management Corporation)
WELLMONT AFFILIATES

Set forth below is an indication of the interest owned by Wellmont in each corporation, partnership, joint venture, or other business association or entity in which Wellmont owns any of the outstanding membership interests, shares of capital stock, or other equity interests (including partnership interests).

- Wellmont Health System (100%)
- Wellmont Cardiology Services (100%)
- Wellmont Foundation, Inc. (100%)
- Wellmont/HealthSouth IRF, LLC (25%)
- Wellmont Madison House (100%)
- Wellmont Hawkins County Memorial Hospital, Inc. (100%)
- Wellmont Medical Associates (100%)
- Wellmont Health Management Services, Inc. (100%)
- Advanced Home Care (5.76%)
- Highlands Wellmont Health Network, Inc. (50%)
- Renaissance Surgery (33%)
- Holston Valley Ambulatory Surgery Facility, LLC (52%)
- Sapling Grove Ambulatory Surgery Facility, LLC (65%)
- Wellmont Integrated Network, LLC (100%)
- Wellmont Health Management Services, LLC (100%)
- Wellmont Imaging Services (100%)
- Holston Valley Imaging Center (100%)
- Wellmont Sleep Services (100%)
- Wellmont Wexford House (100%)
- Wellmont Insurance Company SPC, LTD (100%)
- Wellmont Inc. (100%)
- Wellmont Health Services Inc. (100%)
- Professional Park Assoc., LLC (12.72%)
- Bristol Surgery Center, LLC (100%)
- Medical Mall Pharmacy (100%)
- Medical Laundry (100%)
- MCOT, Inc. (100%)
- Wellmont Physician Services (100%)
• WPS Providers, Inc. (100%)
EXHIBIT B

Shared Vision and Guiding Principles

A Shared Vision for Regional Healthcare

It is the shared vision of our boards that Wellmont Health System and Mountain States Health Alliance come together as equal partners to develop a brand new health system for our region with a new leadership structure, a new board, a new name, and a new kind of vision. This new leadership structure and board will work to unite the resources of both systems with one common purpose—to become one of the best regional health systems in the nation.

As one of the largest health systems and employers in the state of Tennessee, this new system will—

- Establish new unifying mission, vision, and values statements that honor our heritage and charter our future
- Be one of the strongest health systems in the country, known for outstanding clinical outcomes and superior patient experiences
- Be one of the best health system employers in the country and one of the most attractive health systems for physicians and employee team members
- Create new models of joint physician and administrative leadership to shape the future of healthcare in our region through substantial physician influence and direction
- Partner with physicians to achieve better quality at lower cost for patients, businesses, and payers
- Achieve long-term financial stability and sustainability through wise stewardship of resources, avoidance of waste, and sound fiscal management
- Advance high-level services so that more people can receive the care they need close to home
- Be a national model for rural healthcare delivery and rural access to care
- Work with regional educational and allied health partners to identify health gaps and disparities and effectively meet community health needs
- Create an efficient, high quality healthcare system that attracts employers to our region and creates long-term economic opportunity
- Build new population health models and leverage electronic health records and community engagement programs to reduce unhealthy behaviors and improve the overall health status of our region
- Work with academic partners, in particular East Tennessee State University, in new ways to bolster medical school and allied health programs and attract research investments
- Establish innovative philanthropic partnerships for healthcare advancement

To accomplish these objectives, we will seek to build shared vision with our team members and physicians and invest in their success. As a health system of choice, the new system will benchmark against the best health systems in the nation to create an environment that advances our team members and physicians.
Our integration should be methodical and intentional, guided by achieving clear value for the community, our team members, and our physicians. A substantial period of initial assessment will be needed and will result in a long-term strategic vision for the new system. During the assessment and planning period, it will be important to maintain clinical services in our current communities and move forward to address any access gaps across the region. We commit to open communication through rotating quarterly town hall meetings and other methods to keep our communities and physicians informed about our plans and our progress.

Working together, focused solely on what is in the best interests of our physicians, team members, patients, and communities we will set a new standard for healthcare excellence and bring unprecedented value to our region guided by the principles that follow.

Guiding Principles for a New Regional Health System

Beyond a shared vision to develop one of the best health systems in the nation, the new not for profit health system created by the merger of Wellmont Health System and Mountain States Health Alliance will be guided by the following principles and will develop strategic plans to deliver on them.

Mission, Vision, and Strategy

- Exhibit common values and a compelling vision for healthcare delivery in the region
- Achieve cultural integration across key stakeholder groups and embody a culture of collaboration
- Demonstrate commitment to the Triple Aim of improving the patient experience through enhanced quality and satisfaction, improving the health of populations and reducing the per capita cost of healthcare

Patients

- Demonstrate a commitment to first class patient experiences and broad community support for programs and services
- Improve and advance the overall health status of patients and communities served, including both healthcare and wellness services, to improve their ability to stay well
- Commit to serving all people in each community—including those with and without the ability to pay
- Develop regional community health needs assessments and implementation plans and update these annually to ensure healthcare gaps and disparities are addressed
- Keep the best interest of patients at the center of everything we do, delivering exceptional value and high quality outcomes
- Facilitate patient access to their preferred physicians
- Create the best practice environment for the physicians who care for our patients
- Maintain and further develop highly specialized medical services
Physicians

- Support and strengthen our valued community of independent physicians as well as currently employed physicians for the benefit of high-quality patient outcomes
- Create an environment and culture that is attractive to highly qualified physicians and that places equal value on the roles of both independent and employed physicians
- Ensure all physicians have the resources needed to access clinical information and collaborate in the best interest of patients
- Broaden expertise and resources to enhance local medical staff leadership and professional development
- Commit to physician leadership at all levels of system and local administration

Employees

- Maintain or improve compensation and benefits for employees to levels that are competitive in comparable markets throughout the Southeastern United States and maintain the tenure of employees for eligibility and other purposes
- Create industry leading educational and professional development programs, including continuing education and clinical education
- Create an employment environment that will attract and retain highly qualified clinical and administrative talent in service to our communities

Clinical Programs, Service, and Quality

- Develop cohesive resources to effectively coordinate the provision of services across the system and ensure seamless access to high quality, cost-effective healthcare services
- Seek to improve primary care access and develop NCQA, level 3 patient-centered medical homes
- Effectively manage rural facilities and align tertiary resources to ensure timely access to appropriate care
- Expand clinical trial programs in heart, cancer, and other areas
- Design a seamless regional care continuum across a full spectrum, including pre and post-acute care

Management & Operations

- Seek opportunities to leverage economies of scale for operational efficiency in corporate management and back office functions
- Enhance clinical support functions that will advance service excellence and quality outcomes
- Leverage any unique capabilities, assets, and programs to maximize effectiveness and efficiency
- Develop proficiency in implementation and management processes and protocols to redesign care, reduce variation, and systematically improve outcomes while lowering cost

Investment and Innovation
• Endeavor to remain on the forefront of future developments in healthcare technology
• Develop effective purchasing and financing systems to improve overall cost of capital
• Achieve and maintain an improved approach to overall financial management, resulting in improved finances and bond ratings
• Build a comprehensive Epic platform to support clinical integration, population health management, and connectivity
• Achieve sufficient financial security to ensure commitment of capital and investment in new services, technology, and facilities

**Population Health Management**

• Focus on the purposeful development of a care management/population health model
• Support advancement of population health management locally through quality incentive and risk-bearing payment arrangements, among other appropriate mechanisms
• Develop necessary informatics and analytic systems to support partnerships with payers and employers in new compensation and insurance models

**Governance**

• Instill industry leading governance structures and practices that effectively represent the communities we serve and showcase physician leadership
• Ensure the system possesses the resources, talent, and technology needed to thrive both in the current and the emerging healthcare industry
EXHIBIT C-1

Interim Parent Company Articles and Interim Parent Company Bylaws
EXHIBIT C-2

Interim Directors and Interim Officers

Directors: Barbara Allen, Roger Leonard, Roger Mowen, and Gary Peacock

Officers:

President: Alan Levine

Secretary/Treasurer: Alice Pope
EXHIBIT C-3
Amended Parent Company Articles
EXHIBIT C-4

Amended Parent Company Bylaws
EXHIBIT D-1

Parent Company Board Officers and Initial Management Team

Board Officers shall be:

(i) Executive Chairman/President: Alan Levine

(ii) Vice Chairman/Lead Independent Director: To be nominated by Wellmont and affirmed by the non-management members of the Joint Board Task Force

(iii) Treasurer: To be determined by the Joint Board Task Force

(iv) Secretary: To be determined by the Joint Board Task Force

(v) Chief Executive Officer: Bart Hove

The Initial Management Team shall be:

(i) Executive Chairman/President: Alan Levine

(ii) Chief Executive Officer: Bart Hove

(iii) Chief Operating Officer: Marvin Eichorn

(iv) Chief Financial Officer: Alice Pope

Individuals appointed to the Board Officer positions identified in (ii), (iii), and (iv) above as of the Effective Time shall be set forth in an updated Exhibit E-1 to be attached hereto and initialed by the Parties on the Effective Date.
EXHIBIT D-2

Position Description of Executive Chairman/President

Leadership

- Leadership of the board; ensuring the board’s effectiveness and engagement in all aspects of its role and, in conjunction with the Vice Chair, setting of its agenda.
- Directing activities which serve to promote the mission.
- Consistent with the shared vision statement, setting the direction for the organization by shaping the vision, setting the strategy, and leading critical negotiations with potential partners.
- Shaping a positive culture: setting the standards, modeling the Corporation’s values, to include a focus on ‘system-ness’ and value-based performance, research and academics, and innovation.
- In conjunction with the Chief Executive Officer: building leadership capability of the management team; selecting, developing and motivating key leaders and high potential talent to ensure future leadership is capable of meeting current and future organizational needs and is held accountable for system-wide performance.
- Promoting the highest standards of corporate governance.

Meeting

- Chairing board meetings.
- In conjunction with the Vice Chair, ensuring the board’s effectiveness in all aspects of its role, including regularity and frequency of meetings.
- In conjunction with the Vice Chair, setting the board agenda, taking into account the issues and concerns of all board members. The agenda should be forward looking, concentrating on strategic matters.
- Ensuring that the directors receive accurate, complete, timely and clear information, and are advised of all likely future developments and trends, to enable the board to take sound decision and promote the success of the company.

Directors

- Facilitating the effective contribution of directors and encouraging active engagement by all members of the board.
- Ensuring constructive relations among the directors and between the directors and management.
- Building and maintaining an effective competency based and complementary board, and with the Nominating Committee, initiating change and planning succession in board appointments subject to the bylaws and board approval.

Induction, Development and Performance Evaluation
• Ensuring new directors are oriented, and provided adequate opportunity to on-board.
• Ensuring that the development needs of directors are identified and met. The directors should be able to continually update their skills, knowledge, and familiarity with the company.
• In conjunction with the Vice Chair, identifying the development needs of the board as a whole to enhance its overall effectiveness as a team and to ensure it receives board education consistent with industry standards for a system of the size and scope of the Corporation.
• Ensuring the performance of the board, its committees and individual directors is evaluated periodically through the Board Governance Committee, and acting on the results of such evaluation.

Relations with Stakeholders
• Ensuring effective communication with all stakeholders, financial institutions, the public and government/regulatory agencies. Serve as the Chief Spokesperson for the Corporation with appropriate delegation of authority to the CEO on operational matters.
• Representing the Corporation to Federal, State and local governing bodies and, either in person or through a designee, serve as Chief Spokesperson and advocate for the interests of the Corporation and on healthcare issues in general.
• Maintaining and promoting the Corporation’s public image and reputation.

Direct Reports
The direct reports to the Executive Chairman/President include:
• Chief Executive Officer
• Compliance and Audit (dual reporting responsibility to the Executive Chairman/President and also to Chair of Audit Committee)
• General Counsel (dual reporting to the Executive Chairman/President and to the board.
• Corporate Communications
• System Development/Philanthropy
• Strategic Planning

Other Responsibilities

The Executive Chairman/President shall:
• Uphold the highest standards of integrity.
• Ensuring effective implementation of board decisions.
• Ensuring the long-term sustainability of the business through coordination with the Corporation Board and Management Team.

The Executive Chairman/President is accountable to, and reports to the Corporation’s Board.
The Executive Chairman/President is also responsible for the following:

- Enhancement of external affiliations and relationships.
- Implementing and oversight of compliance with Certificate of Public Advantage or other regulatory agreements.
- Regular review of the operational performance of the company.
- Responsible to the Corporation Board for ensuring the provision of the highest quality of patient care and customer service in all the Corporation facilities and business units.
- Responsible for management of the organization’s debt.

Aligning the organization: continuing to drive the integration of the Corporation to create a cohesive, responsive organization by eliminating redundancies, capitalizing on economies of scale, and fostering a system mentality.
EXHIBIT D-3

Position Description of CEO

Leadership

- The Chief Executive Officer of the Corporation reports to the Executive Chairman/President and is the senior executive in charge of all business operations of the Corporation organization. This executive position requires a combination of operational excellence and system administrative skills and must be attentive to enhanced financial performance in a physician-empowered culture. It is expected that the CEO is adroit in physician relations, physician recruitment and retention.

- This position requires visionary leadership and plays a vital role in creating, implementing and executing the strategy in conjunction with the Executive Chairman/President. Of paramount importance, this position requires the incumbent to establish credibility with employees, physicians, payors, providers and community leaders. The CEO is expected to raise the health system's visibility and reputation in the communities it serves in conjunction with the Executive Chairman/President.

- The CEO position serves as the principal operational leader for the organization and is responsible for driving forward the Corporation's vision to be the best healthcare delivery system in the region in conjunction with the Executive Chairman/President. This position is the champion for the Corporation's continued emphasis on "systemness" across the care delivery continuum, to achieve not only its quality and safety goals, but also to increase operational efficiency and provide a consistent point of service contact for its patients.

Major Responsibilities

- Possess a professional and personal adherence to the values, mission and philosophy of the Corporation organization.

- Expand on the legacy of the quality and safety of patient care services across the system.

- Working closely with the Executive Chairman/President to lead the ongoing review of the current strategic plan and development of future strategic plans; ensure the plan supports the organization's goal of clinical excellence, while at the same time considers the appropriate business model for the medical staff and strategic service opportunities for growth and addresses revenue generation to sustain ongoing growth. Realize the goal of an integrated health system that leverages the advantages of a multi-state and multimarket health.
In conjunction with the Executive Chairman/President, build a high performance culture characterized by decisiveness, accountability and compassion.

Direct Reports

- Chief Operating Officer
- Chief Financial Officer

And the following subject to development of a final organizational chart.

- Chief Medical Officer
- Vice President of Human Resources
- President of Physician Organization
EXHIBIT D-4

Position Descriptions of COO and CFO

Chief Operating Officer

Leadership

• The Chief Operating Officer (COO) for NEWCO reports directly to the NEWCO CEO and is responsible for the effective and efficient operations of the System and any subsidiary components as directed by the Chief Executive Officer. The COO shall ensure proper operational focus consistent with the organization’s strategic plan.

• The COO provides direction to key executives and other members of the management team to ensure the objectives of the organization are met, including optimal patient experience, quality and financial outcomes.

• The COO shall communicate with clarity, and develop talent within the organization to enhance the growth of future company leaders.

Major Responsibilities

• Interface with key NEWCO operational executives, subsidiaries and corporate support functions to ensure operational effectiveness throughout the organization.

• Develop and foster effective collaboration between corporate support functions, clinical leadership, physician leadership and other functions to ensure an integrated approach to providing services and fulfilling the hospitals clinical, research and educational goals and objectives.

• Oversee major workforce and resource decisions.

• Develop new business strategies.

• Attention is to be given to systems, program development, quality, fiscal management, compliance and clinical management measures, physician relationships, outreach strategies, work culture enhancement and internal communication and consensus building.

Direct Reports

• Key corporate and operating entities shall report to the COO, as determined from time to time by the CEO in consultation with the Executive Chairman/President.

Chief Financial Officer
Leadership

- The Chief Financial Officer of NEWCO reports directly to the NEWCO CEO and is responsible for overseeing and implementing the financial strategy and operations for NEWCO. This position is responsible for financial reporting, financial compliance, budgeting, treasury management including investment and debt management, asset management including capital planning and budgeting, and payer relations.

- The position must effectively communicate and collaborate with departmental leadership, medical staff leadership, system leadership and the boards and committees of NEWCO to ensure an integrated approach to financial services.

Major Responsibilities

- Financial and strategic planning for assigned areas including but not limited to budget development, capital planning, cash forecasting, investment management/planning and payer relations.

- Foster relations between corporate entities

- Present to external audiences

Direct Reports

- Key corporate and operations finance personnel as determined from time to time by the CEO in consultation with the Executive Chairman/President
EXHIBIT E

Joint Board Task Force

MSHA
Barbara Allen
Bob Feathers
Clem Wilkes, Jr.
Gary Peacock
Dr. David May
Dr. David Moulton
Alan Levine

WHS
Roger Leonard
Roger Mowen
Keith Wilson
Dr. Nelson Gwaltney
Dr. Doug Springer
Dr. David Thompson
Bart Hove
EXHIBIT F

Integration Council

**MSHA**
Marvin Eichorn (Co-Chair)
Dr. Morris Seligman
Lynn Krutak
Tony Keck
Dr. Sandra Brooks
Tim Belisle

**WHS**
Eric Deaton (Co-Chair)
Alice Pope
Dr. Robert Funke
Dr. Dale Sargent
Todd Norris
Gary Miller
EXHIBIT G

Definitions

1.01 "Affiliation" has the meaning set forth in the Recitals.
1.02 "Agreement" has the meaning set forth in the Recitals.
1.03 "Amended Wellmont Articles" has the meaning set forth in Section 2.01(a)(ii).
1.04 "Amended Wellmont Bylaws" has the meaning set forth in Section 2.01(a)(ii).
1.05 "Approvals" has the meaning set forth in Section 5.06(b).
1.06 "Balance Sheet" has the meaning set forth in Sections 3.04 and 4.04.
1.07 "Black Box Process" has the meaning set forth in Section 3.06.
1.08 "Clinical Council" has the meaning set forth in Section 9.05(a).
1.09 "Competitive Sensitive Information" has the meaning set forth in Section 5.04.
1.10 "Consultant(s)" has the meaning set forth in Section 9.02.
1.11 "Code" has the meaning set forth in Sections 3.07.
1.12 "Confidentiality Agreement" has the meaning set forth in Section 5.04.
1.13 "COPA Acts" has the meaning set forth in Section 5.06(a).
1.14 "Effective Date" has the meaning set forth in Section 5.01.
1.15 "Effective Time" has the meaning set forth in Section 5.01.
1.16 "ERISA" has the meaning set forth in Sections 3.16(b) and 4.16(b).
1.17 "Expenses" has the meaning set forth in Section 10.04.
1.18 "Event of Default" has the meaning given it in the Master Indenture.
1.19 "Federal health care programs" has the meaning set forth in Sections 3.17(g) and 4.17(g).
1.20 "Financial Statements" has the meaning set forth in Sections 3.04 and 4.04.
1.21 "GAAP" has the meaning set forth in Sections 3.04.
1.22 "Government Programs" has the meaning set forth in Sections 3.17(b) and 4.17(b).
1.23 "Governmental Entity" has the meaning set forth in Section 3.17(a)(i) and 4.17(b)(i).

1.24 "Hazardous Substances" has the meaning set forth in Sections 3.14(b) and 4.14(b).

1.25 "HSR" has the meaning set forth in Section 5.05.

1.26 "Improvements" has the meaning set forth in Section 3.13(c) and 4.13(c).

1.27 "Initial Management Team" has the meaning set forth in Section 2.01(f).

1.28 "Interested Person" means with respect to any individual serving on or otherwise eligible to serve on the Parent Company Board of Directors, any committee of the Parent Company Board of Directors, the Board of Directors or any Board committee of MSHA, Wellmont, and any of their subsidiaries, that such individual fits within the published guidance issued by the Exempt Organizations Division of the Internal Revenue Service of the United States of America (the IRS EO Division) regarding which individuals are considered interested persons with respect to organizations that are exempt from federal income tax under Code Section 501(c)(3) and which provide hospital services or other health care services or serve as supporting organizations to tax exempt health care services providers.

1.29 "Intermediate Sanctions" has the meaning set forth in Sections 3.08(i) and 4.08(i).

1.30 “Knowledge of MSHA” has the meaning set forth in Section 4.07.

1.31 "Knowledge of Wellmont" has the meaning set forth in Section 3.07.

1.32 "Leased Real Property" has the meaning set forth in Sections 3.13(b) and 4.13(b).

1.33 “Master Indenture” means the Amended and Restated Master Trust Indenture, dated as of February 1, 2000, as supplemented by the Thirty-Ninth Supplemental Master Indenture dated as of July 1, 2013 between MSHA and The Bank of New York Mellon Trust Company, as Master Trustee.

1.34 "Material Adverse Effect" means, with respect to any Party, any event, circumstance, development, condition, occurrence, state of facts, change or effect that is or is reasonably likely to have (i) a material adverse effect on the business, assets, results of operations or financial condition of such Party and its Subsidiaries, taken as a whole or (ii) a material adverse effect on the ability of such Party to consummate the transactions contemplated by this Agreement in either case, other than any event, circumstance, development, condition, occurrence, state of facts, change or effect resulting from any one or more of the following: (A) any change in the United States or foreign economies or securities or financial markets in general; (B) any change that affects any industry in which such Party operates; (C) any change arising in connection with natural disasters or acts of nature, hostilities, acts of war, sabotage or terrorism or military actions or any escalation or material worsening of any such hostilities, acts of war, sabotage or terrorism or military actions existing or underway as of the date hereof; (D) any action taken by the other Party to this Agreement with respect to the transactions contemplated by this Agreement; (E) any changes in applicable Laws, accounting rules or the interpretation thereof; (F) the failure of such Party to meet any projections; (G) compliance by such Party with the
terms of, or taking any action required by, this Agreement; (H) actions required to be taken by such Party under applicable law or contracts; or (I) the public announcement of this Agreement or the consummation of the transactions contemplated by this Agreement.

1.35 "Medicaid" has the meaning set forth in Sections 3.17(b) and 4.17(b).

1.36 "Medicare" has the meaning set forth in Sections 3.17(b) and 4.17(b).

1.37 "MSHA" has the meaning set forth in the Recitals.

1.38 "MSHA Financial Statements" has the meaning set forth in Section 4.08.

1.39 "MSHA Facility" and "MSHA Facilities" have the meaning set forth in Section 4.17(b).

1.40 “MSHA Material Contract” has the meaning set forth in Section 4.07.

1.41 "MSHA Subsidiary" and "MSHA Subsidiaries" have the meaning set forth in Section 4.03.


1.43 “Outside Date” has the meaning set forth in Section 8.01(b).

1.44 "Owned Real Property" has the meaning set forth in Sections 3.13(a) and 4.13(a).

1.45 “Parent Company” has the meaning set forth in Section 1.02(a).

1.46 “Parent Company Articles” has the meaning set forth in Section 2.01(a).

1.47 “Parent Company Bylaws” has the meaning set forth in Section 2.01(a).

1.48 "Party" and "Parties" have the meaning set forth in the Recitals.

1.49 "Permitted Liens" has the meaning set forth in Sections 3.09 and 4.09.

1.50 "Person" has the meaning set forth in Sections 3.17(a)(ii) and 4.17(a)(ii0.

1.51 "Plans" has the meaning set forth in Sections 3.16(b) and 4.16(b).

1.52 "Prior Representation" has the meaning set forth in Section 5.07.

1.53 "Proper Court" has the meaning set forth in Section 10.05(b).

1.54 "Qualified Plan" has the meaning set forth in Sections 3.16(e) and 4.16(e).

1.55 "Real Property Leases" has the meaning set forth in Sections 3.13(b) and 4.13(b).
1.56  "Tax" and "Taxes" have the meaning set forth in Sections 3.08(a) and 4.08(a).
1.57  "Tax-Exempt Wellmont Subsidiaries" has the meaning set forth in Section 3.08(i).
1.58  "Tax Exempt MSHA Subsidiaries" has the meaning set forth in Section 4.08(i).
1.59  "Tax Return" has the meaning set forth in Sections 3.08(b) and 4.08(b).
1.60  "Tennessee COPA Act" has the meaning set forth in Section 5.06(a).
1.61  "Virginia COPA Act" has the meaning set forth in Section 5.06(a).
1.62  "Wellmont" has the meaning set forth in the Recitals.
1.63  "Wellmont Facility" and "Wellmont Facilities" have the meaning set forth in Section 3.17(b).
1.64  "Wellmont Material Contract has the meaning set forth in Section 3.07.
1.65  "Wellmont Subsidiary" and "Wellmont Subsidiaries" have the meaning set forth in Section 3.03.
I. TITLE: CODE OF ETHICS AND BUSINESS CONDUCT

II. PURPOSE:
To describe the ethical framework within which Mountain States Health Alliance conducts its patient care and business operations.

III. PATIENT-CENTERED CARE PRINCIPLES:
All team members are considered as caregivers.

IV. SCOPE:
All team members

V. FACILITIES/ENTITIES:
Tennessee: FWCH, IPMC, JCCH, JCMC, QRH, SSH, WPH, Niswonger Children’s Hospital, Kingsport Day Surgery, IPMC Transitional Care, Princeton Transitional Care
Virginia: DCH, JMHC, NCH, RCMC, SCCH, Clearview Psychiatric Unit, Francis Marion Manor Health & Rehabilitation, Norton Community Physicians Services (NCPS), Community Home Care (CHC)
BRMMC, MSMG owned and managed practices
Home Health/Hospice
ISHN

VI. DEFINITIONS:
Not Applicable

VII. POLICY:
A. Mountain States Health Alliance, its Board of Directors, Medical/Dental Staff, employees, and independent contractors conduct patient care according to the Patient-Centered Care Philosophy and all business operations in an ethical manner. Our behavior is guided by our mission, vision, and core values statements and the following general principles.

1. We shall treat everyone with dignity, respect, and courtesy.

2. All team members are considered as caregivers, and all caregivers cooperate with one another through a common focus on the best interests and personal goals of the patient.
3. Our primary commitment is to the health, safety, and rights of the patient, whether an individual, family, friends, group, or community.

4. Care is provided in a healing environment of comfort, peace, support, openness and honesty.

5. We shall provide services only to those patients for whom we can safely care within this organization, and no patient with a medical necessity will be turned away due to an inability to pay or for any other reason unrelated to patient care.

6. Care is customized and reflects patient needs, values, and choices and is based on continuous healing relationships, with the patient being the source of control for their care.

7. Patient confidentiality is preserved with knowledge and information being shared only among care partners, physicians, and other caregivers with a "need to know".

8. Caregivers owe the same duties to self as to others, including the responsibility to preserve integrity and safety, to maintain competence, and to continue personal and professional growth.

9. We shall adhere to a uniform standard of care throughout the organization.

10. We shall continuously seek to improve our skills and the quality of our care and add new technology in a prudent manner, while striving to cut costs.

11. We shall make clinical decisions on identified patient health care needs, not financial risks or incentives.

12. We shall abide by all professional standards, laws and regulations governing the operations of our organization, and we shall fairly and accurately represent ourselves and our capabilities.

13. We shall meet, or exceed, all standards and requirements imposed upon us by licensing and accrediting bodies.

VIII. PROCEDURE:

A. The Code of Ethics and Business Conduct conveys the standards of ethical and legal behavior that is expected of all team members, Physicians/Allied Health Personnel, Independent contractors, and vendors.

B. The Code of Ethics and Business Conduct booklet is provided to all new team members during orientation, to new vendors or independent contractors and is provided to all new Physicians/Allied Health Personnel.

1. Individuals receiving a hard-copy of The Code of Ethics and Business Conduct must sign an acknowledgment of receipt or complete a computerized acknowledgment of receipt.

2. The Code of Ethics and Business Conduct document is accessible at all times in electronic format on the MSHA Intranet.

C. The Code of Ethics and Business Conduct is reviewed annually and modifications
are submitted to the Board for approval.

D. All individuals subject to the Code of Ethics and Business Conduct are expected to adhere to the Standards.
   1. Failure to do so will result in disciplinary action up to and including termination of employment, removal from the Medical Staff or be excluded as a participating vendor.

LINKS:
Code of Ethics and Business Conduct – MSHA
Code of Ethics and Business Conduct – Norton Community Hospital

__________________________  _______________________
Chair, MSHA Board                 Date

__________________________  _______________________
President and Chief Executive Officer, MSHA  Date
ATTACHMENT H

SUPPLEMENT TO FORM 1023,
APPLICATION FOR RECOGNITION OF EXEMPTION

Filed on Behalf of

Newco, Inc.
EIN: 61-1771290

Part V: Compensation and Other Financial Arrangements With Your Officers, Directors, Trustees, Employees, and Independent Contractors

9.a. Do you or will you have any leases, contracts, loans, or other arrangements with any organization in which any of your officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest? If “Yes,” provide the information requested in lines 9b through 9f.

As a supporting organization for MSHA and Wellmont, the Applicant expects to have contracts and other arrangements with those supported organizations. Certain of the directors and officers of the Applicant and MSHA are also directors and officers of the Applicant. Any such contracts or arrangements will be approved in accordance with the Applicant’s conflicts of interest policy and will support the purpose of the Applicant and its supported organizations. The Applicant does not expect to have any leases, contracts, loans, or other arrangements with any organization in which any of the Applicant’s officers, directors, or trustees are also officers, directors, or trustees, or in which any individual officer, director, or trustee owns more than a 35% interest, other than organizations for which the Applicant is a supporting organization.
This term sheet is intended for discussion purposes only and does not constitute and will not give rise to any legally binding obligation on the part of any party to these discussions or any affiliates of any party to these discussions. None of the parties to these discussions or any of their respective affiliates shall be legally bound with respect to the transactions contemplated by this term sheet unless and until such parties have executed and delivered to each other definitive, binding written agreements in respect of such transactions.

<table>
<thead>
<tr>
<th>NON-BINDING PROVISIONS</th>
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<tbody>
<tr>
<td><strong>I. Transaction Structure</strong></td>
</tr>
<tr>
<td>A. Wellmont and Mountain States shall adopt a statement of Shared Vision and Guiding Principles consistent with the statements attached as Exhibit A to this term sheet.</td>
</tr>
<tr>
<td>B. The form of transaction will be the formation of a new entity which will serve as the parent of Wellmont Health System (&quot;Wellmont&quot;) and Mountain States Health Alliance (&quot;Mountain States&quot;) (the &quot;Transaction&quot;).</td>
</tr>
<tr>
<td>C. Wellmont and Mountain States will cause a new, not for profit, tax exempt corporation to be incorporated in Tennessee (&quot;Newco&quot;). Newco shall be established as an independent not for profit, Tennessee corporation which shall be governed by a Board of Directors composed of residents from the Tri-Cities area of Tennessee and Virginia as set forth below.</td>
</tr>
<tr>
<td>D. Wellmont and Mountain States collectively (the &quot;Parties&quot;) will amend, modify or revise their respective articles and bylaws to designate Newco as the sole corporate member of each of the Parties.</td>
</tr>
<tr>
<td><strong>II. Timing and Due Diligence</strong></td>
</tr>
<tr>
<td>A. The Parties will mutually agree on a time schedule for conducting and completing due diligence and negotiating the Definitive Agreement, it being contemplated that such actions will be completed within one hundred fifty (150) days following signing of this term sheet.</td>
</tr>
<tr>
<td>B. Subject to the &quot;Protocols on Information Sharing&quot; section below, each of Mountain States and Wellmont shall use reasonable efforts to provide access to the information, employees or contractors requested by the other Party on a timely basis and shall provide to the other Party reasonable access to its facilities upon prior notice.</td>
</tr>
<tr>
<td>C. Neither Party (nor such Party's representatives) will contact the employees or other personnel of the other Party (including without limitation members of the medical staffs of such Party's hospitals, and no inspection will be conducted, without such Party first coordinating such inspection or contact with, in the case of Wellmont, Gary Miller, Esq. or his designees and in the case of Mountain States, Tim Belisle, Esq. or his designees.</td>
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<tr>
<td><strong>III. Governance - Board of Directors</strong></td>
</tr>
<tr>
<td>A. After execution of this term sheet or similar legal document, Wellmont and Mountain States will, at the appropriate and mutually agreed upon time, jointly engage third party consultants to assist with the selection, development, education and various other tasks related to establishing and integrating the Newco Board, as well as a third party consultant to conduct a culture audit of the two organizations in order to better inform</td>
</tr>
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the Newco Board on how best to integrate the two organizations from a human relations and cultural standpoint.

B. Upon execution of this term sheet or similar legal document, Wellmont and Mountain States will each nominate an equal number of their existing board members to become members of the pre-closing Joint Board Task Force. Further, the CEOs of Wellmont and Mountain States will each serve on the Joint Board Task Force. The total number of members of the Joint Board Task Force will not exceed 14. This Joint Board Task Force will oversee the pre-closing activities of the Integration Council. Given the significance of issues to be managed pre-closing, it is highly desirable that individuals who are selected to serve on the Joint Board Task Force also be those who will ultimately serve on the Newco Board.

C. The initial Newco governing board will be comprised of 14 voting members, as well as two ex-officio voting members and one (1) ex-officio non-voting member. The two ex-officio voting members shall be the Newco Executive Chairman/President and the Newco Chief Executive Officer.

1. The Newco Chief Executive Officer will serve as a voting member of the Newco Board for not longer than two (2) years. At the conclusion of the Chief Executive Officer’s two (2) year term, the Chief Executive Officer will rotate off the Newco Board. Upon rotation of the Chief Executive Officer off of the Newco Board, the initial Wellmont designees to the Newco Board (as described in Section D. below) shall appoint a new member to the Newco Board to replace the Chief Executive Officer. The initial term of this new Board member shall be three (3) years, with the opportunity to serve on additional three (3) year term.

2. The one ex-officio non-voting member shall be the then current President of East Tennessee State University.

3. The Board shall include not less than 4 licensed physicians who are members of the medical staff of one or more Newco-affiliated hospitals, with at least two (2) physicians from each legacy system. The total Newco board shall be composed of a maximum of sixteen (16) voting members.

4. Should there be a change in the Executive Chairman/President within the first twenty-four (24) months, for any reason, it is the intent of both Parties to define a process for inclusion in the Definitive Agreement that would maintain the balance of the Newco Board between the legacy systems.

D. Wellmont and Mountain States will each designate 6 members to serve on the initial board of Newco. Wellmont and Mountain States will jointly select 2 members of the initial Newco board, who will not be incumbent members of either Party’s board.

E. The initial members of the Newco board will be selected with the goals of
(1) obtaining a broad range of competencies, skills and experience relevant to the governance of a large healthcare system and (2) ensuring broad representation from the region, employer and patient communities served by Newco. Both organizations agree the ultimate goal is for Newco to be governed by a board that is competency-based and utilizing industry best practices.

F. The initial Newco board appointments will be for staggered terms, with 6 members having a term of two (2) years, four (4) board members with terms of three (3) years, and four (4) board members with terms of four (4) years. The two (2) Board members jointly appointed by the initial Wellmont and Mountain States members shall be in the class with an initial four-year term. The initial board members may serve their initial terms and one additional three-year term. Thereafter, limits on the number of terms of service for board members who succeed the initial board members will be agreed upon and set forth in the Newco bylaws to be adopted at the closing. For the first four years, the staggered terms shall be constructed so that legacy Board members from Wellmont and Mountain States will roll off the Board in equal numbers. If a legacy member resigns or is removed from office during his or her initial term, the person appointed to that position shall come from the same legacy organization and shall serve the unexpired term. Any renewal terms shall be subject to customary board governance policies and procedures.

G. As and after the initial board terms expire, the Newco board will be self-perpetuating. Newco bylaws will provide that Board members will be subject to term limits as discussed above.

H. The Newco board will have the ultimate fiduciary duties and governing role for the key business decisions, activities and management of the new health system. The Newco Board shall adopt governance best practices, including periodic performance evaluation. The governance best practices shall be further enumerated in the Newco bylaws.

I. The Definitive Agreement shall provide for an Executive Chairman (see Section IX infra) and a Vice Chairman/Lead Independent Director (to be nominated by Wellmont and affirmed by the non-management members of the Joint Board Task Force and named in the Definitive Agreement) whose responsibilities will be substantially similar to the description attached as Exhibit B to this term sheet. The term of the initial Vice Chairman/Lead Independent Director will be two years after the closing.

J. The Officer and Executive Committee positions of the Newco Board will be defined in the initial Newco Bylaws to be adopted in accordance with the Definitive Agreement. There will be 4 Board Officer positions to be filled as follows: Executive Chair, Vice Chair, Treasurer, and Secretary. Additionally, there will initially be two at-large members of the Executive Committee.

K. Upon closing of the Transaction and the constitution of the Newco Board, the existing Wellmont and Mountain States Boards may be delegated certain responsibilities by the Newco Board, such as credentialing,
subsidary and joint-venture oversight, and implementation of Newco Board decisions as required to transition to one governance structure. It is anticipated that the Wellmont Board and Mountain States Board will be dissolved at such time that the Newco Board makes the decision to do so, but not later than 24 months after the closing of the Transaction, with their functions, authority and responsibilities transferred to the Newco Board and its Committees. It is also anticipated that during the transition period between closing and dissolution of each board, the existing Wellmont Board and Mountain States Board will have delegated responsibility for the following:

1. Medical staff credentialing and oversight as those functions currently are outlined in each organization’s bylaws;

2. Official business of any subsidiary corporation subject to Newco Board’s final authority as sole Member over such decisions; and

3. Regulatory oversight such as those requirements contained within the accreditation standards for hospitals and all other subsidiary services.

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<tr>
<th>IV. Governance - Board Subcommittees</th>
<th>A. Board committees will also be established with initial membership of equal representation by and from the Parties.</th>
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<td>B. Likely committees will include: Executive, Audit; Finance; Legal/Regulatory/Compliance; Quality; Human Resources; Governance; Investments; and Nominating.</td>
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<td>C. The final committee structure, committee charters, initial membership, and initial chairs of each will be mutually agreed upon and defined in the Definitive Agreement.</td>
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<td>D. The Executive Chairman/President of Newco will be an ex-officio, non-voting member of the Nominating Committee. The Nominating Committee charter will establish the criteria for selecting future board and committee members.</td>
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<tr>
<th>V. Supermajority Items</th>
<th>A. For a period of time post-Transaction, not to exceed two (2) years, certain board actions will require approval by a supermajority (defined as two-thirds) vote.</th>
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<td>B. The specific list of actions requiring supermajority approval will be identified in the Definitive Agreement, but will include the following:</td>
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<td></td>
<td>1. Amendments to Newco charter and bylaws;</td>
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<td>2. Sale of substantially all of the assets of Newco, or merger of Newco with or into another entity;</td>
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<td>3. Sale or closure of any hospital;</td>
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<td>4. Debt incurrence above an amount to be set forth in the Newco bylaws;</td>
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<td>5. Decision to file bankruptcy or insolvency proceedings or to seek</td>
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appointment of a receiver for Newco or key member(s) of its group(s) obligated to repay long-term debt; and

6. Discontinuing major clinical services, to be defined in the Definitive Agreement, at a Newco affiliated hospital.

| VI. Hospital and Affiliate Governance | A. Subject to the provisions of any existing joint-venture and other contractual agreements, the governing boards of all hospitals and other affiliates will be appointed by, and serve at the pleasure of, the Newco board. The Newco Board shall have final authority as sole Member of Newco’s ownership interest in any hospital, joint-venture or partnership.  

B. Except as provided below, the existing governing boards of hospitals and affiliates as of the Transaction closing will continue to serve unless replaced by the Newco board.  

C. To the degree any of the Boards of any subsidiary or wholly owned corporations of Wellmont and Mountain States have membership constituted to include Board members of Wellmont or Mountain States, such board composition shall be amended such that there is equal representation from Wellmont and Mountain States Board members.  

D. The composition of the boards of the respective physician organizations of Wellmont and Mountain States will be approved by the Newco Board.  

E. The charters of the Wellmont and Mountain States foundations will require that their respective funds as of the Transaction closing must be used consistent with the intent of the original donors thereof. |

| VII. Integration Council | A. As legally appropriate after the execution of this term sheet or similar legal document, the Parties will establish an Integration Council comprised of ten to twelve (10-12) members. The Integration Council will have responsibility for retaining an independent consultant to undertake a comprehensive analysis of the clinical, operational and financial functions of Wellmont and Mountain States to (1) identify, substantiate and quantify the cost-savings and quality-enhancement opportunities achievable specifically from the Transaction and (2) describe the timeline and integration plan for achieving these opportunities. The Integration Council will engage, on a regular basis, with this consultant for periodic reports on his/her analysis and supply information as needed to further the analysis, and prepare the Parties for integration to ensure the realization of Newco’s clinical, operational and financial potential post-Transaction. The objective of the Integration Council is to ensure a system approach that best serves the needs of the community and region based on objective information.  

B. Integration Council members may include operating executives, finance executives, legal executives and physician executives. Physician, nurse and other clinical and administrative leaders, shall be called upon to provide input and support to the Integration Council. The Integration Council will be composed of an equal number of representatives from Wellmont and Mountain States. There shall be at least four (4) members of the |
Integration Council who shall be physicians, with two (2) representatives from each of Wellmont and Mountain States. At least one (1) of each health system's physician representatives on the Integration Council shall be a physician in independent practice from each system.

C. Wellmont and Mountain States may jointly engage additional third party consultants to advise the Integration Council, as needed.

D. After the execution of this term sheet or similar legal document and until the Transaction closing date, the Integration Council will report to the Joint Board Task Force, to be comprised of existing Wellmont and Mountain States Board members, and the CEOs of Wellmont and Mountain States, acting in a transaction committee role.

E. All of the activities of the Integration Council prior to Transaction close shall be reviewed and advised in advance by legal counsel to ensure compliance with all applicable legal and regulatory restrictions.

F. The Integration Council shall develop a draft Newco policy outlining the process for consolidating services and facilities, which policy shall include but not be limited to cultural integration, timetables for actions, input from physicians impacted, and notices to staff and community. The draft policy shall be submitted to the Newco board for approval. Post-Transaction, the Integration Council will cease operations and its functions shall be assumed by the Newco management team.

G. The Parties will mutually agree and define in the Definitive Agreement the ongoing activities, terms of service and scope of the Integration Council within Newco post-Transaction.

VIII. Clinical Council

A. Promptly after the Transaction closing, Newco commits to the development of a physician-led Clinical Council (composed of appropriate balances of private physicians, group practice physicians and employed physicians) to guide, oversee and assist in implementation of the plan to integrate clinical activities, service lines and business units, and to advise on any appropriate further clinical integrative actions post-implementation that would result in added growth, operational efficiencies and advancements in patient care. Post-closing, the initial Clinical Council will equally represent physicians whose primary practice venue is Wellmont or Mountain States.

B. The Clinical Council will include Newco management representatives but will be composed primarily of physician representatives. The Clinical Council will report to the Chief Medical Officer of Newco. The Chair of the Clinical Council will be a physician member of the active medical staff(s) of one or more Newco-affiliated hospitals, will serve on the Quality Committee of the Newco Board, and will provide ongoing reports on the activities of the Clinical Council to the Newco Board through the Quality Committee function of the Board.

C. Among other duties, it is anticipated the Clinical Council will work on areas, among others, such as establishing a common standard of care,
<table>
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<tr>
<th>IX. Newco Management</th>
<th>A. The initial management team (&quot;Initial Management Team&quot;) of Newco shall be as follows:</th>
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<tr>
<td></td>
<td>- Executive Chairman/President: Alan Levine</td>
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<td></td>
<td>o The Executive Chairman/President will be the senior officer of the organization. The evaluation of the Executive Chairman/President’s performance will reside with the Newco Board.</td>
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<td></td>
<td>- Chief Executive Officer: Bart Hove</td>
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<tr>
<td></td>
<td>o The Chief Executive officer will report to the Executive Chairman/President.</td>
</tr>
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<td></td>
<td>- Chief Operating Officer: Marvin Eichorn</td>
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<tr>
<td></td>
<td>o The Chief Operating Officer will report to the Chief Executive Officer.</td>
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<tr>
<td></td>
<td>- Chief Financial Officer: Alice Pope</td>
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<tr>
<td></td>
<td>o The Chief Financial Officer will report to the Chief Executive Officer.</td>
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The position description for the Executive Chairman/President shall be substantially similar to the position description attached as Exhibit C to this Term Sheet and ensure the position is the most senior officer of Newco. The Joint Board Task Force will develop and approve the Executive Chairman/President’s contract for inclusion as an exhibit to the Definitive Agreement, and to be executed by the Newco Board upon the closing of the Transaction.

- Concurrently with the process for development of the Contract with the Executive Chairman/President, the Executive Chairman/President shall, on behalf of the Joint Board Task Force, negotiate an employment agreement with the Chief Executive Officer for ratification by the Joint Board Task Force. This contract will be included as an exhibit to the Definitive Agreement, and will be executed by the Executive Chairman/President and Chief Executive Officer upon the closing of the Transaction. The position description for the Chief Executive Officer shall be substantially similar to the position description attached as Exhibit D to this Term Sheet.

- The Chief Executive Officer, in consultation with the Executive Chairman/President, will then develop job descriptions for the remaining Initial Management Team members for inclusion as an exhibit to the Definitive Agreement.

B. The Executive Chairman/President and the Chief Executive Officer of
Newco will begin the process of assembling the Newco management team (comprised of the direct reports to the Executive Chairman/President and the Chief Executive Officer other than the Initial Management Team), which shall be presented to the Newco Board for approval after the closing. It is anticipated that the Newco management team will be composed of representatives from each Party and will not be composed of the management team from a single Party.

C. Upon signing of this term sheet or similar legal document, Wellmont and Mountain States will identify to each other those senior executives with whom each has executed, or will execute, retention and severance agreements.

D. It is in the best interest of Newco that the corporate headquarters are easily accessible and conveniently located. Within 2 years of closing, the Newco Board will direct that the Newco Senior Management Team evaluate the most suitable, cost-effective and appropriate location of the corporate headquarters and to make a recommendation to the Board for consideration and approval. The Newco corporate headquarters shall not be located on the campus of any Newco affiliated hospital.

| X. Employees | A. Newco and affiliates will continue employment of (or, as appropriate, extend offers of employment to) all active employees of the Parties upon substantially similar terms and conditions with respect to base salaries and wages, job duties, titles and responsibilities that are currently provided to such employees immediately prior to close, except that certain positions which are identified as synergies may be eliminated. Normal employment practices, including terminations and reductions in force, will be unaffected.

B. Newco will honor prior service credit under each Parties' employee plans for purposes of eligibility and vesting under the employee benefit plans maintained by Wellmont and Mountain States, and will waive any eligibility requirement or pre-existing condition limitation for persons covered under each Parties' employee benefit plans. Newco will provide all employees credit for accrued vacation.

C. Newco will work as quickly as practicable after closing to address any required actions with respect to differences in salary/pay rates and employee benefit structures with a goal of creating consistency throughout the merged health system wherever feasible. |

| XI. Medical Staff | A. Newco is committed to a pluralistic, physician-led medical staff model that embraces the strengths of private practice, group practice and employed physicians.

B. The medical staff members in good standing immediately prior to Transaction closing will maintain their medical staff privileges at the Parties' facilities where such privileges are maintained, subject to the medical staff
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<th>XII. Existing Affiliations</th>
<th>A. Newco will initially maintain the Wellmont and Mountain States joint ventures, affiliations and other outsourced contracts/relationships existing at close.</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>B. Opportunities to optimize such structures will continue to be evaluated by the Newco board and the Integration Council post-Transaction.</td>
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<tr>
<td></td>
<td>C. Prior to closing the Transaction any potential conflicts arising under such arrangements that are caused by the Transaction shall, subject to prior advice of counsel, be identified and reviewed by the Integration Council and the Joint Board Task Force. Recommendations by the Integration Council for post-closing actions by Management or Newco Board will be reported to the Board and Counsel.</td>
</tr>
</tbody>
</table>

| XIII. Information Technology | A. The Definitive Agreement will provide that all Newco hospitals will fully integrate into the EPIC information system currently used by Wellmont. |

| XIV. Insurance Platforms | A. As soon as practicable after closing, Newco will review the structure of the existing insurance platforms of Wellmont and Mountain States and work to spread risk, reduce costs and realize efficiencies that result from the Transaction. |

| XV. Philanthropic Gifts | A. Newco will honor the intent of all gifts, bequests, grants and donations provided to either Mountain States or Wellmont by a donor to be used for charitable purposes by a tax-exempt organization. |

| XVI. Community Benefit | A. Newco commits to operate in accordance with the “community benefit standards” as they apply to 501c(3) hospital non-profit corporations, including, without limitation, the (i) acceptance of all Medicare and Medicaid patients, (ii) acceptance of all emergency patients without regard to ability to pay, (iii) maintenance of an open medical staff, (iv) provision of public health programs of educational benefit to the community, and (v) general promotion of public health, wellness, and welfare to the community through the provision of health care at a reasonable cost. |
|                        | B. The Definitive Agreement will commit Newco to maintaining the Parties’ existing or equivalent community benefit and education programs and services at close. |
|                        | C. In the context of supporting the Certificate of Public Advantage, Newco will conduct, in partnership with East Tennessee State University and other Academic partners, as appropriate, a detailed public health needs assessment. |
assessment in order to identify and prioritize measurable health data and initiatives. Such initiatives may include, but not be limited to:

- The establishment of a long-term strategy for improving the health status of the region served by the merged system that supports both the Tennessee and Virginia state health plans;
- Improvement of behavioral health services, mental health, addiction recovery, and services for people with developmental disabilities;
- Enhancement of programs to reduce drug abuse in the region, specifically among women in child-bearing years;
- Establishment of programs to improve health literacy;
- Development of programs to improve child wellness – physical and emotional;
- Growth of medical research programs; and
- Expansion of academic opportunities, to include, but not be limited to, expansion of new fellowships and other opportunities to allow physicians and allied health professionals to train and serve in health professional shortage areas within the region.

D. Newco will abide by policies and provisions of charity care that are no less generous than the policies of the Parties at the time of the Transaction closing, subject to changes in law, policy or regulation as applicable.

**XVII. Naming/Branding**

A. The Parties will work to mutually agree to the renaming and rebranding of Newco. Upon signing of this term sheet, Wellmont and Mountain States will mutually agree upon and jointly retain a firm to advise and assist them with the rebranding strategy. The rebranding strategy will have goals of establishing a single identity for the merged system that communicates its mission and clearly informs all members of the regional community of the new name, logo(s), and the mission of the merged system.

**XVIII. Approvals; Termination**

A. The execution and delivery of the Definitive Agreement are conditioned on the receipt of all necessary consents and approvals of the appropriate governing boards of Mountain States and Wellmont. Furthermore, it is anticipated that the Definitive Agreement will provide that the consummation of the Transaction will be conditioned upon:

1. The receipt of all material consents of third parties, if any, necessary under material agreements of the Parties for consummation of the Transaction contemplated under the Definitive Agreement;
2. The filing of all notices and the receipt of all approvals and consents, as required from governmental authorities (including, if applicable, the Attorneys General of the States of Tennessee and Virginia);
3. The termination of any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and
4. The satisfaction of such other conditions as are mutually acceptable to the Parties or are legally required.

B. It is the intent of both Parties, upon execution of the Definitive Agreement, that both Parties will take all reasonable steps necessary to close the Transaction. Notwithstanding the foregoing, both Parties recognize there may be circumstances of federal and/or state government action or inaction, or extraordinary external factors, that may give rise to the conclusion that the Transaction may be imperiled or it is no longer reasonable to pursue closing of the Transaction. Consequently, the Definitive Agreement shall articulate circumstances upon which either Party may unilaterally terminate the Transaction.

<table>
<thead>
<tr>
<th>XIX. COPA</th>
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<tbody>
<tr>
<td>A. Without limiting the approvals described above, simultaneously with the negotiation of the Definitive Agreement, the Parties will negotiate a &quot;cooperative agreement&quot; as defined in the Tennessee Hospital Cooperation Act of 1993 (the &quot;Act&quot;).</td>
</tr>
<tr>
<td>B. Following execution of the Definitive Agreement, the Parties will apply to the Tennessee Department of Health to obtain, and follow the procedures under the Act for obtaining, a certificate of public advantage (the &quot;Tennessee COPA&quot;) to govern the cooperative agreement as provided in the Act.</td>
</tr>
<tr>
<td>C. At the appropriate time, the Parties shall apply to the Virginia Attorney General, or other appropriate state agency or entity, for a consent order or other appropriate state approvals regarding Newco Virginia operations on substantially the same terms as the Tennessee COPA (the &quot;Virginia Consent Order&quot;).</td>
</tr>
<tr>
<td>D. Subject to the provisions articulated in Section XVIII, Paragraph B above, each Party shall use good faith efforts to obtain the Tennessee COPA and other regulatory approvals necessary to closing of the Transaction. The Definitive Agreement will provide that receipt of the Tennessee COPA and the Virginia Consent Order, or comparable approval, on terms satisfactory to the respective Wellmont and Mountain States Boards, in their reasonable discretion, is a condition to the Parties' respective obligations to complete the Transaction.</td>
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<tr>
<th>BINDING PROVISIONS</th>
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<tbody>
<tr>
<td><strong>XX. Confidentiality and Disclosure</strong></td>
</tr>
<tr>
<td>A. The Parties have previously entered into a confidentiality agreement dated April 2, 2014 (the &quot;Confidentiality Agreement&quot;). In addition to the provisions contained in that agreement, except as and to the extent required by law, without the prior written consent of the other Party, neither Mountain States nor Wellmont shall, and each shall direct its representatives not to, directly or indirectly, make any public comments, statement or communication with respect to, or otherwise disclose or permit the disclosure of the existence of discussions regarding a possible Transaction or any of the terms, conditions or aspects of the Transaction proposed in this term sheet except in the manner provided by the</td>
</tr>
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</table>
Confidentiality Agreement. The timing, content and context of any announcements, press releases, public statements, or reports and related matters incident to the matters referenced in this term sheet, or its existence, will be determined in advance by the mutual written consent of the Parties. Further, the Parties will advise each other of communications to their employees and medical staff relating to the Transaction prior to the communication of the same.

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<tr>
<th>XXI. Protocols on Information Sharing</th>
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<tbody>
<tr>
<td>A. The Parties recognize that disclosure of certain information may raise unique legal concerns due to the proximity of the Parties’ operations and facilities (&quot;Competitive Sensitive Information&quot;). Such Competitive Sensitive Information may include, but is not limited to, information about prices, pricing formulas, costs, rates of provider compensation, strategy or intentions regarding contracting with any provider or purchaser, fee schedules, managed care contracts, premium rates, compensation or benefits information relating to employees, recruitment of medical professionals or others, future expansion plans involving clinical services or pertaining to physicians, and any non-public marketing or strategic planning documents or other competitively sensitive documents relating to a party’s future plans. The Parties will only disclose Competitive Sensitive Information in accordance with law as agreed to in advance by the Parties’ and their respective legal counsel and to that end, the Parties may enter into one or more protective agreements or develop other arrangements to address the review of such Competitive Sensitive Information to ensure compliance with applicable law.</td>
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<tr>
<th>XXII. Transaction Expenses; Exclusive Negotiations</th>
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<tr>
<td>In view of the substantial time and expense involved in obtaining required regulatory approvals, due to the innovative nature of the Transaction:</td>
</tr>
<tr>
<td>A. With respect to the expenses of the Tennessee COPA (including experts and the Wellmont counsel fees), the Virginia Consent Order and other expenses arising out of this term sheet and the Transaction (collectively referred to as &quot;Expenses&quot;), whether or not the Transaction or any part thereof shall close, Mountain States shall bear 70% of the Expenses, while Wellmont shall bear 30% of the Expenses.</td>
</tr>
<tr>
<td>B. In consideration of the Parties’ significant investment of time and expense in connection with the transactions contemplated by this term sheet, from the date of execution of this term sheet or similar legal document until written termination of negotiations are received by the other Party, neither Party may, without the written approval of the other Party, make or solicit offers for, or hold discussions or negotiations or enter into any agreement with respect to, (a) the sale, lease or management of any of its hospitals or any material portion of its assets or any ownership interest in any entity owning any of its hospitals or any material portion of its assets, (b) any reorganization, merger, consolidation, management agreement, member substitution or joint venture involving any of its hospitals or any material portion of its assets, or (c) any other transaction in which a person or group other than the other Party would acquire the right, directly or indirectly, to</td>
</tr>
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</table>
| XXIII. **Nature of Term Sheet** | A. The Parties agree that, except for Sections XX-XXIV hereof, this Term Sheet is not intended to be a binding agreement and shall not give rise to any obligations between the Parties.

B. Further, due to the complexity of the proposed transaction, it is the expressed intention of the parties that, except for the provisions of Sections XX-XXIV, no binding contractual agreement shall exist between them unless and until Mountain States and Wellmont (and any other necessary parties) shall have executed and delivered a Definitive Agreement, which shall contain the provisions outlined above and the representations, warranties, and other terms and conditions customary in this type of transaction, all of which must be acceptable to all parties in their sole discretion (including, without limitation, contingencies for all necessary regulatory approvals). Any Party may for whatever reason terminate this term sheet and further negotiations by written notice to the other Party. In such event, there shall be no liability between any of the Parties as a result of the execution of this term sheet, any acts or omissions of the parties or their representatives in connection with the proposed transaction, any action taken in reliance on this term sheet, or such termination, except as set forth in Sections XX-XXIV hereof. Notwithstanding the foregoing, termination by either party of this term sheet shall not terminate or otherwise affect the obligations the parties may have to each other pursuant to the Confidentiality Agreement, and pursuant to any separate agreement entered into with respect to Competitive Sensitive Information.

C. Prior to execution, this term sheet shall be approved by the Board of Directors of both Wellmont and Mountain States. |
| XXIV. **Governing Law** | A. The Transaction definitive documents shall be governed by and construed in accordance with the laws of the State of Tennessee without reference to principles of conflicts of law. Wellmont counsel shall prepare the initial drafts of definitive documents. |
IN WITNESS WHEREOF, the parties hereto have caused this term sheet to be executed in triplicate originals by their duly authorized officers, all as of the date first above written.

MOUNTAIN STATES HEALTH ALLIANCE

By:  
Barbara Allen  
Chair

By:  
Alan Levine  
President and CEO

WELLMONT HEALTH SYSTEM

By:  
Roger Leonard  
Chairman

By:  
Bart Hove  
President and CEO
Exhibit A

Shared Vision and Guiding Principles

A Shared Vision for Regional Healthcare

It is the shared vision of our boards that Wellmont Health System and Mountain States Health Alliance come together as equal partners to develop a brand new health system for our region with a new leadership structure, a new board, a new name, and a new kind of vision. This new leadership structure and board will work to unite the resources of both systems with one common purpose—to become one of the best regional health systems in the nation.

As one of the largest health systems and employers in the state of Tennessee, this new system will—

- Establish new unifying mission, vision, and values statements that honor our heritage and charter our future
- Be one of the strongest health systems in the country, known for outstanding clinical outcomes and superior patient experiences
- Be one of the best health system employers in the country and one of the most attractive health systems for physicians and employee team members
- Create new models of joint physician and administrative leadership to shape the future of healthcare in our region through substantial physician influence and direction
- Partner with physicians to achieve better quality at lower cost for patients, businesses, and payers
- Achieve long-term financial stability and sustainability through wise stewardship of resources, avoidance of waste, and sound fiscal management
- Advance high-level services so that more people can receive the care they need close to home
- Be a national model for rural healthcare delivery and rural access to care
- Work with regional educational and allied health partners to identify health gaps and disparities and effectively meet community health needs
- Create an efficient, high quality healthcare system that attracts employers to our region and creates long-term economic opportunity
- Build new population health models and leverage electronic health records and community engagement programs to reduce unhealthy behaviors and improve the overall health status of our region
- Work with academic partners, in particular East Tennessee State University, in new ways to bolster medical school and allied health programs and attract research investments
- Establish innovative philanthropic partnerships for healthcare advancement

To accomplish these objectives, we will seek to build shared vision with our team members and physicians and invest in their success. As a health system of choice, the new system will benchmark
against the best health systems in the nation to create an environment that advances our team members and physicians.

Our integration should be methodical and intentional, guided by achieving clear value for the community, our team members, and our physicians. A substantial period of initial assessment will be needed and will result in a long-term strategic vision for the new system. During the assessment and planning period, it will be important to maintain clinical services in our current communities and move forward to address any access gaps across the region. We commit to open communication through rotating quarterly town hall meetings and other methods to keep our communities and physicians informed about our plans and our progress.

Working together, focused solely on what is in the best interests of our physicians, team members, patients, and communities we will set a new standard for healthcare excellence and bring unprecedented value to our region guided by the principles that follow.

Guiding Principles for a New Regional Health System

Beyond a shared vision to develop one of the best health systems in the nation, the new not for profit health system created by the merger of Wellmont Health System and Mountain States Health Alliance will be guided by the following principles and will develop strategic plans to deliver on them.

Mission, Vision, and Strategy

- Exhibit common values and a compelling vision for healthcare delivery in the region
- Achieve cultural integration across key stakeholder groups and embody a culture of collaboration
- Demonstrate commitment to the Triple Aim of improving the patient experience through enhanced quality and satisfaction, improving the health of populations and reducing the per capita cost of healthcare

Patients

- Demonstrate a commitment to first class patient experiences and broad community support for programs and services
- Improve and advance the overall health status of patients and communities served, including both healthcare and wellness services, to improve their ability to stay well
- Commit to serving all people in each community—including those with and without the ability to pay
- Develop regional community health needs assessments and implementation plans and update these annually to ensure healthcare gaps and disparities are addressed
- Keep the best interest of patients at the center of everything we do, delivering exceptional value and high quality outcomes
• Facilitate patient access to their preferred physicians
• Create the best practice environment for the physicians who care for our patients
• Maintain and further develop highly specialized medical services

Physicians

• Support and strengthen our valued community of independent physicians as well as currently employed physicians for the benefit of high-quality patient outcomes
• Create an environment and culture that is attractive to highly qualified physicians and that places equal value on the roles of both independent and employed physicians
• Ensure all physicians have the resources needed to access clinical information and collaborate in the best interest of patients
• Broaden expertise and resources to enhance local medical staff leadership and professional development
• Commit to physician leadership at all levels of system and local administration

Employees

• Maintain or improve compensation and benefits for employees to levels that are competitive in comparable markets throughout the Southeastern United States and maintain the tenure of employees for eligibility and other purposes
• Create industry leading educational and professional development programs, including continuing education and clinical education
• Create an employment environment that will attract and retain highly qualified clinical and administrative talent in service to our communities

Clinical Programs, Service, and Quality

• Develop cohesive resources to effectively coordinate the provision of services across the system and ensure seamless access to high quality, cost-effective healthcare services
• Seek to improve primary care access and develop NCQA, level 3 patient-centered medical homes
• Effectively manage rural facilities and align tertiary resources to ensure timely access to appropriate care
• Expand clinical trial programs in heart, cancer, and other areas
• Design a seamless regional care continuum across a full spectrum, including pre and post acute care

Management & Operations

• Seek opportunities to leverage economies of scale for operational efficiency in corporate management and back office functions
• Enhance clinical support functions that will advance service excellence and quality outcomes
• Leverage any unique capabilities, assets, and programs to maximize effectiveness and efficiency
• Develop proficiency in implementation and management processes and protocols to redesign care, reduce variation, and systematically improve outcomes while lowering cost
Investment and Innovation

- Endeavor to remain on the forefront of future developments in healthcare technology
- Develop effective purchasing and financing systems to improve overall cost of capital
- Achieve and maintain an improved approach to overall financial management, resulting in improved finances and bond ratings
- Build a comprehensive Epic platform to support clinical integration, population health management, and connectivity
- Achieve sufficient financial security to ensure commitment of capital and investment in new services, technology, and facilities.

Population Health Management

- Focus on the purposeful development of a care management/population health model
- Support advancement of population health management locally through quality incentive and risk-bearing payment arrangements, among other appropriate mechanisms
- Develop necessary informatics and analytic systems to support partnerships with payers and employers in new compensation and insurance models.

Governance

- Instill industry leading governance structures and practices that effectively represent the communities we serve and showcase physician leadership
- Ensure the system possesses the resources, talent, and technology needed to thrive both in the current and the emerging healthcare industry
Exhibit B

Description of the Vice Chair/Lead Independent Director Position

Charter of the Vice Chair/Lead Independent Director

The Vice Chair/Lead Independent Director coordinates the activities of the other non-management Directors, and performs such other duties and responsibilities as the Board of Directors may determine.

The specific responsibilities of the Vice Chair/Lead Independent Director are as follows:

Presides at Executive Sessions
- Presides at all meetings of the Board at which the Executive Chairman/President is not present, including executive sessions of the independent Directors.

Calls Meetings of Independent Directors
- Has the authority to call meetings of the independent Directors.

Conducts Evaluation of Executive Chairman/President
- Ensures independent Director evaluation of the Executive Chairman/President by the Board, including an annual evaluation of his or her performance and compensation.

Functions as Liaison with the Executive Chairman/President
- Serves as liaison between the independent Directors and the Executive Chairman/President.

Approves appropriate provision of information to the Board such as board meeting agendas and schedules
- Approves meeting information sent to the Board relating to agendas and actions items, including the quality, quantity and timeliness of such information.
- Setting the Board's approval of the number and frequency of Board meetings, and approves meeting schedules to assure that there is sufficient time for discussion of all agenda items.

Authorizes Retention of Outside Advisors and Consultants
- Authorizes the retention of outside advisors and consultants who report directly to the Board of Directors on board-wide issues upon approval of the Governance Committee.

Constituent Communication
- If requested by constituent groups, ensures that he/she is available, when appropriate, for consultation and direct communication.
Exhibit C
Description of the Executive Chairman/President Position

Executive Chairman/President

Leadership
- Leadership of the board; ensuring the board's effectiveness and engagement in all aspects of its role and, in conjunction with the Vice Chair, setting of its agenda.
- Directing activities which serve to promote the mission.
- Consistent with the shared vision statement, setting the direction for the organization by shaping the vision, setting the strategy, and leading critical negotiations with potential partners.
- Shaping a positive culture: setting the standards, modeling Newco's values, to include a focus on 'system-ness' and value-based performance, research and academics, and innovation.
- In conjunction with the Chief Executive Officer: building leadership capability of the management team; selecting, developing and motivating key leaders and high potential talent to ensure future leadership is capable of meeting current and future organizational needs and is held accountable for system-wide performance.
- Promoting the highest standards of corporate governance.

Meeting
- Chairing board meetings.
- In conjunction with the Vice Chair, ensuring the board’s effectiveness in all aspects of its role, including regularity and frequency of meetings.
- In conjunction with the Vice Chair, setting the board agenda, taking into account the issues and concerns of all board members. The agenda should be forward looking, concentrating on strategic matters.
- Ensuring that the directors receive accurate, complete, timely and clear information, and are advised of all likely future developments and trends, to enable the board to take sound decision and promote the success of the company.

Directors
- Facilitating the effective contribution of directors and encouraging active engagement by all members of the board.
- Ensuring constructive relations among the directors and between the directors and management.
- Building and maintaining an effective competency based and complementary board, and with the Nomination Committee, initiating change and planning succession in board appointments subject to the bylaws and board approval.

Induction, Development and Performance Evaluation
- Ensuring new directors are oriented, and provided adequate opportunity to on-board.
- Ensuring that the development needs of directors are identified and met. The directors should be able to continually update their skills, knowledge, and familiarity with the company.
- In conjunction with the Vice Chair, identifying the development needs of the board as a whole to enhance its overall effectiveness as a team and to ensure it receives board education consistent with industry standards for a system of the size and scope of Newco.
• Ensuring the performance of the board, its committees and individual directors is evaluated periodically through the Board Governance Committee, and acting on the results of such evaluation.

Relations with Stakeholders
• Ensuring effective communication with all stakeholders, financial institutions, the public and government/regulatory agencies. Serve as the Chief Spokesperson for the Organization with appropriate delegation of authority to the CEO on operational matters.
• Representing Newco to Federal, State and local governing bodies and, either in person or through a designee, serve as Chief Spokesperson and advocate for the interests of Newco and on healthcare issues in general.
• Maintaining and promoting Newco’s public image and reputation.

Direct Reports
The direct reports to the Executive Chairman/President include:
• Chief Executive Officer
• Compliance and Audit (dual reporting responsibility to the Executive Chairman/President and also to Chair of Audit Committee)
• General Counsel (dual reporting to the Executive Chairman/President and to the board.
• Corporate Communications
• System Development/Philanthropy
• Strategic Planning

Other Responsibilities

The Executive Chairman/President shall:
• Uphold the highest standards of integrity.
• Ensuring effective implementation of board decisions.
• Ensuring the long-term sustainability of the business through coordination with Newco Board and Management Team.

The Executive Chairman/President is accountable to, and reports to the Newco Board.

The Executive Chairman/President is also responsible for the following:
• Enhancement of external affiliations and relationships.
• Implementing and oversight of compliance with Certificate of Public Advantage or other regulatory agreements.
• Regular review of the operational performance of the company.
• Responsible to the Newco Board for ensuring the provision of the highest quality of patient care and customer service in all Newco facilities and business units.
• Responsible for management of the organization’s debt.
• Aligning the organization: continuing to drive the integration of Newco to create a cohesive, responsive organization by eliminating redundancies, capitalizing on economies of scale, and fostering a system mentality.
Exhibit D

Description of the Chief Executive Officer Position

Chief Executive Officer

Leadership

- The Chief Executive Officer of Newco reports to the Executive Chairman/President and is the senior executive in charge of all business operations of the Newco organization. This executive position requires a combination of operational excellence and system administrative skills and must be attentive to enhanced financial performance in a physician-empowered culture. It is expected that the CEO is adroit in physician relations, physician recruitment and retention.

- This position requires visionary leadership and plays a vital role in creating, implementing and executing the strategy in conjunction with the Executive Chairman/President. Of paramount importance, this position requires the incumbent to establish credibility with employees, physicians, payors, providers and community leaders. The CEO is expected to raise the health system’s visibility and reputation in the communities it serves in conjunction with the Executive Chairman/President.

- The CEO position serves as the principal operational leader for the organization and is responsible for driving forward Newco’s vision to be the best healthcare delivery system in the region in conjunction with the Executive Chairman/President. This position is the champion for Newco’s continued emphasis on "systemness" across the care delivery continuum, to achieve not only its quality and safety goals, but also to increase operational efficiency and provide a consistent point of service contact for its patients.

Major Responsibilities

- Possess a professional and personal adherence to the values, mission and philosophy of the Newco organization.

- Expand on the legacy of the quality and safety of patient care services across the system.

- Working closely with the Executive Chairman/President to lead the ongoing review of the current strategic plan and development of future strategic plans; ensure the plan supports the organization’s goal of clinical excellence, while at the same time considers the appropriate business model for the medical staff and strategic service opportunities for growth and addresses revenue generation to sustain ongoing growth. Realize the goal of an integrated health system that leverages the advantages of a multi-state and multimarket health.
• In conjunction with the Executive Chairman/President, build a high performance culture characterized by decisiveness, accountability and compassion.

Direct Reports

• Chief Operating Officer
• Chief Financial Officer

And the following subject to development of a final organizational chart.

• Chief Medical Officer
• Vice President of Human Resources
• President of Physician Organization
This term sheet is intended for discussion purposes only and does not constitute and will not give rise to any legally binding obligation on the part of any party to these discussions or any affiliates of any party to these discussions. None of the parties to these discussions or any of their respective affiliates shall be legally bound with respect to the transactions contemplated by this term sheet unless and until such parties have executed and delivered to each other definitive, binding written agreements in respect of such transactions.

**NON-BINDING PROVISIONS**

<table>
<thead>
<tr>
<th>I. Transaction Structure</th>
<th>A. Wellmont and Mountain States shall adopt a statement of Shared Vision and Guiding Principles consistent with the statements attached as Exhibit A to this term sheet.</th>
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<tr>
<td></td>
<td>B. The form of transaction will be the formation of a new entity which will serve as the parent of Wellmont Health System (&quot;Wellmont&quot;) and Mountain States Health Alliance (&quot;Mountain States&quot;) (the &quot;Transaction&quot;).</td>
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<tr>
<td></td>
<td>C. Wellmont and Mountain States will cause a new, not for profit, tax exempt corporation to be incorporated in Tennessee (&quot;Newco&quot;). Newco shall be established as an independent not for profit, Tennessee corporation which shall be governed by a Board of Directors composed of residents from the Tri-Cities area of Tennessee and Virginia as set forth below.</td>
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<td></td>
<td>D. Wellmont and Mountain States collectively (the &quot;Parties&quot;) will amend, modify or revise their respective articles and bylaws to designate Newco as the sole corporate member of each of the Parties.</td>
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<tr>
<th>II. Timing and Due Diligence</th>
<th>A. The Parties will mutually agree on a time schedule for conducting and completing due diligence and negotiating the Definitive Agreement, it being contemplated that such actions will be completed within one hundred fifty (150) days following signing of this term sheet.</th>
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<td>B. Subject to the “Protocols on Information Sharing” section below, each of Mountain States and Wellmont shall use reasonable efforts to provide access to the information, employees or contractors requested by the other Party on a timely basis and shall provide to the other Party reasonable access to its facilities upon prior notice.</td>
</tr>
<tr>
<td></td>
<td>C. Neither Party (nor such Party’s representatives) will contact the employees or other personnel of the other Party (including without limitation members of the medical staffs of such Party’s hospitals, and no inspection will be conducted, without such Party first coordinating such inspection or contact with, in the case of Wellmont, Gary Miller, Esq. or his designees and in the case of Mountain States, Tim Belisle, Esq. or his designees.</td>
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| III. Governance - Board of Directors | A. After execution of this term sheet or similar legal document, Wellmont and Mountain States will, at the appropriate and mutually agreed upon time, jointly engage third party consultants to assist with the selection, development, education and various other tasks related to establishing and integrating the Newco Board, as well as a third party consultant to conduct a culture audit of the two organizations in order to better inform |
the Newco Board on how best to integrate the two organizations from a human relations and cultural standpoint.

B. Upon execution of this term sheet or similar legal document, Wellmont and Mountain States will each nominate an equal number of their existing board members to become members of the pre-closing Joint Board Task Force. Further, the CEOs of Wellmont and Mountain States will each serve on the Joint Board Task Force. The total number of members of the Joint Board Task Force will not exceed 14. This Joint Board Task Force will oversee the pre-closing activities of the Integration Council. Given the significance of issues to be managed pre-closing, it is highly desirable that the individuals who are selected to serve on the Joint Board Task Force also be those who will ultimately serve on the Newco Board.

C. The initial Newco governing board will be comprised of 14 voting members, as well as two ex-officio voting members and one (1) ex-officio non-voting member. The two ex-officio voting members shall be the Newco Executive Chairman/President and the Newco Chief Executive Officer.

1. The Newco Chief Executive Officer will serve as a voting member of the Newco Board for not longer than two (2) years. At the conclusion of the Chief Executive Officer’s two (2) year term, the Chief Executive Officer will rotate off the Newco Board. Upon rotation of the Chief Executive Officer off of the Newco Board, the initial Wellmont designees to the Newco Board (as described in Section D. below) shall appoint a new member to the Newco Board to replace the Chief Executive Officer. The initial term of this new Board member shall be three (3) years, with the opportunity to serve on additional three (3) year term.

2. The one ex-officio non-voting member shall be the then current President of East Tennessee State University.

3. The Board shall include not less than 4 licensed physicians who are members of the medical staff of one or more Newco-affiliated hospitals, with at least two (2) physicians from each legacy system. The total Newco board shall be composed of a maximum of sixteen (16) voting members.

4. Should there be a change in the Executive Chairman/President within the first twenty-four (24) months, for any reason, it is the intent of both Parties to define a process for inclusion in the Definitive Agreement that would maintain the balance of the Newco Board between the legacy systems.

D. Wellmont and Mountain States will each designate 6 members to serve on the initial board of Newco. Wellmont and Mountain States will jointly select 2 members of the initial Newco board, who will not be incumbent members of either Party’s board.

E. The initial members of the Newco board will be selected with the goals of
(1) obtaining a broad range of competencies, skills and experience relevant to the governance of a large healthcare system and (2) ensuring broad representation from the region, employer and patient communities served by Newco. Both organizations agree the ultimate goal is for Newco to be governed by a board that is competency-based and utilizing industry best practices.

F. The initial Newco board appointments will be for staggered terms, with 6 members having a term of two (2) years, four (4) board members with terms of three (3) years, and four (4) board members with terms of four (4) years. The two (2) Board members jointly appointed by the initial Wellmont and Mountain States members shall be in the class with an initial four-year term. The initial board members may serve their initial terms and one additional three-year term. Thereafter, limits on the number of terms of service for board members who succeed the initial board members will be agreed upon and set forth in the Newco bylaws to be adopted at the closing. For the first four years, the staggered terms shall be constructed so that legacy Board members from Wellmont and Mountain States will roll off the Board in equal numbers. If a legacy member resigns or is removed from office during his or her initial term, the person appointed to that position shall come from the same legacy organization and shall serve the unexpired term. Any renewal terms shall be subject to customary board governance policies and procedures.

G. As and after the initial board terms expire, the Newco board will be self-perpetuating. Newco bylaws will provide that Board members will be subject to term limits as discussed above.

H. The Newco board will have the ultimate fiduciary duties and governing role for the key business decisions, activities and management of the new health system. The Newco Board shall adopt governance best practices, including periodic performance evaluation. The governance best practices shall be further enumerated in the Newco bylaws.

I. The Definitive Agreement shall provide for an Executive Chairman (see Section IX infra) and a Vice Chairman/Lead Independent Director (to be nominated by Wellmont and affirmed by the non-management members of the Joint Board Task Force and named in the Definitive Agreement) whose responsibilities will be substantially similar to the description attached as Exhibit B to this term sheet. The term of the initial Vice Chairman/Lead Independent Director will be two years after the closing.

J. The Officer and Executive Committee positions of the Newco Board will be defined in the initial Newco Bylaws to be adopted in accordance with the Definitive Agreement. There will be 4 Board Officer positions to be filled as follows: Executive Chair, Vice Chair, Treasurer, and Secretary. Additionally, there will initially be two at-large members of the Executive Committee.

K. Upon closing of the Transaction and the constitution of the Newco Board, the existing Wellmont and Mountain States Boards may be delegated certain responsibilities by the Newco Board, such as credentialing,
subsidiary and joint-venture oversight, and implementation of Newco Board decisions as required to transition to one governance structure. It is anticipated that the Wellmont Board and Mountain States Board will be dissolved at such time that the Newco Board makes the decision to do so, but not later than 24 months after the closing of the Transaction, with their functions, authority and responsibilities transferred to the Newco Board and its Committees. It is also anticipated that during the transition period between closing and dissolution of each board, the existing Wellmont Board and Mountain States Board will have delegated responsibility for the following:

1. Medical staff credentialing and oversight as those functions currently are outlined in each organization's bylaws;

2. Official business of any subsidiary corporation subject to Newco Board's final authority as sole Member over such decisions; and

3. Regulatory oversight such as those requirements contained within the accreditation standards for hospitals and all other subsidiary services.

| IV. Governance - Board Subcommittees | A. Board committees will also be established with initial membership of equal representation by and from the Parties.  
B. Likely committees will include: Executive, Audit; Finance; Legal/Regulatory/Compliance; Quality; Human Resources; Governance; Investments; and Nominating.  
C. The final committee structure, committee charters, initial membership, and initial chairs of each will be mutually agreed upon and defined in the Definitive Agreement.  
D. The Executive Chairman/President of Newco will be an ex-officio, non-voting member of the Nominating Committee. The Nominating Committee charter will establish the criteria for selecting future board and committee members. |

| V. Supermajority Items | A. For a period of time post-Transaction, not to exceed two (2) years, certain board actions will require approval by a supermajority (defined as two-thirds) vote.  
B. The specific list of actions requiring supermajority approval will be identified in the Definitive Agreement, but will include the following:  
1. Amendments to Newco charter and bylaws;  
2. Sale of substantially all of the assets of Newco, or merger of Newco with or into another entity;  
3. Sale or closure of any hospital;  
4. Debt incurrence above an amount to be set forth in the Newco bylaws;  
5. Decision to file bankruptcy or insolvency proceedings or to seek |
VI. Hospital and Affiliate Governance

A. Subject to the provisions of any existing joint-venture and other contractual agreements, the governing boards of all hospitals and other affiliates will be appointed by, and serve at the pleasure of, the Newco board. The Newco Board shall have final authority as sole Member of Newco’s ownership interest in any hospital, joint-venture or partnership.

B. Except as provided below, the existing governing boards of hospitals and affiliates as of the Transaction closing will continue to serve unless replaced by the Newco board.

C. To the degree any of the Boards of any subsidiary or wholly owned corporations of Wellmont and Mountain States have membership constituted to include Board members of Wellmont or Mountain States, such board composition shall be amended such that there is equal representation from Wellmont and Mountain States Board members.

D. The composition of the boards of the respective physician organizations of Wellmont and Mountain States will be approved by the Newco Board.

E. The charters of the Wellmont and Mountain States foundations will require that their respective funds as of the Transaction closing must be used consistent with the intent of the original donors thereof.

VII. Integration Council

A. As legally appropriate after the execution of this term sheet or similar legal document, the Parties will establish an Integration Council comprised of ten to twelve (10-12) members. The Integration Council will have responsibility for retaining an independent consultant to undertake a comprehensive analysis of the clinical, operational and financial functions of Wellmont and Mountain States to (1) identify, substantiate and quantify the cost-savings and quality-enhancement opportunities achievable specifically from the Transaction and (2) describe the timeline and integration plan for achieving these opportunities. The Integration Council will engage, on a regular basis, with this consultant for periodic reports on his/her analysis and supply information as needed to further the analysis, and prepare the Parties for integration to ensure the realization of Newco’s clinical, operational and financial potential post-Transaction. The objective of the Integration Council is to ensure a system approach that best serves the needs of the community and region based on objective information.

B. Integration Council members may include operating executives, finance executives, legal executives and physician executives. Physician, nurse and other clinical and administrative leaders, shall be called upon to provide input and support to the Integration Council. The Integration Council will be composed of an equal number of representatives from Wellmont and Mountain States. There shall be at least four (4) members of the...
Integration Council who shall be physicians, with two (2) representatives from each of Wellmont and Mountain States. At least one (1) of each health system's physician representatives on the Integration Council shall be a physician in independent practice from each system.

C. Wellmont and Mountain States may jointly engage additional third party consultants to advise the Integration Council, as needed.

D. After the execution of this term sheet or similar legal document and until the Transaction closing date, the Integration Council will report to the Joint Board Task Force, to be comprised of existing Wellmont and Mountain States Board members, and the CEOs of Wellmont and Mountain States, acting in a transaction committee role.

E. All of the activities of the Integration Council prior to Transaction close shall be reviewed and advised in advance by legal counsel to ensure compliance with all applicable legal and regulatory restrictions.

F. The Integration Council shall develop a draft Newco policy outlining the process for consolidating services and facilities, which policy shall include but not be limited to cultural integration, timetables for actions, input from physicians impacted, and notices to staff and community. The draft policy shall be submitted to the Newco board for approval. Post-Transaction, the Integration Council will cease operations and its functions shall be assumed by the Newco management team.

G. The Parties will mutually agree and define in the Definitive Agreement the ongoing activities, terms of service and scope of the Integration Council within Newco post-Transaction.

VIII. Clinical Council

A. Promptly after the Transaction closing, Newco commits to the development of a physician-led Clinical Council (composed of appropriate balances of private physicians, group practice physicians and employed physicians) to guide, oversee and assist in implementation of the plan to integrate clinical activities, service lines and business units, and to advise on any appropriate further clinical integrative actions post-implementation that would result in added growth, operational efficiencies and advancements in patient care. Post-closing, the initial Clinical Council will equally represent physicians whose primary practice venue is Wellmont or Mountain States.

B. The Clinical Council will include Newco management representatives but will be composed primarily of physician representatives. The Clinical Council will report to the Chief Medical Officer of Newco. The Chair of the Clinical Council will be a physician member of the active medical staff(s) of one or more Newco-affiliated hospitals, will serve on the Quality Committee of the Newco Board, and will provide ongoing reports on the activities of the Clinical Council to the Newco Board through the Quality Committee function of the Board.

C. Among other duties, it is anticipated the Clinical Council will work on areas, among others, such as establishing a common standard of care,
| IX. Newco Management | A. The initial management team ("Initial Management Team") of Newco shall be as follows:

- Executive Chairman/President: Alan Levine
  - The Executive Chairman/President will be the senior officer of the organization. The evaluation of the Executive Chairman/President’s performance will reside with the Newco Board.

- Chief Executive Officer: Bart Hove
  - The Chief Executive officer will report to the Executive Chairman/President.

- Chief Operating Officer: Marvin Eichorn
  - The Chief Operating Officer will report to the Chief Executive Officer.

- Chief Financial Officer: Alice Pope
  - The Chief Financial Officer will report to the Chief Executive Officer.

The position description for the Executive Chairman/President shall be substantially similar to the position description attached as Exhibit C to this Term Sheet and ensure the position is the most senior officer of Newco. The Joint Board Task Force will develop and approve the Executive Chairman/President’s contract for inclusion as an exhibit to the Definitive Agreement, and to be executed by the Newco Board upon the closing of the Transaction.

- Concurrently with the process for development of the Contract with the Executive Chairman/President, the Executive Chairman/President shall, on behalf of the Joint Board Task Force, negotiate an employment agreement with the Chief Executive Officer for ratification by the Joint Board Task Force. This contract will be included as an exhibit to the Definitive Agreement, and will be executed by the Executive Chairman/President and Chief Executive Officer upon the closing of the Transaction. The position description for the Chief Executive Officer shall be substantially similar to the position description attached as Exhibit D to this Term Sheet.

- The Chief Executive Officer, in consultation with the Executive Chairman/President, will then develop job descriptions for the remaining Initial Management Team members for inclusion as an exhibit to the Definitive Agreement.

B. The Executive Chairman/President and the Chief Executive Officer of
Newco will begin the process of assembling the Newco management team (comprised of the direct reports to the Executive Chairman/President and the Chief Executive Officer other than the Initial Management Team), which shall be presented to the Newco Board for approval after the closing. It is anticipated that the Newco management team will be composed of representatives from each Party and will not be composed of the management team from a single Party.

C. Upon signing of this term sheet or similar legal document, Wellmont and Mountain States will identify to each other those senior executives with whom each has executed, or will execute, retention and severance agreements.

D. It is in the best interest of Newco that the corporate headquarters are easily accessible and conveniently located. Within 2 years of closing, the Newco Board will direct that the Newco Senior Management Team evaluate the most suitable, cost-effective and appropriate location of the corporate headquarters and to make a recommendation to the Board for consideration and approval. The Newco corporate headquarters shall not be located on the campus of any Newco affiliated hospital.

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<tr>
<th>X. Employees</th>
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<tr>
<td>A. Newco and affiliates will continue employment of (or, as appropriate, extend offers of employment to) all active employees of the Parties upon substantially similar terms and conditions with respect to base salaries and wages, job duties, titles and responsibilities that are currently provided to such employees immediately prior to close, except that certain positions which are identified as synergies may be eliminated. Normal employment practices, including terminations and reductions in force, will be unaffected.</td>
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<td>B. Newco will honor prior service credit under each Parties’ employee plans for purposes of eligibility and vesting under the employee benefit plans maintained by Wellmont and Mountain States, and will waive any eligibility requirement or pre-existing condition limitation for persons covered under each Parties’ employee benefit plans. Newco will provide all employees credit for accrued vacation.</td>
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<tr>
<td>C. Newco will work as quickly as practicable after closing to address any required actions with respect to differences in salary/ pay rates and employee benefit structures with a goal of creating consistency throughout the merged health system wherever feasible.</td>
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<tr>
<th>XI. Medical Staff</th>
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<tr>
<td>A. Newco is committed to a pluralistic, physician-led medical staff model that embraces the strengths of private practice, group practice and employed physicians.</td>
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| B. The medical staff members in good standing immediately prior to Transaction closing will maintain their medical staff privileges at the Parties’ facilities where such privileges are maintained, subject to the medical staff
C. Subject to completion of due diligence, Newco will continue all existing contracts with physicians, including employment agreements, at least until the initial expiration of such contracts.

D. All medical staff bylaws of each legacy system will remain in effect until such time as Newco and each respective medical staff develop and approve a new or modified set of medical staff bylaws, should new or modified medical staff bylaws be deemed necessary.

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<th>XII. Existing Affiliations</th>
<th>A. Newco will initially maintain the Wellmont and Mountain States joint ventures, affiliations and other outsourced contracts/relationships existing at close.</th>
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<td></td>
<td>B. Opportunities to optimize such structures will continue to be evaluated by the Newco board and the Integration Council post-Transaction.</td>
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<td></td>
<td>C. Prior to closing the Transaction any potential conflicts arising under such arrangements that are caused by the Transaction shall, subject to prior advice of counsel, be identified and reviewed by the Integration Council and the Joint Board Task Force. Recommendations by the Integration Council for post-closing actions by Management or Newco Board will be reported to the Board and Counsel.</td>
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| XIII. Information Technology | A. The Definitive Agreement will provide that all Newco hospitals will fully integrate into the EPIC information system currently used by Wellmont. |

| XIV. Insurance Platforms | A. As soon as practicable after closing, Newco will review the structure of the existing insurance platforms of Wellmont and Mountain States and work to spread risk, reduce costs and realize efficiencies that result from the Transaction. |

| XV. Philanthropic Gifts | A. Newco will honor the intent of all gifts, bequests, grants and donations provided to either Mountain States or Wellmont by a donor to be used for charitable purposes by a tax-exempt organization. |

| XVI. Community Benefit | A. Newco commits to operate in accordance with the "community benefit standards" as they apply to 501c(3) hospital non-profit corporations, including, without limitation, the (i) acceptance of all Medicare and Medicaid patients, (ii) acceptance of all emergency patients without regard to ability to pay, (iii) maintenance of an open medical staff, (iv) provision of public health programs of educational benefit to the community, and (v) general promotion of public health, wellness, and welfare to the community through the provision of health care at a reasonable cost. |

|                              | B. The Definitive Agreement will commit Newco to maintaining the Parties' existing or equivalent community benefit and education programs and services at close. |
|                              | C. In the context of supporting the Certificate of Public Advantage, Newco will conduct, in partnership with East Tennessee State University and other Academic partners, as appropriate, a detailed public health needs
assessment in order to identify and prioritize measurable health goals and initiatives. Such initiatives may include, but not be limited to:

- The establishment of a long-term strategy for improving the health status of the region served by the merged system that supports both the Tennessee and Virginia state health plans;
- Improvement of behavioral health services, mental health, addiction recovery, and services for people with developmental disabilities;
- Enhancement of programs to reduce drug abuse in the region, specifically among women in child-bearing years;
- Establishment of programs to improve health literacy;
- Development of programs to improve child wellness – physical and emotional;
- Growth of medical research programs; and
- Expansion of academic opportunities, to include, but not be limited to, expansion of new fellowships and other opportunities to allow physicians and allied health professionals to train and serve in health professional shortage areas within the region.

D. Newco will abide by policies and provisions of charity care that are no less generous than the policies of the Parties at the time of the Transaction closing, subject to changes in law, policy or regulation as applicable.

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<th>XVII. Naming/Branding</th>
<th>A. The Parties will work to mutually agree to the renaming and rebranding of Newco. Upon signing of this term sheet, Wellmont and Mountain States will mutually agree upon and jointly retain a firm to advise and assist them with the rebranding strategy. The rebranding strategy will have goals of establishing a single identity for the merged system that communicates its mission and clearly informs all members of the regional community of the new name, logo(s), and the mission of the merged system.</th>
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| XVIII. Approvals; Termination | A. The execution and delivery of the Definitive Agreement are conditioned on the receipt of all necessary consents and approvals of the appropriate governing boards of Mountain States and Wellmont. Furthermore, it is anticipated that the Definitive Agreement will provide that the consummation of the Transaction will be conditioned upon:

1. The receipt of all material consents of third parties, if any, necessary under material agreements of the Parties for consummation of the Transaction contemplated under the Definitive Agreement;

2. The filing of all notices and the receipt of all approvals and consents, as required from governmental authorities (including, if applicable, the Attorneys General of the States of Tennessee and Virginia);

3. The termination of any waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; and |
4. The satisfaction of such other conditions as are mutually acceptable to the Parties or are legally required.

B. It is the intent of both Parties, upon execution of the Definitive Agreement, that both Parties will take all reasonable steps necessary to close the Transaction. Notwithstanding the foregoing, both Parties recognize there may be circumstances of federal and/or state government action or inaction, or extraordinary external factors, that may give rise to the conclusion that the Transaction may be imperiled or it is no longer reasonable to pursue closing of the Transaction. Consequently, the Definitive Agreement shall articulate circumstances upon which either Party may unilaterally terminate the Transaction.

XIX. COPA

A. Without limiting the approvals described above, simultaneously with the negotiation of the Definitive Agreement, the Parties will negotiate a "cooperative agreement" as defined in the Tennessee Hospital Cooperation Act of 1993 (the "Act").

B. Following execution of the Definitive Agreement, the Parties will apply to the Tennessee Department of Health to obtain, and follow the procedures under the Act for obtaining, a certificate of public advantage (the "Tennessee COPA") to govern the cooperative agreement as provided in the Act.

C. At the appropriate time, the Parties shall apply to the Virginia Attorney General, or other appropriate state agency or entity, for a consent order or other appropriate state approvals regarding Newco Virginia operations on substantially the same terms as the Tennessee COPA (the "Virginia Consent Order").

D. Subject to the provisions articulated in Section XVIII, Paragraph B above, each Party shall use good faith efforts to obtain the Tennessee COPA and other regulatory approvals necessary to closing of the Transaction. The Definitive Agreement will provide that receipt of the Tennessee COPA and the Virginia Consent Order, or comparable approval, on terms satisfactory to the respective Wellmont and Mountain States Boards, in their reasonable discretion, is a condition to the Parties' respective obligations to complete the Transaction.

BINDING PROVISIONS

XX. Confidentiality and Disclosure

A. The Parties have previously entered into a confidentiality agreement dated April 2, 2014 (the "Confidentiality Agreement"). In addition to the provisions contained in that agreement, except as and to the extent required by law, without the prior written consent of the other Party, neither Mountain States nor Wellmont shall, and each shall direct its representatives not to, directly or indirectly, make any public comments, statement or communication with respect to, or otherwise disclose or permit the disclosure of the existence of discussions regarding a possible Transaction or any of the terms, conditions or aspects of the Transaction proposed in this term sheet except in the manner provided by the
Confidentiality Agreement. The timing, content and context of any announcements, press releases, public statements, or reports and related matters incident to the matters referenced in this term sheet, or its existence, will be determined in advance by the mutual written consent of the Parties. Further, the Parties will advise each other of communications to their employees and medical staff relating to the Transaction prior to the communication of the same.

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<th>XXI. Protocols on Information Sharing</th>
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<tr>
<td>A. The Parties recognize that disclosure of certain information may raise unique legal concerns due to the proximity of the Parties' operations and facilities (&quot;Competitive Sensitive Information&quot;). Such Competitive Sensitive Information may include, but is not limited to, information about prices, pricing formulas, costs, rates of provider compensation, strategy or intentions regarding contracting with any provider or purchaser, fee schedules, managed care contracts, premium rates, compensation or benefits information relating to employees, recruitment of medical professionals or others, future expansion plans involving clinical services or pertaining to physicians, and any non-public marketing or strategic planning documents or other competitively sensitive documents relating to a party's future plans. The Parties will only disclose Competitive Sensitive Information in accordance with law as agreed to in advance by the Parties' and their respective legal counsel and to that end, the Parties may enter into one or more protective agreements or develop other arrangements to address the review of such Competitive Sensitive Information to ensure compliance with applicable law.</td>
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<th>XXII. Transaction Expenses; Exclusive Negotiations</th>
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<td>In view of the substantial time and expense involved in obtaining required regulatory approvals, due to the innovative nature of the Transaction:</td>
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<tr>
<td>A. With respect to the expenses of the Tennessee COPA (including experts and the Wellmont counsel fees), the Virginia Consent Order and other expenses arising out of this term sheet and the Transaction (collectively referred to as &quot;Expenses&quot;), whether or not the Transaction or any part thereof shall close, Mountain States shall bear 70% of the Expenses, while Wellmont shall bear 30% of the Expenses.</td>
</tr>
<tr>
<td>B. In consideration of the Parties' significant investment of time and expense in connection with the transactions contemplated by this term sheet, from the date of execution of this term sheet or similar legal document until written termination of negotiations are received by the other Party, neither Party may, without the written approval of the other Party, make or solicit offers for, or hold discussions or negotiations or enter into any agreement with respect to, (a) the sale, lease or management of any of its hospitals or any material portion of its assets or any ownership interest in any entity owning any of its hospitals or any material portion of its assets, (b) any reorganization, merger, consolidation, management agreement, member substitution or joint venture involving any of its hospitals or any material portion of its assets, or (c) any other transaction in which a person or group other than the other Party would acquire the right, directly or indirectly, to</td>
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control the governing board of, direct the operations of, establish governing or operating policies for, and/or own, lease or otherwise acquire the right to use or control, any of such Party's hospitals or any material portion of its assets (the "Exclusive Negotiations Covenant").

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<tr>
<th>XXIII. Nature of Term Sheet</th>
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<tr>
<td>A. The Parties agree that, except for Sections XX-XXIV hereof, this Term Sheet is not intended to be a binding agreement and shall not give rise to any obligations between the Parties.</td>
</tr>
<tr>
<td>B. Further, due to the complexity of the proposed transaction, it is the expressed intention of the parties that, except for the provisions of Sections XX-XXIV, no binding contractual agreement shall exist between them unless and until Mountain States and Wellmont (and any other necessary parties) shall have executed and delivered a Definitive Agreement, which shall contain the provisions outlined above and the representations, warranties, and other terms and conditions customary in this type of transaction, all of which must be acceptable to all parties in their sole discretion (including, without limitation, contingencies for all necessary regulatory approvals). Any Party may for whatever reason terminate this term sheet and further negotiations by written notice to the other Party. In such event, there shall be no liability between any of the Parties as a result of the execution of this term sheet, any acts or omissions of the parties or their representatives in connection with the proposed transaction, any action taken in reliance on this term sheet, or such termination, except as set forth in Sections XX-XXIV hereof. Notwithstanding the foregoing, termination by either party of this term sheet shall not terminate or otherwise affect the obligations the parties may have to each other pursuant to the Confidentiality Agreement, and pursuant to any separate agreement entered into with respect to Competitive Sensitive Information.</td>
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<tr>
<td>C. Prior to execution, this term sheet shall be approved by the Board of Directors of both Wellmont and Mountain States.</td>
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<th>XXIV. Governing Law</th>
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<tr>
<td>A. The Transaction definitive documents shall be governed by and construed in accordance with the laws of the State of Tennessee without reference to principles of conflicts of law. Wellmont counsel shall prepare the initial drafts of definitive documents.</td>
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</table>

(signatures on the following page)
IN WITNESS WHEREOF, the parties hereto have caused this term sheet to be executed in triplicate, with the originals by their duly authorized officers, all as of the date first above written.

**_MOUNTAIN STATES HEALTH ALLIANCE

By: **Barbara Allen  
   Barbara Allen  
   Chair

By: **Alan Levine  
   Alan Levine  
   President and CEO

**_WELLMONT HEALTH SYSTEM

By: **Roger Leonard  
   Roger Leonard  
   Chairman

By: **Bart Hove  
   Bart Hove  
   President and CEO
Exhibit A

Shared Vision and Guiding Principles

A Shared Vision for Regional Healthcare

It is the shared vision of our boards that Wellmont Health System and Mountain States Health Alliance come together as equal partners to develop a brand new health system for our region with a new leadership structure, a new board, a new name, and a new kind of vision. This new leadership structure and board will work to unite the resources of both systems with one common purpose—to become one of the best regional health systems in the nation.

As one of the largest health systems and employers in the state of Tennessee, this new system will—

- Establish new unifying mission, vision, and values statements that honor our heritage and charter our future
- Be one of the strongest health systems in the country, known for outstanding clinical outcomes and superior patient experiences
- Be one of the best health system employers in the country and one of the most attractive health systems for physicians and employee team members
- Create new models of joint physician and administrative leadership to shape the future of healthcare in our region through substantial physician influence and direction
- Partner with physicians to achieve better quality at lower cost for patients, businesses, and payers
- Achieve long-term financial stability and sustainability through wise stewardship of resources, avoidance of waste, and sound fiscal management
- Advance high-level services so that more people can receive the care they need close to home
- Be a national model for rural healthcare delivery and rural access to care
- Work with regional educational and allied health partners to identify health gaps and disparities and effectively meet community health needs
- Create an efficient, high quality healthcare system that attracts employers to our region and creates long-term economic opportunity
- Build new population health models and leverage electronic health records and community engagement programs to reduce unhealthy behaviors and improve the overall health status of our region
- Work with academic partners, in particular East Tennessee State University, in new ways to bolster medical school and allied health programs and attract research investments
- Establish innovative philanthropic partnerships for healthcare advancement

To accomplish these objectives, we will seek to build shared vision with our team members and physicians and invest in their success. As a health system of choice, the new system will benchmark
against the best health systems in the nation to create an environment that advances our team members and physicians.

Our integration should be methodical and intentional, guided by achieving clear value for the community, our team members, and our physicians. A substantial period of initial assessment will be needed and will result in a long-term strategic vision for the new system. During the assessment and planning period, it will be important to maintain clinical services in our current communities and move forward to address any access gaps across the region. We commit to open communication through rotating quarterly town hall meetings and other methods to keep our communities and physicians informed about our plans and our progress.

Working together, focused solely on what is in the best interests of our physicians, team members, patients, and communities we will set a new standard for healthcare excellence and bring unprecedented value to our region guided by the principles that follow.

Guiding Principles for a New Regional Health System

Beyond a shared vision to develop one of the best health systems in the nation, the new not for profit health system created by the merger of Wellmont Health System and Mountain States Health Alliance will be guided by the following principles and will develop strategic plans to deliver on them.

Mission, Vision, and Strategy

- Exhibit common values and a compelling vision for healthcare delivery in the region
- Achieve cultural integration across key stakeholder groups and embody a culture of collaboration
- Demonstrate commitment to the Triple Aim of improving the patient experience through enhanced quality and satisfaction, improving the health of populations and reducing the per capita cost of healthcare

Patients

- Demonstrate a commitment to first class patient experiences and broad community support for programs and services
- Improve and advance the overall health status of patients and communities served, including both healthcare and wellness services, to improve their ability to stay well
- Commit to serving all people in each community—including those with and without the ability to pay
- Develop regional community health needs assessments and implementation plans and update these annually to ensure healthcare gaps and disparities are addressed
- Keep the best interest of patients at the center of everything we do, delivering exceptional value and high quality outcomes
- Facilitate patient access to their preferred physicians
- Create the best practice environment for the physicians who care for our patients
- Maintain and further develop highly specialized medical services

**Physicians**

- Support and strengthen our valued community of independent physicians as well as currently employed physicians for the benefit of high-quality patient outcomes
- Create an environment and culture that is attractive to highly qualified physicians and that places equal value on the roles of both independent and employed physicians
- Ensure all physicians have the resources needed to access clinical information and collaborate in the best interest of patients
- Broaden expertise and resources to enhance local medical staff leadership and professional development
- Commit to physician leadership at all levels of system and local administration

**Employees**

- Maintain or improve compensation and benefits for employees to levels that are competitive in comparable markets throughout the Southeastern United States and maintain the tenure of employees for eligibility and other purposes
- Create industry leading educational and professional development programs, including continuing education and clinical education
- Create an employment environment that will attract and retain highly qualified clinical and administrative talent in service to our communities

**Clinical Programs, Service, and Quality**

- Develop cohesive resources to effectively coordinate the provision of services across the system and ensure seamless access to high quality, cost-effective healthcare services
- Seek to improve primary care access and develop NCQA, level 3 patient-centered medical homes
- Effectively manage rural facilities and align tertiary resources to ensure timely access to appropriate care
- Expand clinical trial programs in heart, cancer, and other areas
- Design a seamless regional care continuum across a full spectrum, including pre and post acute care

**Management & Operations**

- Seek opportunities to leverage economies of scale for operational efficiency in corporate management and back office functions
- Enhance clinical support functions that will advance service excellence and quality outcomes
- Leverage any unique capabilities, assets, and programs to maximize effectiveness and efficiency
- Develop proficiency in implementation and management processes and protocols to redesign care, reduce variation, and systematically improve outcomes while lowering cost
Investment and Innovation

- Endeavor to remain on the forefront of future developments in healthcare technology
- Develop effective purchasing and financing systems to improve overall cost of capital
- Achieve and maintain an improved approach to overall financial management, resulting in improved finances and bond ratings
- Build a comprehensive Epic platform to support clinical integration, population health management, and connectivity
- Achieve sufficient financial security to ensure commitment of capital and investment in new services, technology, and facilities.

Population Health Management

- Focus on the purposeful development of a care management/population health model
- Support advancement of population health management locally through quality incentive and risk-bearing payment arrangements, among other appropriate mechanisms
- Develop necessary informatics and analytic systems to support partnerships with payers and employers in new compensation and insurance models.

Governance

- Instill industry leading governance structures and practices that effectively represent the communities we serve and showcase physician leadership
- Ensure the system possesses the resources, talent, and technology needed to thrive both in the current and the emerging healthcare industry
Exhibit B

Description of the Vice Chair/Lead Independent Director Position

Charter of the Vice Chair/Lead Independent Director

The Vice Chair/Lead Independent Director coordinates the activities of the other non-management Directors, and performs such other duties and responsibilities as the Board of Directors may determine.

The specific responsibilities of the Vice Chair/Lead Independent Director are as follows:

**Presides at Executive Sessions**
- Presides at all meetings of the Board at which the Executive Chairman/President is not present, including executive sessions of the independent Directors.

**Calls Meetings of Independent Directors**
- Has the authority to call meetings of the independent Directors.

**Conducts Evaluation of Executive Chairman/President**
- Ensures independent Director evaluation of the Executive Chairman/President by the Board, including an annual evaluation of his or her performance and compensation.

**Functions as Liaison with the Executive Chairman/President**
- Serves as liaison between the independent Directors and the Executive Chairman/President.

**Approves appropriate provision of information to the Board such as board meeting agendas and schedules**
- Approves meeting information sent to the Board relating to agendas and actions items, including the quality, quantity and timeliness of such information.
- Setting the Board’s approval of the number and frequency of Board meetings, and approves meeting schedules to assure that there is sufficient time for discussion of all agenda items.

**Authorizes Retention of Outside Advisors and Consultants**
- Authorizes the retention of outside advisors and consultants who report directly to the Board of Directors on board-wide issues upon approval of the Governance Committee.

**Constituent Communication**
- If requested by constituent groups, ensures that he/she is available, when appropriate, for consultation and direct communication.
Exhibit C

Description of the Executive Chairman/President Position

Executive Chairman/President

Leadership
- Leadership of the board; ensuring the board’s effectiveness and engagement in all aspects of its role and, in conjunction with the Vice Chair, setting of its agenda.
- Directing activities which serve to promote the mission.
- Consistent with the shared vision statement, setting the direction for the organization by shaping the vision, setting the strategy, and leading critical negotiations with potential partners.
- Shaping a positive culture: setting the standards, modeling Newco’s values, to include a focus on ‘system-ness’ and value-based performance, research and academics, and innovation.
- In conjunction with the Chief Executive Officer: building leadership capability of the management team; selecting, developing and motivating key leaders and high potential talent to ensure future leadership is capable of meeting current and future organizational needs and is held accountable for system-wide performance.
- Promoting the highest standards of corporate governance.

Meeting
- Chairing board meetings.
- In conjunction with the Vice Chair, ensuring the board’s effectiveness in all aspects of its role, including regularity and frequency of meetings.
- In conjunction with the Vice Chair, setting the board agenda, taking into account the issues and concerns of all board members. The agenda should be forward looking, concentrating on strategic matters.
- Ensuring that the directors receive accurate, complete, timely and clear information, and are advised of all likely future developments and trends, to enable the board to take sound decision and promote the success of the company.

Directors
- Facilitating the effective contribution of directors and encouraging active engagement by all members of the board.
- Ensuring constructive relations among the directors and between the directors and management.
- Building and maintaining an effective competency based and complementary board, and with the Nomination Committee, initiating change and planning succession in board appointments subject to the bylaws and board approval.

Induction, Development and Performance Evaluation
- Ensuring new directors are oriented, and provided adequate opportunity to on-board.
- Ensuring that the development needs of directors are identified and met. The directors should be able to continually update their skills, knowledge, and familiarity with the company.
- In conjunction with the Vice Chair, identifying the development needs of the board as a whole to enhance its overall effectiveness as a team and to ensure it receives board education consistent with industry standards for a system of the size and scope of Newco.
• Ensuring the performance of the board, its committees and individual directors is evaluated periodically through the Board Governance Committee, and acting on the results of such evaluation.

Relations with Stakeholders
• Ensuring effective communication with all stakeholders, financial institutions, the public and government/regulatory agencies. Serve as the Chief Spokesperson for the Organization with appropriate delegation of authority to the CEO on operational matters.
• Representing Newco to Federal, State and local governing bodies and, either in person or through a designee, serve as Chief Spokesperson and advocate for the interests of Newco and on healthcare issues in general.
• Maintaining and promoting Newco’s public image and reputation.

Direct Reports
The direct reports to the Executive Chairman/President include:
• Chief Executive Officer
• Compliance and Audit (dual reporting responsibility to the Executive Chairman/President and also to Chair of Audit Committee)
• General Counsel (dual reporting to the Executive Chairman/President and to the board.
• Corporate Communications
• System Development/Philanthropy
• Strategic Planning

Other Responsibilities
The Executive Chairman/President shall:
• Uphold the highest standards of integrity.
• Ensuring effective implementation of board decisions.
• Ensuring the long-term sustainability of the business through coordination with Newco Board and Management Team.

The Executive Chairman/President is accountable to, and reports to the Newco Board.

The Executive Chairman/President is also responsible for the following:
• Enhancement of external affiliations and relationships.
• Implementing and oversight of compliance with Certificate of Public Advantage or other regulatory agreements.
• Regular review of the operational performance of the company.
• Responsible to the Newco Board for ensuring the provision of the highest quality of patient care and customer service in all Newco facilities and business units.
• Responsible for management of the organization’s debt.
• Aligning the organization: continuing to drive the integration of Newco to create a cohesive, responsive organization by eliminating redundancies, capitalizing on economies of scale, and fostering a system mentality.
Exhibit D
Description of the Chief Executive Officer Position

Chief Executive Officer

Leadership

- The Chief Executive Officer of Newco reports to the Executive Chairman/President and is the senior executive in charge of all business operations of the Newco organization. This executive position requires a combination of operational excellence and system administrative skills and must be attentive to enhanced financial performance in a physician-empowered culture. It is expected that the CEO is adroit in physician relations, physician recruitment and retention.

- This position requires visionary leadership and plays a vital role in creating, implementing and executing the strategy in conjunction with the Executive Chairman/President. Of paramount importance, this position requires the incumbent to establish credibility with employees, physicians, payors, providers and community leaders. The CEO is expected to raise the health system’s visibility and reputation in the communities it serves in conjunction with the Executive Chairman/President.

- The CEO position serves as the principal operational leader for the organization and is responsible for driving forward Newco’s vision to be the best healthcare delivery system in the region in conjunction with the Executive Chairman/President. This position is the champion for Newco’s continued emphasis on "systemness" across the care delivery continuum, to achieve not only its quality and safety goals, but also to increase operational efficiency and provide a consistent point of service contact for its patients.

Major Responsibilities

- Possess a professional and personal adherence to the values, mission and philosophy of the Newco organization.

- Expand on the legacy of the quality and safety of patient care services across the system.

- Working closely with the Executive Chairman/President to lead the ongoing review of the current strategic plan and development of future strategic plans; ensure the plan supports the organization’s goal of clinical excellence, while at the same time considers the appropriate business model for the medical staff and strategic service opportunities for growth and addresses revenue generation to sustain ongoing growth. Realize the goal of an integrated health system that leverages the advantages of a multi-state and multimarket health.
• In conjunction with the Executive Chairman/President, build a high performance culture characterized by decisiveness, accountability and compassion.

Direct Reports

• Chief Operating Officer
• Chief Financial Officer

And the following subject to development of a final organizational chart.

• Chief Medical Officer
• Vice President of Human Resources
• President of Physician Organization
First Amendment to
Master Affiliation Agreement
and
Plan of Integration

By and Between

Wellmont Health System
and
Mountain States Health Alliance

Dated as of September 8, 2016
<table>
<thead>
<tr>
<th>Article I. Amendments</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Section 1.01 Exhibits C-2 and F</td>
<td>1</td>
</tr>
<tr>
<td>Section 1.02 Cooperative Agreement</td>
<td>Error! Bookmark not defined.</td>
</tr>
<tr>
<td>Section 1.03 Exhibit H</td>
<td>1</td>
</tr>
<tr>
<td>Section 1.04 Amendment, No Further Modification</td>
<td>1</td>
</tr>
<tr>
<td>Section 1.05 Capitalized Terms</td>
<td>1</td>
</tr>
<tr>
<td>Section 1.06 Execution in Counterparts</td>
<td>2</td>
</tr>
</tbody>
</table>
THIS FIRST AMENDMENT TO MASTER AFFILIATION AGREEMENT AND PLAN OF INTEGRATION (this "First Amendment") is dated as of September 8, 2016, by and between Wellmont Health System, a Tennessee nonprofit public benefit corporation with a principal place of business in Kingsport, Tennessee ("Wellmont") and Mountain States Health Alliance, a Tennessee nonprofit public benefit corporation with a principal place of business in Johnson City, Tennessee ("MSHA"). Wellmont and MSHA are each a "Party" and collectively the "Parties."

WHEREAS, the Parties have entered into the Master Affiliation Agreement and Plan of Integration dated as of February 15, 2016 (the “Agreement”); and

WHEREAS, the Parties have agreed to amend certain provisions of the Agreement as set forth herein.

NOW, THEREFORE, in consideration of the representations, warranties, premises and the mutual covenants and agreements hereinafter contained, each of the parties hereto, intending to be legally bound, hereby agree as follows:

Article I. Amendments.

Section 1.01 Exhibits C-2 and F. Exhibit C-2 (Interim Officers) and Exhibit F (Integration Council) are deleted in their entirety and replaced with the correspondingly labeled Exhibits attached hereto.

Section 1.02 Cooperative Agreement. Section 5.06(a) of the Agreement is amended to read in its entirety as follows:

(a) The Parties deem this Agreement to be their “cooperative agreement” as defined in the Tennessee Hospital Cooperation Act of 1993, as amended (the “Tennessee COPA Act”) and § 15.2-5369 of the Code of Virginia (the “Virginia COPA Act” and together with Tennessee COPA Act, the “COPA Acts”). Pursuant to the Tennessee and Virginia regulations promulgated under the authority of the Tennessee COPA Act and the Virginia COPA Act, the Parties hereby agree upon and incorporate the terms contained in Exhibit H as part of this "cooperative agreement."

Section 1.03 Exhibit H. The Agreement is amended by adding a new Exhibit H as labeled and attached hereto.

Section 1.04 Amendment, No Further Modification. The Parties agree that this First Amendment is an effective and binding amendment of the Agreement pursuant to Section 10.07 of the Agreement. Except as otherwise expressly stated in this First Amendment, all of the terms and provisions of the Agreement shall remain in full force and effect, without amendment or modification.

Section 1.05 Capitalized Terms. Capitalized terms used but not otherwise defined herein shall have the same meaning ascribed to such terms in the Agreement.
Section 1.06 Execution in Counterparts. This First Amendment may be executed in more than one counterpart, each of which shall be deemed to be an original, but all of which shall be deemed to constitute one instrument. It shall not be necessary for all parties to have signed the same counterpart provided that all parties have signed at least one counterpart.

[Signature page follows]
IN WITNESS WHEREOF, the parties hereto have executed or caused to be executed this First Amendment on the day and year first above written.

WELLMONT HEALTH SYSTEM

By: ____________________________
    Roger Leonard
    Chairman of the Board of Directors

By: ____________________________
    Bart Hove
    President and Chief Executive Officer

MOUNTAIN STATES HEALTH ALLIANCE

By: ____________________________
    Barbara Allen
    Chairman of the Board of Directors

By: ____________________________
    Alan Levine
    President and Chief Executive Officer
EXHIBITS

Exhibit C-2.  Interim Directors and Interim Officers.
Exhibit F.  Integration Council
Exhibit H.  Cooperative Agreement Terms
**EXHIBIT C-2**
Interim Directors and Interim Officers

**Directors:**
- Barbara Allen
- Roger Leonard
- Roger Mowen
- Gary Peacock

**Officers:**
- President: Alan Levine
- Secretary/Treasurer: Bart Hove
EXHIBIT F
Integration Council

MSHA
Marvin Eichorn (Co-Chair)
Dr. Morris Seligman
Lynn Krutak
Tony Keck
Dr. Sandra Brooks
Tim Belisle

WHS
Eric Deaton (Co-Chair)
Todd Dougan
Dr. Robert Funke
Dr. Dale Sargent
Todd Norris
Gary Miller
EXHIBIT H

Cooperative Agreement Terms

Pursuant to the Tennessee and Virginia regulations promulgated under the authority of the Tennessee COPA Act and the Virginia COPA Act, the Parties do hereby agree upon and incorporate the following terms as part of this Cooperative Agreement:

(e) REQUEST: A description of the competitive environment in the parties’ geographic service area, including:

(i) Identification of all services and products likely to be affected by the Cooperative Agreement and the locations of the affected services and products;

RESPONSE: The Parties intend for the Cooperative Agreement to include all services, products, and service locations under the control of Mountain States and Wellmont at the time of execution of the Cooperative Agreement and for so long as those entities remain under the control of the New Health System.

(ii) The parties’ estimate of their current market shares for services and products and the projected market shares if the COPA is granted;

RESPONSE: The Parties estimate their current share in the Geographic Service Area for general acute care inpatient services based on Calendar Year 2014 (“CY2014”) discharge data as follows:

Table 11.1 – Share of CY2014 Discharges, Current Systems

<table>
<thead>
<tr>
<th>System</th>
<th>Total</th>
<th>Share of Total Discharges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mountain States</td>
<td>58,441</td>
<td>45.6%</td>
</tr>
<tr>
<td>Wellmont</td>
<td>35,075</td>
<td>27.4%</td>
</tr>
<tr>
<td>Other</td>
<td>34,584</td>
<td>27.0%</td>
</tr>
</tbody>
</table>

Table 11.1 identifies the percentage of total discharges in the Geographic Service Area (exclusive of DRG 795) that are accounted for by Mountain States, Wellmont, or other health care systems. Share analyses demonstrate that three hospitals (Bristol Regional Medical Center, Holston Valley Medical Center, and Johnson City Medical Center) make up fifty-eight percent (58%) of the combined

1 Shares of the Geographic Service Area and for general acute care inpatient services were calculated using CY2014 discharge data for all Tennessee and Virginia hospitals. Shares were calculated defining general acute care services excluding normal newborns (DRG 795) and including (excluding) MDC 19 (Mental Diseases) and MDC 20 (Alcohol/Drug Use or Induced Mental Disorders). Tables detailing discharges by hospitals serving the Geographic Service Area, and hospitals in the Geographic Service Area, are in Exhibit 5.2.

2 Shares for this table were calculated defining general acute care services excluding normal newborns (DRG 795).
system's discharges. Other Mountain States and Wellmont hospitals individually contribute less than one to two percent (1-2%) to the total discharge volume accounted for by their respective parent system.

If the COPA is granted and volumes in the Geographic Service Area remain consistent with CY2014 trends, then the Parties estimate the projected shares for general acute care inpatient services would be as follows in Table 11.2:

Table 11.2 – Share of CY 2014 Discharges, New Health System

<table>
<thead>
<tr>
<th>System</th>
<th>Total</th>
<th>Share of Total Discharges</th>
</tr>
</thead>
<tbody>
<tr>
<td>New Health System</td>
<td>93,516</td>
<td>73.0%</td>
</tr>
<tr>
<td>Independent Competitors</td>
<td>34,584</td>
<td>27.0%</td>
</tr>
</tbody>
</table>

Due to the large independent physician community in the Geographic Service Area, the Parties do not expect a material change in the shares for physician services. Approximately seventy percent (70%) of all practitioners in the Geographic Service Area are independent. Even in overlap specialties, there are substantial competitive alternatives as reflected in the number of independent physicians in the specialty. Table 11.3 provides share estimates for independent physicians, Wellmont, and Mountain States in the specialties in which there is an overlap. Table 11.4 reports shares for specialties in which there is not an overlap – that is, where Mountain States and Wellmont do not each employ physicians.

---

3 These three hospitals account for 42.3% of discharges by all hospitals in the Geographic Service Area.  
4 Tables 11.3 and 11.4 are based on data and information provided by the Parties regarding physicians with admitting privileges at their hospitals and employed or affiliated physicians and the specialty of physicians.
Table 11.3 – Shares of Physicians in Overlapping Specialties, by System

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Overlap Flag</th>
<th>Total</th>
<th>Independent</th>
<th>Wellmont</th>
<th>Mountain States</th>
<th>Mountain States Affiliate&lt;sup&gt;5&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Total (Overlap/Non-Overlap)</td>
<td></td>
<td>2,142</td>
<td>70%</td>
<td>9%</td>
<td>17%</td>
<td>4%</td>
</tr>
<tr>
<td>Emergency Medicine</td>
<td>X</td>
<td>141</td>
<td>95%</td>
<td>1%</td>
<td>1%</td>
<td>3%</td>
</tr>
<tr>
<td>Neurology</td>
<td>X</td>
<td>75</td>
<td>91%</td>
<td>3%</td>
<td>4%</td>
<td>3%</td>
</tr>
<tr>
<td>Otolaryngology</td>
<td>X</td>
<td>21</td>
<td>90%</td>
<td>5%</td>
<td>5%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatrics</td>
<td>X</td>
<td>87</td>
<td>87%</td>
<td>3%</td>
<td>9%</td>
<td>0%</td>
</tr>
<tr>
<td>General Surgery</td>
<td>X</td>
<td>57</td>
<td>70%</td>
<td>7%</td>
<td>19%</td>
<td>4%</td>
</tr>
<tr>
<td>Internal Medicine</td>
<td>X</td>
<td>178</td>
<td>67%</td>
<td>19%</td>
<td>13%</td>
<td>1%</td>
</tr>
<tr>
<td>OB/GYN</td>
<td>X</td>
<td>81</td>
<td>67%</td>
<td>10%</td>
<td>23%</td>
<td>0%</td>
</tr>
<tr>
<td>Neurosurgery</td>
<td>X</td>
<td>20</td>
<td>65%</td>
<td>5%</td>
<td>25%</td>
<td>5%</td>
</tr>
<tr>
<td>Family Medicine</td>
<td>X</td>
<td>183</td>
<td>63%</td>
<td>16%</td>
<td>20%</td>
<td>1%</td>
</tr>
<tr>
<td>Orthopedic Surgery</td>
<td>X</td>
<td>68</td>
<td>63%</td>
<td>3%</td>
<td>32%</td>
<td>1%</td>
</tr>
<tr>
<td>Psychology</td>
<td>X</td>
<td>5</td>
<td>60%</td>
<td>20%</td>
<td>20%</td>
<td>0%</td>
</tr>
<tr>
<td>Psychiatry</td>
<td>X</td>
<td>30</td>
<td>57%</td>
<td>10%</td>
<td>33%</td>
<td>0%</td>
</tr>
<tr>
<td>Pain Management</td>
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<td>6</td>
<td>50%</td>
<td>17%</td>
<td>17%</td>
<td>17%</td>
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<tr>
<td>Cardiothoracic Surgery</td>
<td>X</td>
<td>21</td>
<td>43%</td>
<td>38%</td>
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<tr>
<td>Pulmonology</td>
<td>X</td>
<td>37</td>
<td>38%</td>
<td>38%</td>
<td>19%</td>
<td>5%</td>
</tr>
<tr>
<td>Occupational Medicine</td>
<td>X</td>
<td>5</td>
<td>20%</td>
<td>40%</td>
<td>40%</td>
<td>0%</td>
</tr>
<tr>
<td>Hematology/Oncology</td>
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<td>34</td>
<td>15%</td>
<td>44%</td>
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<td>6%</td>
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<tr>
<td>Cardiology</td>
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<td>14%</td>
<td>49%</td>
<td>36%</td>
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<td>123</td>
<td>14%</td>
<td>10%</td>
<td>58%</td>
<td>15%</td>
</tr>
</tbody>
</table>

<sup>5</sup> Mountain States Affiliate physicians are those physicians who are not employed by Mountain States but who do provide services to Mountain States through a contractual arrangement. To be conservative, these physicians are counted along with the Mountain States employed physicians in assessing the "overlap" between Mountain States and Wellmont.
## Table 11.4 – Shares of Physicians in Non-Overlapping Specialties, by System

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Overlap Flag</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Grand Total (Overlap/Non-Overlap)</strong></td>
<td></td>
<td>2,142</td>
</tr>
<tr>
<td>Allergy and Immunology</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Child Development</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Colorectal Surgery</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Dentistry</td>
<td>-</td>
<td>8</td>
</tr>
<tr>
<td>Hand Surgery</td>
<td>-</td>
<td>2</td>
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<tr>
<td>Maternal and Fetal Medicine</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>Neonatology</td>
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<td>11</td>
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<td>Pediatric Dentistry</td>
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<td>Pediatric Emergency Medicine</td>
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<td>Pediatric Gastroenterology</td>
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<td>Pediatric Hematology</td>
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<td>2</td>
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<tr>
<td>Oncology</td>
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</tr>
<tr>
<td>Pediatric Nephrology</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Pediatric Pulmonology</td>
<td>-</td>
<td>1</td>
</tr>
<tr>
<td>Pediatric Surgery</td>
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</tr>
<tr>
<td>Perfusionist</td>
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<td>1</td>
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<td>Physician Assistant</td>
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<td>55</td>
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<tr>
<td>Plastic Surgery</td>
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<td>Radiology</td>
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<td>Rheumatology</td>
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<td>Sports Medicine</td>
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<td>Telemedicine</td>
<td>-</td>
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<tr>
<td>Teleradiology</td>
<td>-</td>
<td>10</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Independent</th>
<th>Wellmont</th>
<th>Mountain States</th>
<th>Mountain States Affiliate&lt;sup&gt;6&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Allergy and Immunology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Child Development</td>
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<tr>
<td>Colorectal Surgery</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Dentistry</td>
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<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Hand Surgery</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Maternal and Fetal Medicine</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Neonatology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Ophthalmology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Optometry</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Oral Surgery</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pathology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatric Dentistry</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatric Emergency Medicine</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatric Gastroenterology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatric Hematology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Oncology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatric Nephrology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatric Pulmonology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatric Surgery</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Perfusionist</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Physician Assistant</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Plastic Surgery</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Podiatry</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Radiology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Rheumatology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Sports Medicine</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Telemedicine</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Teleradiology</td>
<td>100%</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
</tr>
</tbody>
</table>

<sup>6</sup> Mountain States Affiliate physicians are those physicians who are not employed by Mountain States but who do provide services to Mountain States through a contractual arrangement. To be conservative, these physicians are counted along with the Mountain States employed physicians in assessing the "overlap" between Mountain States and Wellmont.
### Table 11.4 – Shares of Physicians in Non-Overlapping Specialties, by System (Continued)

<table>
<thead>
<tr>
<th>Specialty</th>
<th>Overlap Flag</th>
<th>Total</th>
<th>Independent</th>
<th>Wellmont</th>
<th>Mountain States</th>
<th>Mountain States Affiliate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grand Total (Overlap/Non-Overlap)</td>
<td>2,142</td>
<td>70%</td>
<td>9%</td>
<td>17%</td>
<td>4%</td>
<td></td>
</tr>
<tr>
<td>Nurse Practitioner</td>
<td>-</td>
<td>89</td>
<td>98%</td>
<td>0%</td>
<td>2%</td>
<td>0%</td>
</tr>
<tr>
<td>CRNA</td>
<td>-</td>
<td>75</td>
<td>97%</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Anesthesiology</td>
<td>-</td>
<td>65</td>
<td>97%</td>
<td>0%</td>
<td>0%</td>
<td>3%</td>
</tr>
<tr>
<td>Nephrology</td>
<td>-</td>
<td>16</td>
<td>94%</td>
<td>0%</td>
<td>6%</td>
<td>0%</td>
</tr>
<tr>
<td>Gastroenterology</td>
<td>-</td>
<td>30</td>
<td>90%</td>
<td>0%</td>
<td>10%</td>
<td>0%</td>
</tr>
<tr>
<td>Unknown</td>
<td>-</td>
<td>9</td>
<td>89%</td>
<td>0%</td>
<td>11%</td>
<td>0%</td>
</tr>
<tr>
<td>Urology</td>
<td>-</td>
<td>23</td>
<td>87%</td>
<td>0%</td>
<td>13%</td>
<td>0%</td>
</tr>
<tr>
<td>Physical Medicine and Rehabilitation</td>
<td>-</td>
<td>11</td>
<td>82%</td>
<td>18%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Infectious Disease</td>
<td>-</td>
<td>10</td>
<td>80%</td>
<td>20%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Dermatology</td>
<td>-</td>
<td>6</td>
<td>67%</td>
<td>0%</td>
<td>33%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatric Critical Care</td>
<td>-</td>
<td>3</td>
<td>67%</td>
<td>0%</td>
<td>0%</td>
<td>33%</td>
</tr>
<tr>
<td>Palliative Care</td>
<td>-</td>
<td>2</td>
<td>50%</td>
<td>50%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatric Cardiology</td>
<td>-</td>
<td>4</td>
<td>50%</td>
<td>50%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Pediatric Neurology</td>
<td>-</td>
<td>2</td>
<td>50%</td>
<td>0%</td>
<td>0%</td>
<td>50%</td>
</tr>
<tr>
<td>Surgical Oncology</td>
<td>-</td>
<td>2</td>
<td>50%</td>
<td>50%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Radiation Oncology</td>
<td>-</td>
<td>11</td>
<td>36%</td>
<td>64%</td>
<td>0%</td>
<td>0%</td>
</tr>
<tr>
<td>Oncology</td>
<td>-</td>
<td>7</td>
<td>29%</td>
<td>43%</td>
<td>0%</td>
<td>29%</td>
</tr>
<tr>
<td>Trauma Surgery</td>
<td>-</td>
<td>29</td>
<td>21%</td>
<td>0%</td>
<td>38%</td>
<td>41%</td>
</tr>
<tr>
<td>Critical Care</td>
<td>-</td>
<td>15</td>
<td>7%</td>
<td>0%</td>
<td>80%</td>
<td>13%</td>
</tr>
<tr>
<td>Behavioral Health</td>
<td>-</td>
<td>8</td>
<td>0%</td>
<td>0%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Endocrinology</td>
<td>-</td>
<td>4</td>
<td>0%</td>
<td>0%</td>
<td>50%</td>
<td>25%</td>
</tr>
<tr>
<td>Pediatric Endocrinology</td>
<td>-</td>
<td>1</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Pediatric Hospital Medicine</td>
<td>-</td>
<td>6</td>
<td>0%</td>
<td>0%</td>
<td>0%</td>
<td>100%</td>
</tr>
<tr>
<td>Sleep Medicine</td>
<td>-</td>
<td>2</td>
<td>0%</td>
<td>0%</td>
<td>50%</td>
<td>50%</td>
</tr>
<tr>
<td>Urgent Care</td>
<td>-</td>
<td>58</td>
<td>0%</td>
<td>0%</td>
<td>86%</td>
<td>14%</td>
</tr>
</tbody>
</table>

A large number of independent providers of outpatient services compete in the Geographic Service Area. In many outpatient services, including imaging, surgery and urgent care, independent providers account for at least a fifty percent (50%) share. **Table 11.5** depicts counts and share numbers for categories of outpatient services based on the affiliation of the providers:

---

7 **Table 11.5** depicts the counts and shares for categories of outpatient services and is based on a listing provided by the Parties of outpatient facilities by type including names, locations, and affiliations.
### Table 11.5 - Shares of Outpatient Facilities by System

<table>
<thead>
<tr>
<th>Service Type</th>
<th>WHS &amp; MSHS Combined</th>
<th>Mountain States</th>
<th>Mountain States-NsCH Affiliate</th>
<th>Wellmont</th>
<th>Non-Managed Joint Venture</th>
<th>All Other*</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pharmacy</td>
<td>1.4%</td>
<td>5</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>349</td>
<td>354</td>
</tr>
<tr>
<td>Fitness Center</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>98</td>
<td>98</td>
</tr>
<tr>
<td>XRAY</td>
<td>28.3%</td>
<td>14</td>
<td>0</td>
<td>12</td>
<td>0</td>
<td>66</td>
<td>92</td>
</tr>
<tr>
<td>Nursing Home</td>
<td>7.6%</td>
<td>3</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>61</td>
<td>66</td>
</tr>
<tr>
<td>Physical Therapy</td>
<td>6.6%</td>
<td>1</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>57</td>
<td>61</td>
</tr>
<tr>
<td>Home Health</td>
<td>16.7%</td>
<td>8</td>
<td>0</td>
<td>2</td>
<td>0</td>
<td>50</td>
<td>60</td>
</tr>
<tr>
<td>Rehabilitation</td>
<td>39.5%</td>
<td>9</td>
<td>0</td>
<td>8</td>
<td>0</td>
<td>26</td>
<td>43</td>
</tr>
<tr>
<td>CT</td>
<td>51.2%</td>
<td>12</td>
<td>0</td>
<td>10</td>
<td>0</td>
<td>21</td>
<td>43</td>
</tr>
<tr>
<td>MRI</td>
<td>43.9%</td>
<td>11</td>
<td>0</td>
<td>7</td>
<td>0</td>
<td>23</td>
<td>41</td>
</tr>
<tr>
<td>Surgery - Endoscopy</td>
<td>45.2%</td>
<td>9</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>17</td>
<td>31</td>
</tr>
<tr>
<td>Urgent Care</td>
<td>50.0%</td>
<td>8</td>
<td>0</td>
<td>8</td>
<td>0</td>
<td>16</td>
<td>32</td>
</tr>
<tr>
<td>Surgery - Hospital-based</td>
<td>46.7%</td>
<td>9</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>16</td>
<td>30</td>
</tr>
<tr>
<td>Dialysis Services</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Wellness Center</td>
<td>14.3%</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>18</td>
<td>21</td>
</tr>
<tr>
<td>Surgery - ASC</td>
<td>60.0%</td>
<td>2</td>
<td>0</td>
<td>3</td>
<td>4</td>
<td>6</td>
<td>15</td>
</tr>
<tr>
<td>Chemotherapy</td>
<td>55.6%</td>
<td>4</td>
<td>1</td>
<td>5</td>
<td>0</td>
<td>8</td>
<td>18</td>
</tr>
<tr>
<td>Rehabilitation &amp; Physical Therapy</td>
<td>31.3%</td>
<td>0</td>
<td>0</td>
<td>5</td>
<td>0</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td>Radiation Therapy</td>
<td>54.5%</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Cancer Center</td>
<td>54.5%</td>
<td>3</td>
<td>0</td>
<td>3</td>
<td>0</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td>Weight Loss Center</td>
<td>14.3%</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>Community Center</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>6</td>
<td>6</td>
</tr>
<tr>
<td>Cancer Support Services</td>
<td>0.0%</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Women's Cancer Services</td>
<td>100.0%</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
</tbody>
</table>

**Note:** Wellmont and Mountain States provide cancer support services at their cancer centers.

A statement of how competition among health care providers or health care facilities will be reduced for the services and products included in the Cooperative Agreement; and

**RESPONSE:** The Parties acknowledge that the merger will eliminate competition between Wellmont and Mountain States in certain areas. The benefits of the merger will far outweigh this loss of competition, due to the cost-savings, quality enhancement and improved access the merger will generate. In addition, significant benefits will result from the Parties’ commitments outlined herein, all of which will be actively supervised by the States. Moreover, the New Health System will face significant competition from the independent hospitals and other health care providers located in its service area, and, increasingly, from more distantly located health systems. With enhanced access to cost and quality information, patients utilize their mobility and often leave the immediate service area for health care services in locations including Nashville, Asheville, Knoxville and Winston Salem. The parties expect this pattern to increase.
(iv) A statement regarding the requirement(s) for any Certificate(s) of Need resulting from the Cooperative Agreement.

**RESPONSE:** No Certificate of Need will be required under the proposed Cooperative Agreement.

(f) **REQUEST:** Impact on the service area's health care industry workforce, including long-term employment and wage levels and recruitment and retention of health professionals.

**RESPONSE:** It is the objective of the New Health System to become one of the best health system employers in the nation and one of the most attractive health systems for physicians and employee team members. In order to achieve this objective, the Parties will conduct frequent employee and physician satisfaction and engagement assessments benchmarking with national organizations to achieve at least top quartile performance. The Parties will also build substantial partnerships beyond what currently exist with regional colleges and universities in Tennessee and Virginia that train physicians, nurses, and allied health professionals to ensure there is a strong pipeline of regional health professionals.

The Parties recognize that their workforce is mobile, and there are many opportunities both within the region and in nearby metropolitan areas for their team members. Thus, competitiveness of pay and benefits is critical to the New Health System's success. The New Health System is committed to its existing workforce. Therefore, when the New Health System is formed:

**COMMITMENTS**

- The New Health System will honor prior service credit for eligibility and vesting under the employee benefit plans maintained by Wellmont and Mountain States, and will provide all employees credit for accrued vacation and sick leave.

- The New Health System will work as quickly as practicable after completion of the merger to address any differences in salary/pay rates and employee benefit structures. The New Health System will offer competitive compensation and benefits for its employees to support its vision of becoming one of the strongest health systems in the country and one of the best health system employers in the country.

- The New Health System will combine the best of both organizations’ career development programs in order to ensure maximum opportunity for career enhancement and training.
The New Health System will achieve substantial efficiencies and reduce unnecessary duplication of services, but it is not anticipated that the overall clinical workforce in the region will decrease significantly. Demand for health professionals is generally driven by volume and varies across the market from time to time. Health care workers are in great demand in the region, and retaining and developing excellent health professionals in the region will be of utmost importance to ensure the highest clinical quality. Wages must remain competitive to attract top regional and national talent.

Further, significant investments must be made in the development of infrastructures and human resources for community health improvement, population health management, academics and research, and new high-level services. In addition to the significant ongoing base of clinical personnel, support staff, and physicians, all of these initiatives will serve to further develop the region’s health care workforce and support the regional economy.

A hallmark initiative enabled by the proposed merger is the development of an enhanced academic medical center aligned in important ways with the New Health System in its efforts to transform health care delivery and to address health care needs, access, experience, and economic well-being of the local community in the near term as well as long term. The proposed merger provides funds generated through merger efficiencies, some of which the Parties will invest in the development of an enhanced academic medical center to bring specific health care and economic benefits to the community. For example, the Parties, with their academic partners, plan to create new specialty fellowship training opportunities, build an expanded research infrastructure, add new medical and related faculty, and attract research funding, especially translational research, to address regional health improvement objectives. These efforts will benefit the community directly and indirectly, with expanded efforts to develop research specific to the local communities’ health care needs and issues. The Parties intend for the enhanced academic medical center to be a focal point for health care and population health research specific to the issues and needs of the communities served by the New Health System in Tennessee and Virginia to focus strategies for interventions and improvements in health and health care delivery. The investments made possible by merger efficiencies, and their specific applications in research and development, faculty, expanded services and training can also contribute to the economic vitality of the area as well as the improved ability to attract medical professionals and business endeavors; thereby benefiting the communities with overall health and economic well-being.

In the current environment, Wellmont and Mountain States have been reducing the number of residency slots due to financial constraints. It is a goal of the New Health System to reverse this trend. Using savings obtained from merger-derived efficiencies, the New Health System will work with its academic partners and commit not less than $85 million over ten years to increase residency and training slots, create new specialty fellowship training opportunities, build and sustain research infrastructure, and add faculty. These are all critical to sustaining an
active and competitive training program. New local investment in this research and training infrastructure will attract additional outside investments. State and federal government research dollars often require local matching funds, and grant-making organizations such as the National Institutes of Health and private organizations such as pharmaceutical companies want to know that their research dollars are being appropriated to the highest quality and resourced labs and scientists. Specifically, the Parties commit to the following:

### COMMITMENTS

- With academic partners in Tennessee and Virginia, the New Health System will develop and implement a ten-year plan for post graduate training of physicians, nurse practitioners, and physician assistants and other allied health professionals in the region.

- The New Health System will work closely with ETSU and other academic institutions in Tennessee and Virginia to develop and implement a 10-year plan for investment in research and growth in the research enterprise within the region.

(g) **REQUEST**: Description of financial performance, including:

(i) A description and summary of all aspects of the financial performance of each party to the transaction for the preceding five years including debt, bond rating and debt service and copies of external certified public accountants annual reports;

**RESPONSE**: See attached **Exhibit 11.4** for a description and summary of all aspects of the financial performance of Mountain States for the preceding five fiscal years. See attached **Exhibit 11.5** for a description and summary of all aspects of the financial performance of Wellmont for the preceding five fiscal years. The Mountain States Covenant Compliance Certificates (**Exhibit 11.4D**), the Mountain States Officer’s Certificates accompanying Independent Auditor’s Reports (**Exhibit 11.4E**), and the Wellmont External Auditor Management Letters (**Exhibit 11.5D**) are considered confidential information and will be subsequently filed.

(ii) A copy of the current annual budget for each party to the Cooperative Agreement and a three year projected budget for all parties after the initiation of the Cooperative Agreement. The budgets must be in sufficient detail so as to determine the fiscal impact of the Cooperative Agreement on each party. The budgets must be prepared in conformity with generally accepted accounting principles (GAAP) and all assumptions used must be documented;
**RESPONSE:** The current annual budgets for Mountain States (Exhibit 11.6) and Wellmont (Exhibit 11.7) are considered competitively sensitive information under federal antitrust laws and will be subsequently filed. A five-year projected budget for the New Health System is attached as Exhibit 11.8.

(iii) A detailed explanation of the projected effects including expected change in volume, price and revenue as a result of the Cooperative Agreement, including:

I. Identification of all insurance contracts and payer agreements in place at the time of the Application and a description of pending or anticipated changes that would require or enable the parties to amend their current insurance and payer agreements;

**RESPONSE:** Please see attached Exhibit 11.9 identifying all insurance contracts and payer agreements in place at the time of the Application for Mountain States. Please see attached Exhibit 11.10 identifying all insurance contracts and payer agreements in place at the time of the Application for Wellmont.

While some of the payer agreements held by both Parties permit the termination of the agreement by the payer upon a change of control, the Parties do not intend to amend their current insurance and payer agreements in connection with completing the affiliation except as set forth herein. Going forward, the Parties intend the New Health System will negotiate with the payers in the ordinary course of business as each managed care contract comes up for renewal after the Closing.

II. A description of how pricing for provider insurance contracts are calculated and the financial advantages accruing to insurers, insured consumers and the parties of the Cooperative Agreement, if the COPA is granted including changes in percentage of risk-bearing contracts;

**RESPONSE:** Like other health systems across Tennessee and the nation, the Parties negotiate with commercial health insurance providers for inclusion in the health insurance plans they offer to employers and individuals. Wellmont and Mountain States each approach these negotiations with the basic goal of agreeing on rates and terms that will enable the health systems to cover the cost of providing high quality health care while earning a reasonable margin to invest in maintaining and improving their facilities and expand their service offerings.

Any pricing limitations agreed to by the New Health System are intended to benefit employers and those who are shouldering the burden of what is projected to be increased overall health care costs in the coming years. This burden has increasingly fallen on consumers who have seen dramatic increases in the deductibles they are required to pay. Unregulated merged systems do not provide for limitations on commercial payment increases,
which can negatively impact self-insured employers, employees and insurers who are managing risk. Conversely, the New Health System has committed to a reduction in price increases and set a new, lower cost trend for many third party payers. These pricing commitments are proposed so as to pass savings on to consumers through their chosen insurers resulting from the efficiencies the New Health System expects to achieve.

**COMMITMENTS**

- For all Principal Payers,* the New Health System will reduce existing commercial contracted fixed rate increases by 50 percent (50%) for the first contract year following the first contract year after the formation of the New Health System. Fixed rate increases are defined as provisions in commercial contracts that specify the rate of increase between one year and the next and which include annual inflators tied to external indices or contractually-specified rates of increase in reimbursement.

- For subsequent contract years, the New Health System will commit to not increase hospital negotiated rates by more than the hospital Consumer Price Index for the previous year minus 0.25%, while New Health System negotiated rates for physician and non-hospital outpatient services will not increase by more than the medical care Consumer Price Index minus 0.25%. This provision only applies to contracts with negotiated rates and does not apply to Medicare or other non-negotiated rates or adjustments set by CMS or other governmental payers. For purposes of calculating rate increases and comparison with the relevant Index, baseline rates for an expiring contract will be used to compare with newly negotiated rates for the first year of the relevant new contract. For comparison with the relevant Index, new contract provisions governing specified annual rate increases or set rates of change or formulas based on annual inflation indices may also be used as an alternative to calculated changes. Subject to the Commissioner's approval, the foregoing commitment shall not apply in the event of natural disaster or other extraordinary circumstances beyond the New Health System’s control that result in an increase of total annual expenses per adjusted admission in excess of 250 basis points over the current applicable consumer price index. If following such approval the New Health System and a Principal Payer* are unable to reach agreement on a negotiated rate, New Health Systems agrees to mediation as a process to resolve any disputes.

* For purposes of this Application, "Principal Payers" are defined as those commercial payers who provide more than two percent (2%) of the New Health System's total net revenue. The proposed commitments would not apply to Medicaid managed care, TRICARE, Medicare Advantage or any other governmental plans offered by Principal Payers.
In addition, as a result of the merger, the Parties project that the merger will result in improved quality of care and enhanced clinical coordination. This capability will enable the system to participate meaningfully in various federal and commercial efforts to share risk and take advantage of the scalable ability of the New Health System to better manage the care for high cost, high utilization patients. Through this effort, these changes will result in fewer hospitalizations and reduced lengths of stay when patients are hospitalized. Insurers and insured consumers will benefit through lower expenditures for inpatient care when patients spend less time in the hospital or are able to avoid hospitalizations altogether.

The Parties’ intend to manage population health through the deployment of a research-based ten year plan that is focused on reducing the variables leading to chronic disease, improved clinical coordination, higher quality facilitated by the consolidation of services, and a shared information technology platform, among other things. All of these benefits strengthen the ability of the Parties to engage in risk-based contracting to a far greater extent than is currently the practice in the region. It is, therefore, the intent of the New Health System that future contractual arrangements with payers will be more focused on identification of the drivers of cost, with a shared objective of reducing unnecessary cost, and sharing the benefit of such successful initiatives.

III. The following policies:

A. Policy that assures no restrictions to Medicare and/or Medicaid patients,
B. Policies for free or reduced fee care for the uninsured and indigent,
C. Policies for bad debt write-off; and
D. Policies that assure parties to the Cooperative Agreement will maintain or exceed the existing level of charitable programs and services.

RESPONSE: Wellmont and Mountain States are the primary providers for Medicare and Medicaid in the region, and operate the primary system of access for children. Additionally, the primary location for inpatient mental health services for the uninsured and Medicaid are housed within Mountain States. The New Health System will continue to remain committed to these populations, a commitment neither system can make without the proposed merger. The current charity and other related policies for both Mountain States and Wellmont are attached as Exhibits 8.3 and 8.4. If the COPA is granted, the Parties intend for the New Health System to adopt policies that are substantially similar to the existing policies of both Parties and consistent with the IRS's final 501(r) rules. As evidence of this commitment, the Parties have committed in the Cooperative Agreement that the New Health System will adopt policies that are substantially similar to the existing policies of both Parties. Specifically, the Parties intend to address each category of patients as follows:

8 See Exhibit 11.1, Master Affiliation Agreement and Plan of Integration By and Between Wellmont Health System
Medicare. Many of the "Helping Adults Live Well" strategies discussed in this Application will be designed specifically for the Medicare senior population and dual eligible population. Medicare hospital and physician pricing is determined by government regulation and is not a product of competition or the marketplace. As a result, the merger is not expected to impact the cost of care to Medicare beneficiaries, but access to and quality of services are expected to improve. Additionally, through care coordination models implemented as part of value based arrangements, it is expected that use rates will be favorably affected, and savings to the Medicare program will result. The many strategies contained within this Application, including implementation of a Common Clinical IT Platform, will be key factors in succeeding within the value-based Medicare environment.

Medicaid. Many of the population health strategies detailed in this Application, such as child maternal health, will directly benefit the Medicaid population, and thus, the program. Also, the New Health System will seek innovative value-based models with the commercial payers that serve as intermediaries to the state Medicaid programs. Such models may include care management/shared savings, integrated mental health services and development of access points of care for the Medicaid and uninsured populations. It is widely known that simply having a Medicaid card does not equate to access. The intent of the New Health System is to ensure an organized care delivery model which optimizes the opportunity for access in the lowest cost, most appropriate setting. Importantly, these opportunities become more likely when the New Health System has the scale in terms of the number of lives it is managing. This should be an attractive feature for the states and to those payers acting as intermediaries with the states.

Uninsured Population. As described in Section 8.G of this Application, both Parties currently provide significant amounts of charity care to the vulnerable populations in the Geographic Service Area and will continue to do so in the future. If the COPA is granted, the Parties intend that the New Health System will adopt a charity care policy that is substantially similar to the existing policies of both Parties. The uninsured population will also be the target of several inter-related health strategies outlined in this Application. For example, the Parties intend to encourage all uninsured individuals to seek coverage from the federal health marketplaces from plans offered in the service area. The Parties intend to work with charitable clinics in the area to improve access for the uninsured population to patient-centered medical homes, federally qualified health centers, and other physician services. These efforts will help ensure that the uninsured population has a front door for non-emergent care and seeks care at the appropriate locations. The New Health System intends to create an organized delivery model for the uninsured which relies upon the medical home as the key entry point, and which also encourages individual responsibility for determinants of poor health.
All categories of payers and the uninsured. Additionally, for all patients covered by all categories of payers and the uninsured, the New Health System will:

- Develop effective strategies to reduce the over-utilization and unnecessary utilization of services, particularly high-cost services such as emergency department care. This better-managed, more proactive approach will be developed in collaboration with a host of community-based resources and will be consistent with the CMS Accountable Health Communities model. Under this model, both traditional health care resources and societal resources are considered in tandem. Recognizing that factors such as transportation, educational attainment, food availability, housing, social support and other factors play a key role in health care access and outcomes, effective program development will include opportunities to help high-utilizers of care gain awareness of available resources, provide navigational access to those resources, and ensure systems of contact and collaboration exist and are effective.

- Develop with the State and community stakeholders Key Focus Areas for population health investment and intervention. These index categories will apply regardless of payer and the priorities for programming and intervention will be based on the communities where the need/impact will be greatest. The Parties intend to account for geographic gaps and disparities by aiming resources or strategies at specific populations, which will be outlined in the long-term community health improvement plan. Where payers have existing care management programs in place, the New Health System will work with payers to increase compliance for effective prevention and disease management programs. The Parties strongly believe that the New Health System must provide opportunities for prevention, navigation, and disease management, and must connect individuals, regardless of their coverage status, to community-based resources if the regional population health management initiative is to be successful.

IV. Identification of existing or future business plans, reports, studies or other documents of each party that:

A. Discuss each party’s projected performance in the market, business strategies, capital investment plans, competitive analyses and financial projections including any documents prepared in anticipation of the Cooperative Agreement; and

B. Identification of plans that will be altered, eliminated or combined under the Cooperative Agreement or subsequent COPA.

**RESPONSE:** Information regarding existing and future business plans of Mountain States (Exhibit 11.11) and Wellmont (Exhibit 11.12) is considered competitively sensitive information under federal antitrust laws and will be subsequently filed.
(h) **REQUEST:** A description of the plan to systematically integrate health care and preventive services among the parties to the Cooperative Agreement, in the proposed geographic service area, to address the following:

(i) A streamlined management structure, including a description of a single board of directors, centralized leadership and operating structure;

**RESPONSE:** Please see response to 11.b above.

(ii) Alignment of the care delivery decisions of the system with the interest of the community;

**RESPONSE:** A well-executed merger provides multiple opportunities to enhance care delivery and patient outcomes through the consolidation, integration, realignment and/or enhancement of clinical facilities and services (collectively the "Clinical Consolidation"). Clinical Consolidation can involve both concentration of services of a particular type in fewer locations and/or establishment of common protocols and systems across a common set of services with an ultimate goal of yielding improved outcomes, sustaining the most effective levels of services at the right locations, reducing costs of care, and related efficiencies. Where appropriate, these Clinical Consolidations are a standard and widely accepted mechanism for reducing unnecessary cost in health care, improving quality, and ensuring the services and programs offered by a health care delivery system are continuously evaluated to ensure efficiency and the best outcome for patients.

As a means to ensure that the care delivery decisions of the New Health System are aligned with the interests of the community, the New Health System will adopt a comprehensive Alignment Policy that will allow the New Health System to utilize a rigorous, systematic method for evaluating the potential merits and adverse effects related to access, quality and service for patients and to make an affirmative determination that the benefits of the proposed consolidation outweigh any adverse effects. The Alignment Policy will apply to the consolidation of any clinical facilities and clinical services where the consolidation results in a discontinuation of a major service line or facility such that any such discontinuation would render the service unavailable in that community. Additionally, for two years after the formation of the New Health System, a super-majority vote of the Board is required in the event a service is consolidated in a way that results in discontinuation of that service in a community. A copy of the Alignment Policy is attached as **Exhibit 11.13.**

A likely alternative to the proposed Cooperative Agreement merger would be for each system individually to be purchased by larger health systems from outside the region. Such an alternative is unlikely to be actively supervised to ensure overriding community benefit and would not come close to achieving the same level of efficiencies, cost-savings and quality enhancement opportunities as those proposed by the New Health System and outlined in this Application.
(iii) Clinical standardization;

RESPONSE: A well-executed merger can also improve patient outcomes if it results in improved performance management processes to assist leaders in identifying where (and why) problems are occurring and how to implement best practices to coordinate care across the system. The New Health System is firmly committed to standardizing its management and clinical practice policies and procedures to promote efficiency and higher standards of care throughout the New Health System. As evidence of this commitment, the New Health System will establish a system-wide, physician-led Clinical Council in order to identify best practices that will be used to develop standardized clinical protocols and models for care across the New Health System. These standardized practices, models and protocols will help reduce error and overlap, shorten length of stay, reduce costs, and improve patient outcomes. The Cooperative Agreement will allow the New Health System to share the clinical and financial information needed to integrate this process across the range of inpatient, outpatient, and physician services. The Clinical Council will be composed of independent, privately practicing physicians as well as physicians employed by the New Health System or its subsidiaries or affiliates as more fully described in Section 8 herein. It would not be possible for the two competing systems to standardize procedures and policies for clinical best practices as effectively, or to develop such new care models, absent the merger.

Many of the initiatives to reduce variation and improve quality will be derived from new contracting practices designed to ensure collaboration between the New Health System and the payers. These practices will be designed to use the analytic strength of the payers to identify high cost services and processes, and then align the interest of the payer and the New Health System to reduce cost and improve the overall patient outcome. This approach to value-based purchasing will truly harness the intent of the changes in federal policy that encourage improved population health. From contracting to implementation, the objective is to identify where the opportunities for patient outcome improvement and cost reduction exist, and to then collaborate with physician leadership to execute legitimate and scalable strategies throughout the region to achieve the mutual objectives of the payer and the health delivery system.

(iv) Alignment of cultural identities of the parties to the Cooperative Agreement; and

RESPONSE: There are many specific steps the Parties will take to align the cultural identities of the two organizations, including merging the executive leadership, establishing a board made up of equal representation from both legacy systems, agreeing on the appointment of new, independent board members with expertise in integration, implementation of a Clinical Council, bringing together key providers of both systems and implementing a single information technology platform that will be used to promote system-wide communication, cultural integration, and implement common clinical standards for improvement of patient quality.
The New Health System's board of directors and management team will be composed of current executives from both Wellmont and Mountain States.

- The board of directors of the New Health System will be comprised of fourteen voting members, as well as two ex-officio voting members and one ex-officio non-voting member. Wellmont and Mountain States will each designate six members to serve on the initial board of the New Health System.

- Wellmont and Mountain States will jointly select two members of the initial New Health System board, who would not be incumbent members of either Party’s board of directors.

- The two ex-officio voting members will be the New Health System Executive Chairman/President and the New Health System Chief Executive Officer. The ex-officio non-voting member will be the then current President of ETSU.

- The New Health System will have a new name and will be managed by an executive team with representatives from each organization serving in the following agreed-upon roles—Executive Chairman/President Alan Levine (currently Mountain States' CEO), CEO Bart Hove (currently Wellmont's CEO), Chief Operating Officer Marvin Eichorn (currently Mountain State's Chief Operating Officer) and Chief Financial Officer Alice Pope (currently Wellmont's Chief Financial Officer).

- All Board committees of the New Health System will be established with initial membership of equal representation from both legacy organizations. Likely committees will include: Executive, Finance; Audit and Compliance; Quality, Service and Safety; Executive Compensation; Workforce; Community Benefit; and Governance/Nominating.

Promptly after Closing, the New Health System will establish a physician-led Clinical Council (see Section 8.A.iii) to establish common standards of care, credentialing standards, quality performance standards and best practices. The initial Clinical Council will equally represent physicians whose primary practice venue is currently Wellmont or Mountain States.

As discussed in Section 8.A.i, the New Health System will adopt a Common Clinical IT Platform that will allow all providers in the New Health System to quickly obtain full access to patient records at the point of care and will be used for system-wide communication and monitoring of best practices and establishment of new protocols to improve quality of care.

The New Health System is committed to its current workforce and will honor prior service credit, address any differences in salary/pay rates and benefits, offer
competitive salaries, and combine the best of each hospital’s career development programs as described more fully in Section 11.f.

Cultures will be further aligned by the increased emphasis on quality through the use of a common set of measures and protocols and the timely public reporting of many quality measures, as discussed in Section 8.A.iv. This combined emphasis on quality and public reporting of quality measures will significantly contribute to promoting a common culture emphasizing quality in the New Health System.

(v) Implementation of risk-based payment models to include risk, a schedule of risk assumption and proposed performance metrics to demonstrate movement toward risk assumption and a proposed global spending cap for hospital services.

RESPONSE: Wellmont and Mountain States believe the formation of the New Health System will greatly accelerate the move from volume-based health care to value-based health care. The Affordable Care Act is moving providers away from the fee-for-service reimbursement system toward a risk-based model that rewards improved patient outcomes and incentivizes the provision of higher-value care at a lower cost. CMS has stated that its goal is to have 85% of all Medicare fee-for-service payments tied to quality or value by 2016, thus providing incentive for improved quality and service. However, the movement to value-based payment requires comprehensive provider networks to form and contract for the total care of patients in a defined population. The formation of the New Health System will align the region’s hospitals and related entities into one seamless organization, working together to enter into value-based contracts. The scale created by the merger will foster opportunities for cost-savings and quality-enhancement through risk contracting to a degree neither system could come close to achieving independently.

The New Health System intends to discuss risk-based models with its Principal Payers for some portion of each Principal Payer's business. Those discussions would address both New Health System's and Principal Payer's willingness and ability to successfully implement risk-based models and over what time period. Additionally, the New Health System will commit to having at least one risk-based model in place within two years after Closing. No payer has historically expressed an interest in a global spending cap for hospital services in this region. However, after completing its clinical integration/alignment, the New Health System is willing to engage in those discussions if requested by a reputable payer, and assuming the New Health System is extended an actuarially sound proposal.

As further evidence of its commitment to move towards risk-based payment, the New Health System is willing to commit to the following:
(i) **REQUEST:** A description of the plan, including economic metrics, that details anticipated efficiencies in operating costs and shared services to be gained through the Cooperative Agreement including:

- Proposed use of any cost savings to reduce prices borne by insurers and consumers;

- Proposed use of cost savings to fund low or no-cost services such as immunizations, mammograms, chronic disease management and drug and alcohol abuse services designed to achieve long-term Population health improvements; and

- Other proposed uses of savings to benefit advancement of health and quality of care and outcomes.

**RESPONSE:** Funding the population health, access to care, enhanced health services, and other commitments described in this Application would be impossible without the efficiencies and savings created by the merger. By aligning Wellmont's and Mountain States' efforts in key service areas, the New Health System will drive cost savings through the elimination of unnecessary duplication, resulting in more efficient and higher quality services. The Parties have analyzed the anticipated efficiencies in three categories and calculated the following anticipated savings.

The Parties commissioned FTI Consulting, Inc., an independent, nationally-recognized health care consulting firm ("FTI Consulting"), to specifically perform an economies and efficiencies analysis regarding the proposed savings and efficiencies. The economies analysis was divided into three major segments. Segment One was the efficiencies and savings that could be achieved in the area of purchased services (the "Non-Labor Efficiencies"). Segment Two was the savings and efficiencies that could be achieved by aligning the two system's health work forces (the "Labor Efficiencies"). Segment Three
was the efficiencies and savings that could be achieved by clinical alignment (the "Clinical Efficiencies"). The findings of the FTI Consulting Report are more fully discussed below.

1. **Non-Labor Efficiencies.** The Parties have comparable size, and each has multiple facilities. Their purchasing needs are similar, including non-medical items such as laundry and food services, and clinical-related items such as physician clinical preference items, implantable devices, therapeutics, durable medical equipment, and pharmaceuticals. The larger, combined enterprise of the New Health System will be able to generate significant purchasing economies. These non-labor efficiency savings would include

- Harmonization to a Common Clinical IT platform
- Consolidation of purchased services (Blood/Blood products, Anesthesia, Legal, Marketing, Executive Recruitment, etc.)
- Reductions in unnecessary duplication of Call Pay
- Reductions in Locum Tenens and use of “Registry Staff”
- Renegotiations of service, maintenance, and other contracts
- Reductions in the duplication of subscriptions, memberships, licenses and other similar payments and
- Added economies and efficiencies gained from the larger size of the New Health System.

The Parties have identified potential savings from the merger in the areas of non-labor expenses totaling approximately $70 million annually that would not be possible but for the merger. The Non-Labor Efficiencies is "a reasonable estimate" of what can be achieved by the combination. It is characterized by FTI Consulting, and the Parties, as neither "conservative" nor "optimistic."

2. **Labor Efficiencies.** The workforce is the lifeblood of a health care organization, and the competition for the labor force will remain intense, both locally and regionally. As stated in **Section 6** herein, the majority of outpatient services will not be controlled by the New Health System, and other very significant inpatient providers are located nearby. Thus, the New Health System will remain competitive as it relates to salary and benefit offerings, and will be committed to the ongoing development of its workforce. As discussed in **Section 11.1.f**, the Parties are committed to their existing workforces and the New Health System intends to offer all current employees of Wellmont and Mountain States comparable positions within the New Health System. However, with time, including through attrition, the New Health System will reduce duplication, overtime and other premium labor costs. In many cases, employees can be moved into new or expanded roles to optimize existing expertise, competencies and productivity within the integrated delivery system. The Parties have identified potential savings from
the merger in labor expenses totaling approximately $25 million annually. These savings could extend across a variety of departments and areas:

- Administration;
- Biomedical Engineering;
- Patient Access/Registration;
- Finance and Accounting;
- Health Information Management;
- Human Resources;
- Facilities and Maintenance;
- Security;
- Supply Chain; and
- Other departments and areas.

It is very important to note, however, that a significant portion of these savings would be reinvested through financial commitments in the development of the many new programs and services outlined in this Application, including new clinical offerings, behavioral health services, community health improvement initiatives, and academics and research. While national trends in health care will apply in this region and could negatively impact the workforce over time, the Parties strongly believe the net effect of the merger on the health care workforce in the region will be positive rather than negative.

These Labor Efficiencies are considered "conservative" since the savings discussed do not include any clinical personnel, and the clinical alignment process has only commenced with the identification of preliminary consolidation opportunities. As more fully discussed in Section 11.h.ii, the labor and clinical savings require an institutional process among the stakeholders in the community through the proposed Alignment Policy. It is not possible for the Parties to engage in this process without the protection of the COPA, and the Parties do not believe it is appropriate to undertake the process without the full and complete participation of community stakeholders after the COPA is granted.

3. Clinical Efficiencies. The alignment of clinical operations of two previously independent hospital systems into a merged entity can yield improved outcomes, reduced costs of care and related efficiencies, and improve sustainability of the most effective levels of services at the right locations. To ensure that the care delivery decisions of the New Health System are aligned with the interests of the community, the New Health System will adopt a comprehensive Alignment Policy (discussed in Section 11.h.ii) that will allow the New Health System to utilize a rigorous, systematic method to evaluate the potential merits and adverse effects related to access, quality and service for patients and make an affirmative determination that the benefits of the proposed consolidation outweigh any adverse effects. The clinical efficiencies
generated by the Alignment Policy will result in operating efficiencies, improved quality and improved access that would not be accomplished without the merger. The anticipated clinical efficiencies generated by the New Health System are largely driven by the New Health System's ability to align duplicative health care services for better care delivery. Cost-saving and efficiency opportunities for the New Health System include consolidation of the area's two Level I Trauma Centers, consolidation of specialty pediatrics services, repurposing acute care beds and consolidation of certain co-located ambulatory facilities. The Parties have identified potential savings from the merger in clinical efficiencies totaling approximately $26 million annually. Much like the Labor Efficiencies, the Clinical Efficiencies are considered "conservative" since the clinical alignment process has only commenced with the identification of preliminary consolidation opportunities. As more fully discussed in Section 11.h.ii, the labor and clinical savings require an institutional process among the stakeholders in the community through the proposed Alignment Policy. It is not possible for the Parties to engage in this process without the protection of the COPA, and the Parties do not believe it is appropriate to undertake the process without the full and complete participation of community stakeholders after the COPA is granted.

The potential savings identified here are limited to the estimated dollar savings from the realignment of services and clinical efficiencies, and do not include the potentially significant benefits that are expected to be achieved through improved access, quality, and care in the optimal locations for access to care that will directly benefit these communities.

- Proposed use of any cost savings to reduce prices borne by insurers and consumers.

RESPONSE: To ensure that savings and benefits are passed on from the merged system to patients, employers and insurers, while also investing in improving quality and patient service, the New Health System will make the following commitments.
**COMMITMENTS**

- For all Principal Payers,* the New Health System will reduce existing commercial contracted fixed rate increases by 50 percent (50%) for the first contract year following the first contract year after the formation of the New Health System. Fixed rate increases are defined as provisions in commercial contracts that specify the rate of increase between one year and the next and which include annual inflators tied to external indices or contractually-specified rates of increase in reimbursement.

- For subsequent contract years, the New Health System will commit to not increase hospital negotiated rates by more than the hospital Consumer Price Index for the previous year minus 0.25%, while New Health System negotiated rates for physician and non-hospital outpatient services will not increase by more than the medical care Consumer Price Index minus 0.25%. This provision only applies to contracts with negotiated rates and does not apply to Medicare or other non-negotiated rates or adjustments set by CMS or other governmental payers. For purposes of calculating rate increases and comparison with the relevant Index, baseline rates for an expiring contract will be used to compare with newly negotiated rates for the first year of the relevant new contract. For comparison with the relevant Index, new contract provisions governing specified annual rate increases or set rates of change or formulas based on annual inflation indices may also be used as an alternative to calculated changes. Subject to the Commissioner's approval, the foregoing commitment shall not apply in the event of natural disaster or other extraordinary circumstances beyond the New Health System’s control that result in an increase of total annual expenses per adjusted admission in excess of 250 basis points over the current applicable consumer price index. If following such approval the New Health System and a Principal Payer* are unable to reach agreement on a negotiated rate, New Health Systems agrees to mediation as a process to resolve any disputes.

* For purposes of this Application, "Principal Payers" are defined as those commercial payers who provide more than two percent (2%) of the New Health System's total net revenue. The proposed commitments would not apply to Medicaid managed care, TRICARE, Medicare Advantage or any other governmental plans offered by Principal Payers.

- Proposed use of cost savings to fund low or no-cost services such as immunizations, mammograms, chronic disease management and drug and alcohol abuse services designed to achieve long-term population health improvements.

RESPONSE: The New Health System is committed to improving community health through investment of not less than $75 million over ten years in science.
and evidence-based population health improvement. Combining the region’s two major health systems in an integrated delivery model is the best way to identify regional priorities, collaborate with payers to identify cost drivers and areas of need for improvement and to invest the resources it will take to effect material improvements. These efforts will provide resources that may be invested in more focused and meaningful value-based spending in the region – spending that helps expand currently absent, but necessary, high-level services at the optimal locations of care, improve access for mental health and addiction-related services, expand services for children and those in need, improve community health and diversify the economy into research. The New Health System would commence this process by preparing a comprehensive community health improvement plan that identifies the key strategic health issues for improvement over the next decade. The health improvement plan would be prepared in conjunction with the public health resources at ETSU. The process has already commenced through the four Community Health Work Groups described herein. Population health improvement funding may be committed to the following initiatives, as well as others based upon the 10-year plan for the region.

- **Ensure strong starts for children** by investing in programs to reduce the incidence of low-birth weight babies and neonatal abstinence syndrome in the region, decrease the prevalence of childhood obesity and Type 2 diabetes, while improving the management of childhood diabetes and increasing the percentage of children in third grade reading at grade level.

- **Help adults live well in the community** by investing in programs that decrease premature mortality from diabetes, cardiovascular disease, and breast, cervical, colorectal and lung cancer.

- **Promote a drug-free community** by investing in programs that prevent the use of controlled substances in youth and teens (including tobacco), reduce the over-prescription of painkillers, and provide crisis management and residential treatment with community-based support for individuals addicted to drugs and alcohol.

- **Decrease avoidable hospital admission and ER use** by connecting high-need, high-cost uninsured individuals in the community to the care and services needed by investing in intensive case management support and primary care, and leveraging additional investments in behavioral health crisis management, residential addiction treatment and intensive outpatient treatment services.

The Parties believe that prevention services, such as immunizations, mammograms, chronic disease management and drug and alcohol abuse services, are all essential ingredients in achieving population health improvements and maintaining a population's long-term health and wellness. Certain counties in the service area have achieved noteworthy performance in specific areas. For
example, the Northeast region ranks among the best in Tennessee in immunizations, and Sullivan County ranks well in mammograms. However, as a general rule, the health status of the service area population is in need of significant improvement. Targeted efforts to address immunizations and preventive screenings are expected to be explicitly derived from the MAPP community health improvement process outlined in this Application. The Parties intend to address chronic disease management as part of the "Helping Adults Live Well" strategy outlined in this Application. Specific plans regarding drug and alcohol abuse services are detailed in **Section 8.H** of this Application. It is anticipated that the Community Health Work Groups, the Advisory Groups appointed by the Commissioner, and the agreed-upon Health Index will reflect specific actions and strategies in connection with a broad range of prevention services, including immunizations, mammograms, chronic disease management and drug and alcohol abuse services. Further, the Parties believe there are significant opportunities to partner with all categories of payers to create effective systems of care for best practice preventative services and to extend those services to both economically and geographically underserved populations through effective collaboration with Federally Qualified Health Centers, charity care clinics, health departments and others. In addition, Mountain States operates drop-by Health Resources Centers which support chronic disease prevention and management in Kingsport and Johnson City and Wellmont owns and operates mobile health buses that are equipped to offer immunizations, cardiovascular and cancer screenings, mammograms, and physicals along with health education and coaching resources to engage with populations for effective behavior change and the extension of disease management resources. Mobile strategies will allow reach into populations with both economic and geographic barriers and can be further supplanted by a host of health IT and telemedicine strategies which are envisioned to be developed as part of the long-range community health improvement plan. Both organizations operate nurse call centers which are able to engage with populations for the development of wellness and prevention coaching and disease management programming to help overcome geographic and social barriers.

- Other proposed uses of savings to benefit advancement of health and quality of care and outcomes.

RESPONSE: The savings realized by reducing duplication and improving coordination will stay within the region and be reinvested in ways that benefit the community substantially, including:

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Access to Health Care and Prevention Services. Wellmont and Mountain States anticipate significantly improved access to health care under the Cooperative Agreement. The Cooperative Agreement will enable the hospitals to continue to offer programs and services that are now unprofitable and risk curtailment or elimination due to lack of funding. The New Health System will commit at least $140 million over ten years toward certain specialty services. It will also commit to create new capacity for residential addiction recovery services; develop community-based mental health resources such as mobile health crisis management teams and intensive outpatient treatment and addiction resources for adults, children, and adolescents; ensure recruitment and retention of pediatric sub-specialists; and develop pediatric specialty centers and emergency rooms in Kingsport and Bristol, with further deployment of pediatric telemedicine and rotating specialty clinics in rural hospitals. These initiatives would not be sustainable in the region without the financial support created by the merger.

Improving Health Care Value. Lack of coordinated and integrated care increases costs and decreases overall effectiveness of care in this region thus contributing to the overutilization of costly inpatient services. The New Health System has the opportunity to use resources derived from efficiencies and the realignment of services to reduce overutilization of inpatient services in the region and stem the pace of health care cost growth for patients, employers and insurers. To ensure that savings realized by reducing duplication and improving coordination will remain within the region and be reinvested in ways that substantially benefit the community through new services and capabilities, the New Health System is prepared to make significant commitments related to pricing, consolidation of services, and standardization of practices which are described in more detail in this Application.

Investment in Health Research and Graduate Medical Education. The New Health System will commit not less than $85 million over ten years to build and sustain research infrastructure, increase residency and training slots, create new specialty fellowship training opportunities, and add faculty – all critical to sustaining an active and competitive training program. These funds will enhance the Parties' academic partners' abilities to invest in additional research infrastructure, a significant benefit to the State of Tennessee and Commonwealth of Virginia. Additionally, partnerships with academic institutions in Tennessee and Virginia will enable research-based and academic approaches to the provision of the services the New Health System intends to invest to improve overall population health. These initiatives would not be sustainable in the region without the financial support created by the merger.

Avoidance of Duplication of Hospital Resources. Combining the region’s two major health systems in an integrated delivery model is the best and most effective way to avoid the most expensive duplications of cost, and importantly, take advantage of opportunities to collaborate to reduce cost while sustaining or enhancing the delivery of high quality services. These efforts will provide resources that can be invested in more value-based spending in the region –
spending that helps expand (and where absent, implement) necessary high-level services at the optimal locations of care, improve access for mental health and addiction-related services, expand services for children and those in need, improve community health and diversify the economy into research. Enhancing the coordination, integration, sustainability and development of new models of care delivery across the community improves the health of this region's residents and the economy of its communities.

Improvements in Patient Outcomes. The region served by the Parties to the Cooperative Agreement faces significant health care challenges. In this environment, a key goal of the Cooperative Agreement is to better enable the Parties to sustain and enhance services and improve the quality of health care and patient outcomes in the region. The New Health System will adopt a Common Clinical IT Platform to allow providers in the New Health System the ability to quickly obtain full access to patient records at the point of care, supporting the regional exchange of health information to encourage and support patient and provider connectivity to the New Health System's integrated information system, establishing a system-wide, physician-led clinical council responsible for implementing quality performance standards across the New Health System, and publicly reporting extensive quality measures with respect to the performance of the New Health System to promote transparency and further incentivize the provision of high quality care. These commitments will result in the investment of up to $150 million over ten years to ensure a Common Clinical IT Platform and interoperability among the New Health System's hospitals, physicians, and related services.

Preservation of Hospital Facilities in Geographical Proximity to the Patients They Serve. The Parties recognize that it will be increasingly difficult to continue supplementing rural facilities over the long-term without the savings the proposed merger would create. Continued access to appropriate hospital-based and clinical services in the rural areas of these communities is a significant priority and a driving impetus for the Cooperative Agreement. Last year alone, Mountain States and Wellmont collectively invested over $19.5 million to ensure that inpatient services continued to remain available in these smaller communities. To address this, the New Health System will commit that all hospitals in operation at the effective date of the merger will remain operational as clinical and health care institutions for at least five years. In order to ensure higher-level services are available in close proximity to where the population lives, the New Health System will also commit to maintain three full-service tertiary referral hospitals in Johnson City, Kingsport, and Bristol. The proposed Cooperative Agreement is the only means to achieve the efficiencies and generate the resources needed to sustain hospital operations in these areas across the region to preserve and enhance access to quality care in these rural communities.

Enhanced Behavioral Health & Substance Abuse Services. In the region the Parties serve, behavioral health problems and substance abuse are prevalent, imposing an extensive societal cost that warrants priority attention. The largest diagnosis related to regional inpatient admissions is psychoses, yet significant
gaps exist in the continuum of care related to these services. As part of the public benefit associated with the merger, the New Health System commits to make major investments in programs and partnerships to help address and ameliorate behavioral and addiction problems. The New Health System will invest in the development of new capacity for residential addiction treatment with the goal of reducing the incidence of addiction in our region.

(j) **REQUEST:** Proposed Measures and suggested baseline values with rationale for each Measure to be considered by the Department in development of an Index. Proposed Measures are to be used to continuously evaluate the Public Advantage of the results of actions approved in the COPA through the Cooperative Agreements under active supervision of the Department. Measures should include source and projected trajectory over each of the first five years of the Cooperative Agreement and the trajectory if the COPA was not granted; Proposed Measures may include:

1. Improvements in the service area population’s health that exceed Measures of national and state improvement;
2. Continuity in availability of services throughout the service area;
3. Access and use of preventive and treatment health care services throughout the service area;
4. Operational savings projected to lower health care costs to payers and consumers; and
5. Improvements in quality of services as defined by surveys of the Joint Commission.

**RESPONSE:** The region served by the Parties to the Cooperative Agreement faces significant health care challenges. For example, a 2015 Tennessee Department of Health report finds that all Tennessee counties in the Geographic Service Area exceed the national average for smoking. The state level obesity rate exceeds the national average and several counties within the Geographic Service Area have obesity rates of more than thirty percent (30%). According to the same report, three Tennessee counties in the Geographic Service Area are in the bottom third (worst group) for frequency of low birth weight births and three Tennessee counties in the Geographic Service Area are in the bottom third (worst group) for teen pregnancy rates. **Table 8.1** reports key statistics on the population of the counties in the Geographic Service Area, including metrics for obesity, smoking, death rates due to drug poisoning and childhood poverty.

The Parties share the State's concern about health disparities in the region and are aware of the acute challenges present in the individual counties across the Geographic Service Area. As a result, the Parties propose that ongoing evaluation of the Public Advantage resulting from the merger take into consideration the New Health System’s pursuit of the Institute of Health Improvement’s Triple Aim goals, commonly considered the national standard for evaluation of health care effectiveness. The Triple Aim objectives are to improve population health, improve patient experience of care (quality and access), and
manage the per capita cost of health care. In this application, the Parties have organized
the necessary actions by the New Health System to pursue the Triple Aim objectives as
follows:

- Improving Community Health
- Enhancing Health Care Services
- Expanding Access and Choice
- Improving Health Care Value: Managing Quality, Cost and Service
- Investment in Health Research and Graduate Medical Education
- Attracting and Retaining a Strong Workforce

In order to evaluate the public benefit provided by the New Health System on a
continuous basis, the Parties propose that the Department adopt an **Index of Public
Advantage and Community Health Improvement** comprised of five major categories:

A. Commitment to Improve Community Health
B. Enhanced Health Care Services
C. Expanding Access and Choice
D. Improving Health Care Value: Managing Quality, Cost and Service
E. Investment in Health Research/Education and Commitment to Workforce

A description of each category and the accountability mechanisms the Parties propose the
State consider for each category are outlined in detail in the following sections.

**A. Commitment to Improve Community Health**

Community health is affected by a complex variety of factors including genetic
predisposition, behavioral patterns, social circumstances, environmental exposures, and
access to quality health care. Because of the complex set of influences that shape
community health and well-being, effective improvement strategies must be developed
through a combination of evidence-based approaches and an understanding of local and
regional culture, capacity and resources. Plans that are adopted “off the shelf” from
elsewhere, without community buy-in and adaptation, have less chance of success.
Although there are similarities with other parts of Tennessee and Virginia, the southern
Appalachian mountain region of Northeast Tennessee and Southwest Virginia has a
distinct culture, capacity and resource base that results in a unique set of health issues.

There are tremendously valuable assets, organizations and individuals highly motivated
to address the underlying factors that affect the poor health status of our region. ETSU's
College of Public Health and Quillen College of Medicine are both nationally recognized
for their contributions to rural community health improvement, along with a host of other
academic institutions throughout the region. In addition, municipalities, community
organizations such as local United Way agencies and YMCAs, Healthy Kingsport,
chambers of commerce, and health departments are highly motivated to work in new,
focused ways to improve community health.

Much of the work and investment devoted to these efforts in the past, however, has
lacked unified focus in combination with sustainable funding. While the Parties believe that motivated leadership and substantial investment from the New Health System will be transformational, they also believe that a sustainable collective impact model of community health improvement stands the best chance of creating long-standing health improvements.

To make sustained improvements in health, a portfolio of investments, interventions and performance improvements designed to impact specific long-term goals at a variety of intervention and prevention levels is necessary. **Figure 11.1** depicts the National Association of County and City Health Officials Mobilizing for Action through Planning and Partnerships ("MAPP") process for community health improvement. MAPP suggests that it is critical for the New Health System, the State and local Departments of Health and the broad community of stakeholders to work together in an Accountable Care Community arrangement to formulate the appropriate investments, interventions and performance improvements to populate a robust and dynamic community health improvement portfolio. This process includes 1) defining a common vision and goals; 2) conducting comprehensive assessments of community health status and well as community and public health systems culture, capacity and resources; 3) prioritizing health issues; 4) formulating goals and strategies; and 5) evaluation and monitoring.

**Figure 11.1 - Mobilizing for Action through Planning and Partnerships**

Some progress has already been made. Several local, state and national analyses have identified the key health issues in our region and there is considerable overlap in their findings. Groups such as the Southwest Virginia Health Authority, Healthier Tennessee, and Healthy Kingsport have organized to collectively address these findings, and important relationships have been formed.

Additionally, in cooperation with the College of Public Health at ETSU, the Parties launched the region’s most substantial community health improvement assessment effort.
in August. Four Community Health Work Groups have been created to specifically focus on medical needs of the medically underserved, identify the root causes of poor health in this region, and identify actionable interventions the New Health System can target to achieve a generational shift in health trends. These workgroups are co-chaired by regional community leaders from both Tennessee and Virginia and are organized by Healthy Children and Families, Mental Health and Addiction, Population Health and Healthy Communities, and Research and Academics. The charters for these groups can be found in Exhibit 8.2A.

Analyzing the most current findings of the Tennessee State Health Plan, the Virginia Health Innovation Plan, Healthier Tennessee and the Southwest Virginia Blueprint for Health Improvement and Health-Enabled Prosperity, as well as initial feedback from the Community Health Work Groups organized by Mountain States and Wellmont, the Parties have identified five Key Focus Areas and several related Health Concerns in which the New Health System is committed to investing at least $75 million over ten years in population health improvement.

- **Ensure strong starts for children** by investing in programs to reduce the incidence of low-birth weight babies and neonatal abstinence syndrome in the region, decrease the prevalence of childhood obesity and Type 2 diabetes, while improving the management of childhood diabetes and increasing the percentage of children in third grade reading at grade level.

- **Help adults live well in the community** by investing in programs that decrease premature mortality from diabetes, cardiovascular disease, and breast, cervical, colorectal and lung cancer.

- **Promote a drug-free community** by investing in programs that prevent the use of controlled substances in youth and teens (including tobacco), reduce the over-prescription of painkillers, and provide crisis management and residential treatment with community-based support for individuals addicted to drugs and alcohol.

- **Decrease avoidable hospital admission and ER use** by connecting high-need, high-cost uninsured individuals in the community to the care and services needed by investing in intensive case management support and primary care, and leveraging additional investments in behavioral health crisis management, residential addiction treatment and intensive outpatient treatment services.

- **Improve Access to Behavioral Health Services** through new capacity for residential addiction recovery services connected to expanded outpatient treatment services located in communities throughout the region; as well as community-based mental health resources, such as mental health crisis management teams and intensive outpatient treatment and addiction resources for adults, children, and adolescents designed to minimize inpatient psychiatric admissions, incarceration and other out-of-home placements.

For the first category of the Index, the Parties propose an accountability mechanism for
the commitment to improve community health that the New Health System has set forth in this Application. The proposed accountability mechanism to track compliance with these commitments is displayed in the right column (highlighted) in Table 11.6.

Table 11.6 - Proposed Commitment to Improve Community Health Measures

<table>
<thead>
<tr>
<th>Index of Public Advantage and Community Health Improvement</th>
<th>A. Commitment to Improve Community Health Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commitment</td>
<td>Proposed Accountability Mechanism</td>
</tr>
<tr>
<td>1. The New Health System is committed to creating a new integrated delivery system designed to improve community health through investment of not less than $75 million over ten years in population health improvement.</td>
<td>Annual report to State attesting to progress towards compliance until $75 million is invested.</td>
</tr>
<tr>
<td>2. The New Health System is committed to investing in the improvement of community health for the Key Focus Areas agreed-upon by the State and the New Health System in the COPA.</td>
<td>Commitment to Community Health Annual Report to State will attest to progress on the accountability mechanisms for each Key Focus Area as outlined in the COPA.</td>
</tr>
<tr>
<td>3. The New Health System will commit to expanded quality reporting on a timely basis so the public can easily evaluate the performance of the New Health System as described more fully herein.</td>
<td>Annual report to State attesting to compliance with reporting obligations as outlined in the COPA.</td>
</tr>
</tbody>
</table>

In addition to the Commitment to Community Health Annual Report, described in more detail below, the Parties will submit a yearly report to the State attesting to progress toward the creation of a new integrated delivery system through investment of not less than $75 million and an annual report to the State attesting to compliance with the quality reporting obligations as outlined in the COPA.

The annual report to the State attesting to progress on the achievement of accountability mechanisms for each Key Focus Area (the "Commitment to Community Health Annual Report") would be developed as follows:

Proposal for Development of the Commitment to Community Health Annual Report

- As part of the State's process to determine the Application’s completeness, the Department and the Parties will agree on the Key Focus Areas of the commitment to improve community health.
- After the Application is deemed complete, and during the Application review period, the New Health System and the Department, with input from community stakeholders (including the Department’s Advisory Groups) will agree on a limited number of Health Concerns, Tracking Measures and relevant baselines within each Key Focus Area. Agreement on these specific Health Concerns for inclusion in the Commitment to Community Health Annual Report will serve as the guide for on-going development with the State and stakeholder community for the specific investments, interventions or performance improvements by the New Health System to improve community health in the region over the duration of the COPA.
- The COPA, if granted, will outline the specific Key Focus Areas, the individual Health Concerns, the Accountability Mechanisms, the Tracking Measures, and relevant baselines within each area agreed upon by the Department and the New Health System to be included in the Commitment to Community Health Annual Report.

Recognizing the complex interplay of inputs and activities in reaching desired population health outcomes, the Parties propose to use the Kellogg Foundation’s Logic Model displayed in Figure 11.2 for development of the Commitment to Community Health Annual Report Measures.

The evaluation of improvement in community health is complex and involves many factors, both short-term and long-term. Population health improvement programs can be characterized by their inputs, activities, outputs, outcomes, and impact. **Inputs** are the resources dedicated to or consumed by the program, including the human, financial, organizational, and community resources a program has available to direct toward doing the work. **Activities** are what the program does with its inputs to fulfill its mission. These include the processes, tools, events, technology, and actions that are an intentional part of the program implementation. **Outputs** are the direct products of program activities and may include types, levels and targets of services to be delivered by the program. **Outcomes** are the specific changes in program participants’ behavior, knowledge, skills, status and level of functioning. **Impact** is the fundamental change occurring in organizations, communities or systems as a result of program activities often with longer-term time frames of 7 to 10 years.

**Figure 11.2 - Logic Model for Evaluation**

<table>
<thead>
<tr>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resources / Inputs</td>
<td>Activities</td>
<td>Outputs</td>
<td>Outcomes</td>
<td>Impact</td>
</tr>
<tr>
<td>Certain resources are needed to operate your program</td>
<td>If you have access to them, then you can use them to accomplish your planned activities</td>
<td>If you accomplish your planned activities, then you will hopefully deliver the amount of product and/or service that you intended</td>
<td>If you accomplish your planned activities, to the extent you intended, then your participants will benefit in certain ways</td>
<td>If these benefits to participants are achieved, then certain changes in organisations, communities, or systems might be expected to occur</td>
</tr>
</tbody>
</table>

**Your Planned Work**

**Your Intended Results**
Under this model the State could evaluate progress toward long-term community health improvement outcomes under the COPA by measuring investments made in community health (Inputs) and the implementation of new programs or performance improvement (Activities). The State and the New Health System could track participation or service levels related to these programs and performance improvements (Outputs). Over time, the cumulative effect of these efforts is expected to result in the intended population health improvement (short and medium-term Outcomes and long-term Impact).

Table 11.7 identifies the proposed five Key Focus Areas in which the New Health System is committed to investing in community health improvement and which the Parties propose be included in the Commitment to Community Health Annual Report. Within each Key Focus Area, the Parties have identified specific Health Concerns (first column) that pose an important challenge and priority for health in this region; these are aligned with health challenges and priorities identified by the states. The second column identifies a common national measure and a reliable source of data used to track each county's status relative to this Health Concern. These measures provide for comparison with other areas in the states or nationally.

Column Three provides a representative investment, intervention or performance improvement that could be implemented by the New Health System to address a specific Health Concern. It is proposed that these be identified in partnership with the State and with regional stakeholders over time as part of the MAPP Community Health Improvement Process described earlier and that several investments, interventions or performance improvements are likely to be necessary to address each concern across the Geographic Service Area.

The fourth (highlighted) column provides the relevant Accountability Mechanism the parties believe reflects the New Health System's performance related to the investment, intervention, or performance improvement.

Column Five provides a representative progress measure that could be used to measure progress in the Geographic Service Area for this health concern. The final two columns reference County level disparities as measured by the counties in the Geographic Service Area in Tennessee and Virginia that have the lowest/poorest measure. This recognizes the states’ concerns that specific areas may warrant particular attention or intervention.

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10 In addition to consideration of Triple Aim objectives, the Parties also have considered the categories of health measures for access, cost, health, and quality identified in the Institute of Medicine ("IOM") Vital Signs Core Measures; each of the several areas that these investment, intervention, or performance improvement would target are aligned with specific IOM Core Measures.
### Table 11.7 - Sample Commitment to Community Health Annual Report

<table>
<thead>
<tr>
<th>Health Concern Tracking Measures in the Geographic Service Area</th>
<th>Representative Investment, Intervention, or Performance Improvement</th>
<th>Representative Accountability Measures</th>
<th>Representative Progress Measures</th>
<th>Lowest Ranking Tennessee Counties in Geographic Service Area</th>
<th>Lowest ranking Virginia Counties in Geographic Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Key Focus Area #1: Ensure Strong Starts for Children</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Low Birth-Weight Babies</td>
<td>Low-birth weight rate per 100,000 population</td>
<td>Establish evidence-based Home Visitation Programs in certain high-risk counties</td>
<td>Establish agreed upon number of evidence-based Home Visitation Programs in specific counties by set date</td>
<td>Percentage of eligible women in high-risk communities participating in evidence-based Home Visitation Programs</td>
<td>Johnson, Carter, Cocke™</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Tazewell, Buchanan, Smyth™</td>
</tr>
<tr>
<td>2. Neonatal Abstinence Syndrome</td>
<td>Percent of Births in New Health System with Neonatal Abstinence Syndrome</td>
<td>Establish residential treatment for pregnant woman with addiction in certain high-risk communities</td>
<td>Establish agreed-upon number of residential treatment programs for pregnant woman with addiction in specific counties by set date</td>
<td>Number of women in high-risk communities initiating residential treatment</td>
<td>Hancock, Hamblen, Hawkins™</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Dickenson, Wise, Tazewell, Buchanan™</td>
</tr>
</tbody>
</table>

11 This column is based on data that includes the Virginia counties and Independent Cities within the Geographic Service Area.

12 This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 1,2,3,4,5,8, and 11. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.

13 Nurse Family Partnership is one example of a Department of Health and Human Services “evidenced based early childhood home visitation service delivery model.” Nurse Family Partnership is designed for first-time, low-income mothers and their children, from during pregnancy to when the child turns two. It includes face-to-face home visits by a registered nurse trained in the Nurse Family Partnership fidelity model.


16 This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 1,2,3,4,5,8, and 11. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.

17 As county-level Neonatal Abstinence Syndrome data is not currently available, adult drug poisoning deaths is used as a proxy measure. Tennessee: Drug Poisoning Mortality Rate. County Health Rankings. Accessed February 3, 2016.

### Health Concern Tracking Measures in the Geographic Service Area

<table>
<thead>
<tr>
<th>Health Concern</th>
<th>Health Concern Tracking Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. Childhood Obesity</td>
<td>Percent children w/ BMI &gt;= 95th percentile of the sex-specific CDC BMI-for-age growth charts</td>
</tr>
<tr>
<td>4. Third Grade Reading Ability</td>
<td>Percent 3rd graders reading at grade level</td>
</tr>
</tbody>
</table>

### Representative Investment, Intervention, or Performance Improvement

- **3. Childhood Obesity**: Expand “Morning Mile” Program in certain high-risk communities
- **4. Third Grade Reading Ability**: Expand “BEAR Buddies” program

### Representative Accountability Measures

- **3. Childhood Obesity**: Expand “Morning Mile” Program through investment of an agreed-upon amount by set date
- **4. Third Grade Reading Ability**: Expand “BEAR Buddies” program through investment of an agreed-upon amount by set date

### Representative Progress Measures

- **3. Childhood Obesity**: Number of children participating in Morning Mile in high-risk communities
- **4. Third Grade Reading Ability**: Number of children participating in BEAR Buddies in Tennessee & Virginia in high-risk communities

### Lowest Ranking Tennessee Counties in Geographic Service Area

- Hawkins, Sullivan, Greene

### Lowest Ranking Virginia Counties in Geographic Service Area

- Russell, Scott, Grayson, Washington, Wise

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**Key Focus Area #2: Help Adults Live Well in the Community**

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19 This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 1,2,3,6,14, and 15. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.

20 The Morning Mile is a before-school walking/running program that gives children the chance to start each day in an active way while enjoying fun, music and friends. The Morning Mile is currently sponsored in the Geographic Service Area by Mountain States. Additional Information is available at: https://www.mountainstateshealth.com/medical-services/kohls-morning-mile

21 As county-level data on child obesity was not available, adult obesity rates were used as a proxy measure. Tennessee: Percent of Adult Obesity. County Health Rankings. Accessed February 3, 2016.

22 As county-level data on child obesity was not available, adult obesity rates were used as a proxy measure. Grayson, Washington, and Wise are in a three-way tie having the third highest obesity rate among the counties in the service region. Virginia: Percent of Adult Obesity. County Health Rankings. Accessed February 3, 2016.

23 This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 6,14, and 15. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.

24 The BEAR (Being Engaged to Achieve Reading) Buddies program is a partnership between Niswonger Children’s Hospital and local schools designed to help children achieve early reading proficiency. BEAR Buddies pairs high school mentors with students in first, second or third grade who are six months or more behind in their reading level.


<table>
<thead>
<tr>
<th>Health Concern Tracking Measures in the Geographic Service Area</th>
<th>Representative Investment, Intervention, or Performance Improvement</th>
<th>Representative Accountability Measures</th>
<th>Representative Progress Measures</th>
<th>Lowest Ranking Counties in Geographic Service Area</th>
<th>Lowest ranking Counties in Geographic Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Premature death from Cardiovascular Disease</td>
<td>Age-Adjusted Death Rates for Diseases of the Heart per 100,000</td>
<td>Expansion of community-based smoking cessation programs in certain high-risk communities(^\text{27})</td>
<td>Expansion of community-based smoking cessation programs through investment of an agreed-upon amount by set date</td>
<td>Number of participants in smoking cessation programs in high-risk communities</td>
<td>Unicoi, Cocke, Hancock(^\text{28}) Tazewell, Smyth, Scott(^\text{29})</td>
</tr>
<tr>
<td>2. Premature death from Diabetes</td>
<td>Age Adjusted Death Rates for Diabetes Mellitus per 100,000</td>
<td>Medical Staff Quality Improvement Project to reduce PQI Admissions for Diabetes Short-Term Complications(^\text{30})</td>
<td>Establish Medical Staff Quality Improvement Project to reduce PQI Admissions for Diabetes Short-Term Complications by set date</td>
<td>Number of Physicians participating in quality improvement project</td>
<td>Hamblen, Carter, Greene, Sullivan(^\text{31}) Scott, Smyth, Tazewell</td>
</tr>
<tr>
<td>3. Premature death from Breast, Cervical, Colon and Lung Cancer</td>
<td>Age Adjusted Death Rates for Select Cancers per 100,000</td>
<td>Establish Faith-based screening campaigns for selected cancers (e.g. mammograms, prostate cancer) in specific high-risk counties(^\text{32})</td>
<td>Establish agreed-upon number of Faith-based screening campaigns in certain counties by set date</td>
<td>Number of parishioner screenings in high-risk counties</td>
<td>Hawkins, Cocke, Johnson(^\text{33}) Bristol City, Smyth, Buchanan(^\text{34})</td>
</tr>
</tbody>
</table>

**Key Focus Area #3: Promote a Drug-Free Community**

\(^{27}\) This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 1,2,4,7,8,11, and 14. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.


\(^{30}\) This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 1,2,3,7,8,9,10, and 11. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.


\(^{32}\) This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 1,2,4,7,8,11, and 14. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.


<table>
<thead>
<tr>
<th>Health Concern Tracking Measures in the Geographic Service Area</th>
<th>Representative Investment, Intervention, or Performance Improvement</th>
<th>Representative Accountability Measures</th>
<th>Representative Progress Measures</th>
<th>Lowest Ranking Tennessee Counties in Geographic Service Area</th>
<th>Lowest ranking Virginia Counties in Geographic Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Addiction to Prescription Pain-killers and illicit drugs</td>
<td>Addiction death rate per 100,000</td>
<td>Establish a regional residential addiction treatment program</td>
<td>Establishment of a regional residential addiction treatment program by a set date</td>
<td>Number of individuals participating in residential addiction treatment</td>
<td>Hancock, Hamblen, Hawkins</td>
</tr>
<tr>
<td>2. Tobacco use in Teens</td>
<td>Percent of teens currently smoking</td>
<td>Expand evidence-based teen anti-smoking campaigns such as Teens Against Tobacco in certain high-risk counties</td>
<td>Expand evidence-based teen anti-smoking campaigns such as Teens Against Tobacco through an agreed-upon investment by set date</td>
<td>Number of anti-smoking impressions in high-risk communities</td>
<td>Hancock, Carter, Greene</td>
</tr>
</tbody>
</table>

Key Focus Area #4: Decrease Avoidable Hospital Admission in the High-Utilizing Uninsured

| Avoidable inpatient admission among the uninsured | PQI Admissions per 1,000 uninsured | Establish Integrated Care Management Program for Uninsured Community Super-Utilizers | Establish agreed-upon number of Integrated Care Management Programs for Uninsured Community Super-Utilizers by set date | Number of Uninsured Community Super-Utilizers in Active Care Management | Hancock, Unicoi, Cocke | Buchanan, Russell, Lee |

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35 This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 1,2,4,8,10,11, and 14. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.
38 This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 11,2,4,6,14, and 15. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.
39 As county-level data on teen smoking was not available, adult smoking rates were used as a proxy. Tennessee: Percent of Adult Smoking. County Health Rankings. Accessed February 3, 2016.
40 As county-level data on teen smoking was not available, adult smoking rates were used as a proxy measure. Virginia: Percent of Adult Smoking. County Health Rankings. Accessed February 3, 2016.
41 This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 1,2,4,6,7,8,9,10,11,14, and 15. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.
42 As county-level data on avoidable admission among the uninsured was not available, preventable hospital stays for the Medicare population was used as a proxy. “Preventable Hospital Stays in Tennessee.” County Health Rankings. Accessed February 3, 2016.
43 As county-level data on avoidable admission among the uninsured was not available, preventable hospital stays for the Medicare population was used as a proxy. “Preventable Hospital Stays in Virginia.” County Health Rankings. Accessed February 3, 2016.
### Key Focus Area #5: Access to Behavioral Health Services

<table>
<thead>
<tr>
<th>Health Concern Tracking Measures in the Geographic Service Area</th>
<th>Representative Investment, Intervention, or Performance Improvement</th>
<th>Representative Accountability Measures</th>
<th>Representative Progress Measures</th>
<th>Lowest Ranking Counties in Geographic Service Area</th>
<th>Lowest Ranking Counties in Geographic Service Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health Concern</td>
<td>Representative Investment, Intervention, or Performance Improvement</td>
<td>Representative Accountability Measures</td>
<td>Representative Progress Measures</td>
<td>Hancock, Cocke, Hamblen</td>
<td>Wise, Dickenson, Tazewell</td>
</tr>
</tbody>
</table>

**Representative Example:**

If the State and the New Health System agree that one of the Key Focus Areas in the Commitment to Community Health Annual Report should be Ensuring Strong Starts for Children, one health concern the Parties suggest targeting is low birth-weight babies. The baseline for tracking this health concern would be the Low Birth Weight Rate per 100,000 population for specific counties within the Geographic Service Area. One investment, intervention, or performance improvement that the New Health System could undertake to address this health concern would be to establish evidence-based Home Visitation Programs in certain high-risk counties. The Representative Index Measures would reflect the New Health System's commitment to the State to establish an agreed-upon number of evidence-based Home Visitation Programs in certain counties by agreed-upon dates. The Progress Measures that could be used by the State and the New Health System to measure progress in addressing this health concern would be the percentage of eligible women in high-risk communities participating in evidenced-based Home Visitation Programs.

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44 This Representative Investment, Intervention, or Performance Improvement targets IOM Vital Signs Core Measures 1,2,3, and 8. A copy of the IOM Vital Signs Core Measures is attached as Exhibit 11.14.

45 As county-level data on psychiatric ER visits per 100,000 was not available, the percent of individuals reporting poor mental health was used as a proxy measure. Tennessee: Number of Poor Mental Health Days. County Health Rankings. Accessed February 3, 2016.

46 As county-level data on psychiatric ER visits per 100,000 was not available, the percent of individuals reporting poor mental health was used as a proxy measure. Virginia: Number of Poor Mental Health Days. County Health Rankings. Accessed February 3, 2016.
Periodic Review of the Commitment to Community Health Annual Report

The Parties recognize that population health is dynamic and the health challenges of a region will change over time. The Annual Report established when the COPA is granted should be periodically reviewed and updated to reflect these changes. The Parties propose that the initial Annual Report and its associated plan be established with the issuance of the COPA. On the fifth anniversary of the COPA, the New Health System and the State will evaluate the Annual Report to determine what adjustments, if any, need to be made to plan elements or accountability mechanisms. Once the New Health System and the State have agreed upon these changes, the updated elements of the Annual Report will go into effect on the sixth anniversary of the COPA for a period of five years. The Parties propose that the periodic review of the Annual Report be performed on the same intervals for as long as the COPA remains in effect.

B. Enhanced Health Care Services Measures

Some residents in Northeast Tennessee and Southwest Virginia have acceptable access to many services, but other areas are substantially underdeveloped or lacking services altogether. This is especially true for mental health, substance abuse and specialty pediatric services. These services have not been developed for two primary reasons: first, because patient volumes are disaggregated between the two health systems, and neither system has the critical mass necessary to support the service, and second, because the size of the serviced population is not sufficient to fully support full-time specialists.

Wellmont and Mountain States anticipate significantly improved access to health care under the Cooperative Agreement. The Cooperative Agreement will enable the hospitals to continue to offer programs and services that are now unprofitable and risk curtailment or elimination due to lack of funding.

For the second category of the Index, the Parties propose an accountability mechanism for each of the commitments the New Health System has set forth in this Application to enhance health care services. Table 11.8 below indicates five areas where the Parties have made commitments to investment, performance, or conduct in the COPA Application as the New Health System. The proposed accountability mechanism to track compliance with these commitments is displayed in the right column (highlighted).

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Proposed Accountability Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The New Health System commits to spending at least $140 million over</td>
<td>Annual report to State attesting to progress towards compliance until</td>
</tr>
<tr>
<td>ten years pursuing specialty services which otherwise could not be</td>
<td>$140 million is invested.</td>
</tr>
<tr>
<td>sustainable in the region without the financial support.</td>
<td></td>
</tr>
<tr>
<td>2. Create new capacity for residential addiction recovery services</td>
<td>Annual progress reports and One-time report to State attesting</td>
</tr>
<tr>
<td>connected to expanded outpatient treatment services located in communities</td>
<td></td>
</tr>
</tbody>
</table>
throughout the region.

3. Ensure recruitment and retention of pediatric subspecialists in accordance with the Niswonger Children’s Hospital physician needs assessment. Report to State attesting to compliance after the third year after formation of the New Health System.

4. Development of pediatric specialty centers and emergency rooms in Kingsport and Bristol with further deployment of pediatric telemedicine and rotating specialty clinics in rural hospitals to ensure quick diagnosis and treatment in the right setting as close to patients’ homes as possible. Annual report to State attesting to progress towards compliance until pediatric specialty centers and Emergency Rooms have been developed.

5. Development of a comprehensive physician needs assessment and recruitment plan every three years in each community served by the New Health System. Both organizations know the backbone of a successful physician community is a thriving and diverse choice of practicing physicians aligned in practice groups of their own choosing and preference. File the Comprehensive Physician Needs Assessment with the State every three years.

C. Expanding Access and Choice Measures

Investing in the development of new and expanded services is one way to improve access and choice in the region. Preserving services currently at risk and breaking down barriers for physicians to practice and patients to receive services where they choose is another. The New Health System is committed to both. By integrating the two systems, the Parties will help ensure that communities in the Geographic Service Area continue to have access to the care they need close to home and that care options are expanded rather than reduced.

For the third category of the Index, the Parties propose an accountability mechanism for each of the commitments the New Health System has set forth in this Application to sustain and expand access and choice. Table 11.9 below indicates six areas where the Parties have made commitments to investment, performance, or conduct in the COPA Application as the New Health System. The proposed accountability mechanism to track compliance with these commitments is displayed in the right column (highlighted).

Table 11.9 - Proposed Expanding Access and Choice Measures

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Proposed Accountability Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. All hospitals in operation at the effective date of the merger will remain operational as clinical and health care institutions for at least five (5) years. After this time, the New Health System will continue to provide access to health care services in the community, which may include continued operation of the hospital, new services as defined by the New Health System, and continued investment in health care and preventive services based on the demonstrated need of the community. The New Health System may adjust scope of services or repurpose hospital facilities. No such commitment currently exists to keep rural institutions</td>
<td>Annual report to State attesting to compliance for five years after formation of the New Health System.</td>
</tr>
</tbody>
</table>
2. Maintain three full-service tertiary referral hospitals in Johnson City, Kingsport, and Bristol to ensure higher level services are available as closely as possible to where the population lives.

3. Maintain open medical staffs at all facilities, subject to the rules and conditions of the organized medical staff of each facility. Exceptions may be made for certain hospital-based physicians, as determined by the Board of Directors.

4. Commitment to not engage in exclusive contracting for physician services, except for certain hospital-based physicians as determined by the Board of Directors.

5. Independent physicians will not be required to practice exclusively at the New Health System’s hospitals and other facilities.

6. The New Health System will not take steps to prohibit independent physicians from participating in health plans and health networks of their choice.

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Proposed Accountability Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. For all Principal Payers*, the New Health System will reduce existing commercial contracted fixed rate increases by fifty percent (50%) in the first contract year following the first full year after the formation of the New Health System. Fixed rate increases are defined as provisions in commercial contracts that specify the rate of increase between one year and the next and which include annual inflators tied to external indices or contractually-specified rates of increase in reimbursement.</td>
<td>Report to State after first contract year attesting to compliance.</td>
</tr>
<tr>
<td>2. For subsequent contract years, the New Health System will commit to not increase hospital negotiated rates by more than the hospital Consumer Price Index for the previous year minus 0.25%, while New Health System</td>
<td>Annual report to State attesting to compliance.</td>
</tr>
</tbody>
</table>

D. Improving Health Care Value: Managing Quality, Cost and Service Measures

In addition to achieving reduced costs through improved efficiency and avoidance of waste and unnecessary duplication, the merger will also specifically enable the New Health System to reduce overutilization of inpatient services and stem the pace of health care cost growth for patients, employers and insurers.

As evidence of their commitment to manage quality, cost, and service, the Parties propose an accountability mechanism for each of the commitments the New Health System has set forth in this Application to improve health care value. **Table 11.10** below indicates ten areas where the Parties have made commitments to investment, performance, or conduct in the COPA Application as the New Health System. The proposed accountability mechanism to track compliance with these commitments is displayed in the right column (highlighted).

**Table 11.10 - Proposed Improving Health Care Value: Managing Quality, Cost and Service Measures**
negotiated rates for physician and non-hospital outpatient services will not increase by more than the medical care Consumer Price Index minus 0.25%. This provision only applies to contracts with negotiated rates and does not apply to Medicare or other non-negotiated rates or adjustments set by CMS or other governmental payers. For purposes of calculating rate increases and comparison with the relevant Index, baseline rates for an expiring contract will be used to compare with newly negotiated rates for the first year of the relevant new contract. For comparison with the relevant index, new contract provisions governing specified annual rate increases or set rates of change or formulas based on annual inflation indices may also be used as an alternative to calculated changes. Subject to the Commissioner’s approval, the foregoing commitment shall not apply in the event of natural disaster or other extraordinary circumstances beyond the New Health System’s control that results in an increase of total annual expenses per adjusted admission in excess of 250 basis points over the current applicable Consumer Price Index. If following such approval the New Health System and a Principal Payer* are unable to reach agreement on a negotiated rate, the New Health Systems agrees to mediation as a process to resolve any disputes.

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Proposed Accountability Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>3. The United States Government has stated that its goal is to have eighty-five percent (85%) of all Medicare fee-for-service payments tied to quality or value by 2016, thus providing incentive for improved quality and service. For all Principal Payers*, the New Health System will endeavor to include provisions for improved quality and other value-based incentives based on priorities agreed upon by each payer and the New Health System.</td>
<td>Annual report to State attesting to compliance.</td>
</tr>
<tr>
<td>4. The New Health System will collaborate with Independent Physician Groups to develop a local, region-wide, clinical services network to share data, best practices and efforts to improve outcomes for patients and the overall health of the region.</td>
<td>Annual report to State attesting to compliance.</td>
</tr>
<tr>
<td>5. The New Health System will adopt a Common Clinical IT Platform as soon as reasonably practical after the formation of the New Health System.</td>
<td>Annual report to State attesting to progress towards compliance until the Common Clinical IT Platform is adopted.</td>
</tr>
<tr>
<td>6. The New Health System will participate meaningfully in a health information exchange open to community providers.</td>
<td>Annual report to State attesting to compliance once health information exchange is fully established.</td>
</tr>
<tr>
<td>7. The New Health System will establish annual priorities related to quality improvement and publicly report these quality measures in an easy to understand manner for use by patients, employers and insurers.</td>
<td>Annual report to State attesting to measurement of quality measures identified in Section 8(A)(iv) of the COPA Application.</td>
</tr>
<tr>
<td>8. The New Health System will negotiate in good faith with Principal Payers* to include the New Health System in health plans offered in the service area on commercially reasonable terms and rates (subject to the limitations herein). New Health System would agree to resolve through mediation any disputes in health plan contracting.</td>
<td>Annual report to State attesting to compliance.</td>
</tr>
</tbody>
</table>
9. The New Health System will not agree to be the exclusive network provider to any commercial, Medicare Advantage or managed Medicaid insurer. **Annual report to State attesting to compliance.**

10. The New Health System will not engage in “most favored nation” pricing with any health plans. **Annual report to State attesting to compliance.**

* For purposes of this Application, “Principal Payers” are defined as those commercial payers who provide more than two percent (2%) of the New Health System's total net revenue. The proposed commitments would not apply to Medicaid managed care, TRICARE, Medicare Advantage or any other governmental plans offered by Principal Payers.

E. **Investment in Health Research/Education and Commitment to Workforce**

A cornerstone of the proposed merger is the expansion of the health-related research and academic capabilities of the region through additional funding and closer working relationships with East Tennessee State University and other academic partners in Tennessee and Virginia. The investments made possible by merger efficiencies, and their specific applications in research and development, faculty, and expanded services and training can also contribute to the economic vitality of the area and the improved ability to attract medical professionals and business endeavors; thereby benefiting the communities both with health and economic well-being.

In addition to developing academic and research programs that attract talent to the region, the New Health System intends to attract and retain employees by becoming one of the best health system employers in the nation and one of the most attractive health systems for physicians and employee team members. The workforce is the lifeblood of a health care organization and the competition for the labor force will remain intense, both locally and regionally.

As evidence of their commitments to invest in health research and education and to attract and retain a strong workforce, the Parties propose an accountability mechanism for each of the commitments the New Health System has set forth in this Application to achieve these goals. The table below indicates six areas where the Parties have made commitments to investment, performance, or conduct in the COPA Application as the New Health System. The proposed accountability mechanism to track compliance with these commitments is displayed in the right column (highlighted) of Table 11.11 below.

**Table 11.11 - Proposed Investment in Health Education/Research and Commitment to Workforce Measures**

<table>
<thead>
<tr>
<th>Index of Public Advantage and Community Health Improvement</th>
<th>Commitment</th>
<th>Proposed Accountability Mechanism</th>
</tr>
</thead>
<tbody>
<tr>
<td>E. Investment in Health Education/Research and Commitment to Workforce Measures</td>
<td></td>
<td>Annual report to State attesting compliance.</td>
</tr>
<tr>
<td>1.</td>
<td>The New Health System will work with its academic partners in Virginia and Tennessee to commit not less than $85 million over 10 years to build and sustain research infrastructure, increase residency and training slots, create new specialty fellowship training opportunities, and add faculty.</td>
<td><strong>Annual report to State attesting to compliance until 10-year plan is complete.</strong> File 10-year plan with State</td>
</tr>
<tr>
<td>2.</td>
<td>With its academic partners, in Tennessee and Virginia, the New Health System will develop and implement a ten-year plan for post graduate training of physicians, nurse practitioners, and physician assistants and other allied health professionals in the region.</td>
<td><strong>Annual report to State attesting to compliance until 10-year plan is complete.</strong> File 10-year plan with State</td>
</tr>
</tbody>
</table>
Using the Index

The Parties anticipate that the Overall Achievement Score would be calculated annually and would be used by the State to objectively track the progress of the Cooperative Agreement over time to ensure Public Advantage. To calculate the Overall Achievement Score, the Parties propose that the State assign a "Satisfied" or "Not Satisfied" evaluation to each of the five categories of the Index and that the five categories be given equal weight in the scoring process. The score for each category will be the number of measures within that category successfully satisfied divided by the total number of measures within that category. The five category scores should be combined to determine the "Overall Achievement Score" for each year of active State supervision to ensure Public Advantage.

Representative Example:

For each of the five categories, the State would assign a "Satisfied" or "Not Satisfied" evaluation to the individual measures agreed upon by the New Health System and the State in the COPA as demonstrated in Table 11.12 below. If the Parties agreed upon the following Index of Public Advantage and Community Health Improvement, the state would evaluate each individual accountability mechanism as follows:

Table 11.12 - Demonstration of Evaluation

<table>
<thead>
<tr>
<th>Index of Public Advantage and Community Health Improvement Commitment</th>
<th>Accountability Mechanism</th>
<th>Satisfied or Not Satisfied?</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Commitment to Improve Community Health</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. The New Health System is committed to creating a new integrated delivery system designed to improve</td>
<td>Annual report to State attesting to progress towards compliance</td>
<td>Satisfied</td>
</tr>
</tbody>
</table>
### Index of Public Advantage and Community Health Improvement Commitment

<table>
<thead>
<tr>
<th>Commitment</th>
<th>Accountability Mechanism</th>
<th>Satisfied or Not Satisfied?</th>
</tr>
</thead>
<tbody>
<tr>
<td>community health through investment of not less than $75 million over ten years in population health improvement.</td>
<td>until $75 million is invested.</td>
<td></td>
</tr>
<tr>
<td>2. The New Health System is committed to investing in the improvement of community health for the Key Focus Areas agreed upon by the State and the New Health System in the COPA.</td>
<td>Annual report to State attesting to progress on the accountability mechanisms for each Key Focus Area as outlined in the COPA.</td>
<td>Satisfied</td>
</tr>
<tr>
<td>3. The New Health System will commit to expanded quality reporting on a timely basis so the public can easily evaluate the performance of the New Health System as described more fully herein.</td>
<td>Annual report to State attesting to compliance with reporting obligations as outlined in the COPA.</td>
<td>Satisfied</td>
</tr>
</tbody>
</table>

### B. Enhanced Health Care Services Measures

<table>
<thead>
<tr>
<th>Measure</th>
<th>Accountability Mechanism</th>
<th>Satisfied or Not Satisfied?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. The New Health System commits to spending at least $140 million over ten years pursuing specialty services which otherwise could not be sustainable in the region without the financial support.</td>
<td>Annual report to State attesting to progress towards compliance until $140 million is invested.</td>
<td>Satisfied</td>
</tr>
<tr>
<td>2. Create new capacity for residential addiction recovery services connected to expanded outpatient treatment services located in communities throughout the region.</td>
<td>One-time report to State attesting to the creation of new capacity for residential addiction recovery services when complete.</td>
<td>Satisfied</td>
</tr>
<tr>
<td>3. Ensure recruitment and retention of pediatric subspecialists in accordance with the Niswonger Children’s Hospital physician needs assessment.</td>
<td>Report to State attesting to compliance after the third year after formation of the New Health System.</td>
<td>Satisfied</td>
</tr>
<tr>
<td>4. Development of pediatric specialty centers and emergency rooms in Kingsport and Bristol with further deployment of pediatric telemedicine and rotating specialty clinics in rural hospitals to ensure quick diagnosis and treatment in the right setting as close to patients’ homes as possible.</td>
<td>Annual report to State attesting to progress towards compliance until pediatric specialty centers and Emergency Rooms have been developed.</td>
<td>Satisfied</td>
</tr>
<tr>
<td>5. Development of a comprehensive physician needs assessment and recruitment plan every three years in each community served by the New Health System. Both organizations know the backbone of a successful physician community is a thriving and diverse choice of practicing physicians aligned in practice groups of their own choosing and preference.</td>
<td>File the Comprehensive Physician Needs Assessment with the State every three years.</td>
<td>Satisfied</td>
</tr>
</tbody>
</table>

### C. Expanding Access and Choice

<table>
<thead>
<tr>
<th>Access and Choice</th>
<th>Accountability Mechanism</th>
<th>Satisfied or Not Satisfied?</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. All hospitals in operation at the effective date of the merger will remain operational as clinical and health care institutions for at least five (5) years. After this time, the New Health System will continue to provide access to health care services in the community, which may include continued operation of the hospital, new services as defined by the New Health System, and continued investment in health care and preventive services based on the demonstrated need of the</td>
<td>Annual report to State attesting to compliance for five years after formation of the New Health System.</td>
<td>Satisfied</td>
</tr>
</tbody>
</table>
community. The New Health System may adjust scope of services or repurpose hospital facilities. No such commitment currently exists to keep rural institutions open.

2. Maintain three full-service tertiary referral hospitals in Johnson City, Kingsport, and Bristol to ensure higher level services are available as closely as possible to where the population lives.

3. Maintain open medical staffs at all facilities, subject to the rules and conditions of the organized medical staff of each facility. Exceptions may be made for certain hospital-based physicians, as determined by the Board of Directors.

4. Commitment to not engage in exclusive contracting for physician services, except for certain hospital-based physicians as determined by the Board of Directors.

5. Independent physicians will not be required to practice exclusively at the New Health System’s hospitals and other facilities.

6. The New Health System will not take steps to prohibit independent physicians from participating in health plans and health networks of their choice.

D. Improving Health Care Value: Managing Quality, Cost and Service

1. For all Principal Payers*, the New Health System will reduce existing commercial contracted fixed rate increases by fifty percent (50%) in the first contract year following the first full year after the formation of the New Health System. Fixed rate increases are defined as provisions in commercial contracts that specify the rate of increase between one year and the next and which include annual inflators tied to external indices or contractually-specified rates of increase in reimbursement.

2. For subsequent contract years, the New Health System will commit to not increase hospital negotiated rates by more than the hospital Consumer Price Index for the previous year minus 0.25%, while New Health System negotiated rates for physician and non-hospital outpatient services will not increase by more than the medical care Consumer Price Index minus 0.25%. This provision only applies to contracts with negotiated rates and does not apply to Medicare or other non-negotiated rates or adjustments set by CMS or other governmental payers. For purposes of calculating rate increases and comparison with the relevant Index, baseline rates for an expiring contract will be used to compare with newly negotiated rates for the first year of the relevant new contract. For comparison with the relevant index, new contract provisions governing specified annual rate increases or set rates of change or formulas based on annual inflation indices may also be used as an alternative to calculated changes. Subject to the Commissioner’s approval, the foregoing
commitment shall not apply in the event of natural disaster or other extraordinary circumstances beyond the New Health System’s control that results in an increase of total annual expenses per adjusted admission in excess of 250 basis points over the current applicable Consumer Price Index. If following such approval the New Health System and a Principal Payer* are unable to reach agreement on a negotiated rate, the New Health System agrees to mediation as a process to resolve any disputes.

3. The United States Government has stated that its goal is to have eighty-five percent (85%) of all Medicare fee-for-service payments tied to quality or value by 2016, thus providing incentive for improved quality and service. For all Principal Payers*, the New Health System will endeavor to include provisions for improved quality and other value-based incentives based on priorities agreed upon by each payer and the New Health System.

4. The New Health System will collaborate with Independent Physician Groups to develop a local, region-wide, clinical services network to share data, best practices and efforts to improve outcomes for patients and the overall health of the region.

5. The New Health System will adopt a Common Clinical IT Platform as soon as reasonably practical after the formation of the New Health System.

6. The New Health System will participate meaningfully in a health information exchange open to community providers.

7. The New Health System will establish annual priorities related to quality improvement and publicly report these quality measures in an easy to understand manner for use by patients, employers and insurers.

8. The New Health System will negotiate in good faith with Principal Payers* to include the New Health System in health plans offered in the service area on commercially reasonable terms and rates (subject to the limitations herein). New Health System would agree to resolve through mediation any disputes in health plan contracting.

9. The New Health System will not agree to be the exclusive network provider to any commercial, Medicare Advantage or managed Medicaid insurer.

10. The New Health System will not engage in “most favored nation” pricing with any health plans.

E. Investment in Health Education/Research and Commitment to Workforce

1. The New Health System will work with its academic partners in Virginia and Tennessee to commit not less than $85 million over 10 years to build and sustain research infrastructure, increase residency and training
In this representative example, the Overall Achievement Score would be calculated as demonstrated in **Table 11.13** below:

**Table 11.13 - Demonstration of Overall Achievement Scoring**

<table>
<thead>
<tr>
<th>Category</th>
<th>Measures Satisfied</th>
<th>Overall Achievement Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Commitment to Improve Community Health</td>
<td>3/3</td>
<td></td>
</tr>
<tr>
<td>B. Enhanced Health Care Services</td>
<td>5/5</td>
<td></td>
</tr>
<tr>
<td>C. Expanding Access and Choice</td>
<td>6/6</td>
<td></td>
</tr>
<tr>
<td>D. Improving Health Care Value: Managing Quality, Cost and Service</td>
<td>10/10</td>
<td></td>
</tr>
<tr>
<td>E. Investment in Health Research/Education and Commitment to Workforce</td>
<td>6/6</td>
<td></td>
</tr>
<tr>
<td><strong>Overall Achievement Score</strong></td>
<td><strong>30/30</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>

**Continuing Public Advantage**

The Parties propose that an Overall Achievement Score rounded to the nearest tenth of one point that equals seventy percent (70%) or above shall be considered clear and convincing evidence of the Public Advantage and the COPA shall continue in effect. An Overall Achievement Score rounded to the nearest tenth of one point that equals fifty percent (50%) up to seventy percent (70%) may be considered clear and convincing
evidence of the Public Advantage depending upon the relative circumstances, and the State, at the Commissioner's discretion, may seek a modification to the Cooperative Agreement under the terms of the COPA. An Overall Achievement Score rounded to the nearest tenth of one point that is below fifty percent (50%) may be considered evidence, when considering the relative circumstances, that the Public Advantage of the COPA is no longer evident and the State, at the Commissioner's discretion, may begin action to terminate the COPA under the terms of the certification.

Due to the new and untested nature of the Index of Public Advantage and Community Health Improvement and the significant up-front and ongoing investments required for achieving community health improvement in the Geographic Service Area, it is critical that the Commissioner use proper discretion in determining whether the evidence of the Public Advantage is clear and convincing. Notwithstanding any provision to the contrary, the Commissioner shall consider any and all important public benefits, whether or not explicitly addressed in the Index of Public Advantage and Community Health Improvement. Further, the Commissioner shall have discretion to determine that the clear and convincing standard has been achieved during a particular period even if the Overall Achievement Score falls below the parameters outlined.

Representative Examples:

Example 1. If the New Health System was able to satisfy most of the Index of Public Advantage and Community Health Improvement measures for a particular year, the scoring might appear as follows in Table 11.14:

<table>
<thead>
<tr>
<th>Category</th>
<th>Measures Satisfied</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Commitment to Improve Community Health</td>
<td>3/3</td>
<td></td>
</tr>
<tr>
<td>B. Enhanced Health Care Services</td>
<td>5/5</td>
<td></td>
</tr>
<tr>
<td>C. Expanding Access and Choice</td>
<td>5/6</td>
<td></td>
</tr>
<tr>
<td>D. Improving Health Care Value: Managing Quality, Cost and Service</td>
<td>9/10</td>
<td></td>
</tr>
<tr>
<td>E. Investment in Health Research/Education and Commitment to Workforce</td>
<td>6/6</td>
<td></td>
</tr>
<tr>
<td><strong>Overall Achievement Score</strong></td>
<td><strong>28/30</strong></td>
<td><strong>93.3%</strong></td>
</tr>
</tbody>
</table>

An Overall Achievement Score of 93.3% is considered clear and convincing evidence of the Public Advantage and the COPA would continue in effect.

Example 2. If the New Health System was not able to satisfy some of the Index of Public Advantage and Community Health Improvement measures for a particular year, the scoring might appear as follows in Table 11.15:

<table>
<thead>
<tr>
<th>Category</th>
<th>Measures Satisfied</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Commitment to Improve Community Health</td>
<td>2/3</td>
<td></td>
</tr>
<tr>
<td>B. Enhanced Health Care Services</td>
<td>4/5</td>
<td></td>
</tr>
<tr>
<td>C. Expanding Access and Choice</td>
<td>4/6</td>
<td></td>
</tr>
</tbody>
</table>
D. Improving Health Care Value: Managing Quality, Cost and Service 6/10
E. Investment in Health Research/Education and Commitment to Workforce 3/6
Overall Achievement Score 19/30 63.3%

An Overall Achievement Score of 63.3% may be considered clear and convincing evidence of the Public Advantage, depending upon the relative circumstances considered by the Commissioner. The New Health System would be given the opportunity to explain why any Measure has not been satisfied and the Commissioner would consider this information in deciding whether to exercise his or her discretion in seeking a modification to the Cooperative Agreement. After considering the Public Advantage and the explanations for why any Measure has not been satisfied, the State, at the Commissioner's discretion, may seek a modification to the Cooperative Agreement under the terms of the COPA.

Example 3. If the New Health System was not able to satisfy several Index of Public Advantage and Community Health Improvement measures for a particular year, the scoring might appear as follows in **Table 11.16**:

<table>
<thead>
<tr>
<th>Category</th>
<th>Measures Satisfied</th>
<th>Score</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. Commitment to Improve Community Health</td>
<td>2/3</td>
<td></td>
</tr>
<tr>
<td>B. Enhanced Health Care Services</td>
<td>2/5</td>
<td></td>
</tr>
<tr>
<td>C. Expanding Access and Choice</td>
<td>3/6</td>
<td></td>
</tr>
<tr>
<td>D. Improving Health Care Value: Managing Quality, Cost and Service</td>
<td>5/10</td>
<td></td>
</tr>
<tr>
<td>E. Investment in Health Research/Education and Commitment to Workforce</td>
<td>2/6</td>
<td></td>
</tr>
<tr>
<td><strong>Overall Achievement Score</strong></td>
<td>14/30</td>
<td><strong>46.7%</strong></td>
</tr>
</tbody>
</table>

An Overall Achievement Score of 46.7% may be considered evidence, depending on the relative circumstances, that the Public Advantage of the COPA is no longer evident. The New Health System would be given the opportunity to explain why any Measure has not been satisfied and the Commissioner would consider this information. The Commissioner would allow a reasonable period of time for a remediation plan to be developed, presented, accepted and implemented for re-evaluation. After considering the Public Advantage, the explanations for why any Measure has not been satisfied, and performance under the remediation plan, the State, at the Commissioner's discretion, may begin action to terminate the COPA under the terms of the certification. In deciding whether to take action to terminate the COPA under the terms of the certification, the Commissioner would have the authority to consider important public benefits that contribute to the Public Advantage even if those public benefits are not explicitly addressed in the Index of Public Advantage and Community Health Improvement.

**Index of Public Advantage and Community Health Improvement Conclusion**

The Parties believe that this Index of Public Advantage and Community Health Improvement proposal outlines a process for the New Health System to align its resources and commitments with the Triple Aim objectives to improve population health, improve patient experience of care (quality and access), and manage the per capita cost of
health care in the region. At the same time, the Parties believe that including the Department, the local departments of health, the Community Health Work Groups, the Advisory Groups, and other community stakeholders in finalizing these proposed Index Categories, Key Focus Areas, and Accountability Mechanisms will lead to greater community buy-in and adaptation of the population health improvement process. Ultimately, the Parties hope that this process will result in the highest chance of success for improving population health across our region.
### Exhibits and Attachments

<table>
<thead>
<tr>
<th>Exhibit Number</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exhibit 11.4</td>
<td>Financial Summary for Mountain States</td>
</tr>
<tr>
<td>Exhibit 11.4 - Attachment A</td>
<td>Mountain States Bonds Official Statement for 2011 bonds</td>
</tr>
<tr>
<td>Exhibit 11.4 - Attachment B</td>
<td>Mountain States Bonds Official Statement for 2012 bonds</td>
</tr>
<tr>
<td>Exhibit 11.4 - Attachment C</td>
<td>Mountain States Bonds Official Statement for 2013 bonds</td>
</tr>
<tr>
<td>Exhibit 11.4 - Attachment D</td>
<td>Mountain States Covenant Compliance Certificates for the Last Five Years</td>
</tr>
<tr>
<td>Exhibit 11.4 - Attachment E</td>
<td>Mountain States Officer's Certificate Accompanying the Independent Auditor's Report for FY10 to FY14</td>
</tr>
<tr>
<td>Exhibit 11.4 - Attachment F</td>
<td>Mountain States Audited Financial Statements for 2009 to 2014</td>
</tr>
<tr>
<td>Exhibit 11.4 - Attachment G</td>
<td>Mountain States EMMA – Annual Disclosures for 2010 to 2015 and Material Event Disclosures</td>
</tr>
<tr>
<td>Exhibit 11.4 - Attachment H</td>
<td>Mountain States - Rating Agencies</td>
</tr>
<tr>
<td>Exhibit 11.5</td>
<td>Financial Summary for Wellmont</td>
</tr>
<tr>
<td>Exhibit 11.5 - Attachment A</td>
<td>Wellmont 2011 Bonds Official Statement for 2011 bonds</td>
</tr>
<tr>
<td>Exhibit 11.5 - Attachment B</td>
<td>Wellmont Audits – External Audited Financial Statements for 2011 to 2014</td>
</tr>
<tr>
<td>Exhibit 11.5 - Attachment C</td>
<td>Wellmont EMMA – Annual Disclosures for 2011 to 2015 and Material Event Disclosures</td>
</tr>
<tr>
<td>Exhibit 11.5 - Attachment D</td>
<td>Wellmont External Auditor Management Letters for 2011 to 2014</td>
</tr>
<tr>
<td>Exhibit 11.5 - Attachment E</td>
<td>Rating Agencies – Fitch and Standard &amp; Poor's Reports</td>
</tr>
<tr>
<td>Exhibit 11.6</td>
<td>Current Annual Budgets for Mountain States</td>
</tr>
<tr>
<td>Exhibit 11.7</td>
<td>Current Annual Budgets for Wellmont</td>
</tr>
<tr>
<td>Exhibit 11.8</td>
<td>Five Year Projected Budget for New Health System</td>
</tr>
<tr>
<td>Exhibit 11.9</td>
<td>Mountain States Insurance Contracts and Payer Agreements</td>
</tr>
<tr>
<td>Exhibit 11.10</td>
<td>Wellmont Insurance Contracts and Payer Agreements</td>
</tr>
<tr>
<td>Exhibit 11.11</td>
<td>Existing and Future Business Plans of Mountain States</td>
</tr>
<tr>
<td>Exhibit 11.12</td>
<td>Existing and Future Business Plans of Wellmont</td>
</tr>
<tr>
<td>Exhibit 11.13</td>
<td>Alignment Policy</td>
</tr>
<tr>
<td>Exhibit 11.14</td>
<td>Institute of Medicine Vital Signs Core Measures</td>
</tr>
</tbody>
</table>
APPENDIX W

27. **Persons Involved in Decision Making or Planning.** Attach as Appendix W a list of the full legal names, titles, addresses, and telephone numbers of each and every officer, director, representative, manager, executive, expert or other person having substantial input, at any phase of decision making or planning, into the decision or plan for the Transaction.

[***Home addresses and home telephone numbers contained in this Appendix are confidential***]

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Dr. Brian Noland, President ETSU (Independent Member of Joint Board Task Force)  
ETSU Office of the President  
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Johnson City, TN 37604-1710  
423-439-4287
APPENDIX Y

29. Litigation and Proceedings.

   a. Attach as Appendix Y a summary of all litigation to which the Public Benefit Hospital
      and/or Acquirer was or is a party, separated by type of litigation (e.g., malpractice,
      worker’s compensation, etc.). The summary should include the case style, date of claim,
      status of claim, expected loss reserves, and ultimate disposition of the litigation
      (including damages or awards), as applicable.

      Mountain States Health Alliance will limit its responses to this request to litigation and
      proceedings identified in the Confidential Counsel Memorandum prepared as part of the merger
      negotiations and to matters initiated after the Confidential Counsel Memorandum was prepared.

          MOUNTAIN STATES HEALTH ALLIANCE

          1. Patient Engagement Advisors vs. Amanda Mittelsteadt, Mountain States Health Alliance and
             Chelsea Cress, Case No. 42892 (filed Feb. 12, 2015, Chancery Ct. Washington County, TN)

             Plaintiff’s Complaint alleged that MSHA tortiously interfered with a contract. Case dismissed on
             April 7, 2016.

          2. Mountain States Health Alliance and Johnston Memorial Hospital, Inc. vs. Patient
             Engagement Advisors, LLC and Rick Nicksic, Case No. 34264 (filed Apr. 2, 2015, Circuit Ct.
             Washington County, TN)

             A Complaint was filed by MSHA and JMH on April 2, 2015, alleging claims of fraud, interference
             with Rick Nicksic’s employment relationship with MSHA, PEA’s induced breach and interference
             with Nicksic’s employment, Nicksic’s induced breach and interference with PEA’s contracts with
             MSHA and JMH, Nicksic’s breach of his employment contract and duty of loyalty and his
             fiduciary duty to MSHA, and PEA’s conspiracy to aid and abet Nicksic’s breach of his
             employment agreement as a result of Nicksic entering into a paid consulting position with PEA.
             MSHA and JMH’s Complaint seeks actual damages they sustained as a result of the fraud and
             breaches alleged, as well as treble and punitive damages and other forms of monetary relief to be
             determined by a jury.

          3. Joanne Waters/Mountain States Health Alliance, Charge No. 494-2015-02011 (filed
             Nov. 30, 2015, Equal Employment Opportunity Commission)

             On November 30, 2015, Claimant filed a Notice of Charge of Discrimination/EEOC complaint
             alleging that she became ill due to extreme harassment and retaliatory actions by company
             executives. Claimant alleges while out on disability leave the harassment continued and after
             returning to work from leave, a request was made by Claimant for the harassment to cease;
             however, that request created a hostile work environment. Claimant alleges she reported the hostile
             work environment to Human Resources which resulted in her termination on November 20, 2014.
             A response was served on behalf of MSHA on January 4, 2016.
WASHINGTON COUNTY

1. **Doris A. McCall vs. Johnson City Medical Center**, Case No. 30067 (filed Dec. 16, 2011, Circuit Ct., Washington County, TN)

   Plaintiff filed Complaint for personal injury. An Answer was filed January 3, 2012 on behalf of JCMC. Trial has been scheduled for August 12, 2016. A settlement has been agreed to and will be finalized upon receipt of a Medicare lien amount.

2. **Brittany VanDyke, next of kin and mother of Kadan VanDyke, deceased vs. Johnson City Medical Center, Medical Education Assistance Corporation d/b/a University Physicians Practice Group f/n/a ETSU Physicians and Associates, Brooke Elliott Foulk, M.D., Jami Nacole Goodwin, M.D., Howard Ernest Herrell, M.D., and Rebecca C. McCowan**, Case No. 30591 (filed June 22, 2012, Circuit Ct., Washington County, TN)

   Plaintiff’s Complaint was filed after having served a notice of intent to file a claim on February 22, 2012, in accordance with Tenn. Code Ann. § 29-26-121. Following a six day trial of this matter, the jury returned with a defense verdict. A Motion for New Trial was heard on January 25, 2016, which Motion was denied by the Court. Plaintiff filed a Notice of Appeal on March 21, 2016.

3. **Bobby F. Whaley, as next of kin for and on behalf of all wrongful death beneficiaries of Margaret Markland, deceased vs. Daniel Ross, M.D., and Johnson City Medical Center**, Case No. 31301 (filed Feb. 5, 2013, Circuit Ct., Washington County, TN)

   Plaintiff’s Complaint was filed after having given notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121. An Answer was filed on behalf of JCMC on March 5, 2013. Case dismissed on May 11, 2016.

4. **Robert Aaron Cline vs. Johnson City Medical Center and Doris Ann Casey**, Case No. 33090 (filed Apr. 9, 2014, Circuit Ct., Washington County, TN)

   Plaintiff’s Complaint was filed April 9, 2014, after having given notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on October 13, 2013, alleging a claim for negligence as a result of a fall during an emergency department visit on May 19, 2013. Plaintiff alleges that although he notified hospital staff that he was dizzy, incoherent and weak following loss of blood, he was told to sit upright and/or stand up at which time he lost consciousness and fell face first. Plaintiff alleges that hospital staff refused to try to assist him until he was on the floor. Plaintiff claims he has suffered brain trauma and facial injuries. Plaintiff’s Complaint seeks damages in the amount of $300,000. An Answer was filed on behalf of JCMC on April 25, 2014. On August 19, 2014, an Amended Complaint was filed to name Doris Ann Casey individually as a Defendant. Trial has been rescheduled for November 6, 2017.


   Plaintiff’s Complaint was filed after having given notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on March 3, 2013. An Answer was filed August 4, 2014, on behalf of Johnson City Medical Center. Case dismissed on April 11, 2016.
6. **Michael L. Surber vs. Johnson City Medical Center**, Case No. 33593 (filed Sept. 9, 2014, Circuit Ct., Washington County, TN)

   Plaintiff’s Complaint was filed, after having given notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on June 26, 2014. An Answer was filed on behalf of Johnson City Medical Center on October 3, 2014.

7. **Christina Cooper vs. Johnson City Medical Center and Mountain States Health Alliance**, Case No. 34082 (filed Feb. 18, 2015, Circuit Ct., Washington County, TN)

   Plaintiff’s Complaint was filed after having given notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on October 23, 2014. An Answer was filed April 1, 2015 on behalf of JCMC. The case was resolved at mediation on November 21, 2016 and a settlement agreement was entered into. An order of dismissal will be entered by the court.

8. **Becky Kenyon, as next of kin of Nancy Imogene Sexton, deceased vs. Johnson City Medical Center, Inpatient Consultants of Tennessee, Kimberly A. Butterworth, PA-C and Dr. Anil K. Kopparapu**, Case No. 34401 (filed May 15, 2015, Circuit Ct., Washington County, TN)

   Plaintiff’s Complaint was filed after having given notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on January 16, 2015. An Answer was filed June 21, 2015 on behalf of JCMC.

9. **Elisha Danielle Whitson vs. Medical Education Assistance Corporation, Ryan Jared Chatelain, DPM and Johnson City Medical Center**, Case No. 32813 (filed Oct. 30, 2015, Circuit Ct., Washington County, TN)

   Plaintiff’s Amended Complaint for personal injury and/or malpractice was filed October 30, 2015, to include Johnson City Medical Center as a Defendant. An Answer was filed on behalf of JCMC on November 13, 2015. Trial has been scheduled for April 25, 2017.


    Claimant filed a Notice of Charge of Discrimination/EEOC complaint alleging discrimination based on age. Matter closed on April 29, 2016.

11. **Timothy F. Bowers and wife, Cheryl Bowers vs. Johnson City Medical Center, Appalachian Emergency Physicians, P.C. and Kendall H. Boyd, M.D., individually and as agent of Johnson City Medical Center and Appalachian Emergency Physicians, P.C., Case No. 35147** (filed Jan. 19, 2016, Circuit Ct., Washington County, TN)

    Plaintiffs’ Complaint was filed after having served notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on September 24, 2015, alleging a claim for injuries sustained by Timothy Frank Bowers on or about September 26, 2014, during an emergency room visit. An Answer was served February 16, 2016, on behalf of JCMC.

12. **Tamara Kay Hogue, deceased, by William Reynolds, Administrator/Wellmont Bristol Regional Medical Center, Wellmont Health System, Bruce N. Gibbon, M.D., Woodridge Psychiatric Hospital, Terry C. Borel, M.D., Sally A. Hyder, APRN, Mountain States Health Alliance, Northeast Tennessee Emergency Physicians, P.C. and Blue Ridge Medical**
Management Corporation, Case No. C15192(M) (filed January 28, 2016, Circuit Ct., Sullivan County, TN)

Plaintiff’s Complaint was filed January 28, 2016, after having served notice of intent to file a claim in accordance with Tenn. Code Ann. § 29- 26-121 on September 30, 2015, alleging a claim for negligence. Plaintiff’s Complaint seeks an unspecified amount for damages. An answer was served May 9, 2016 on behalf of Woodridge, BRMMC, Dr. Borel and Sally Hyder.

13. Wanda Sue Fannon as the Administrator Ad Litem of the Estate of Ronald L. Fannon vs. Johnson City Medical Center, Case No. 35158 (filed Jan. 25, 2016, Circuit Ct., Washington County, TN)

Plaintiff’s Complaint was filed after having served notice of intent to file a claim in accordance with Tenn. Code Ann. § 29- 26-121 on September 24, 2015, alleging a claim for negligence. A response to the Complaint has been served on behalf of JCMC.

14. Latoya Ledford, individually, and as mother of Nayeli Rodriguez / Mountain States Health Alliance, Johnson City Medical Center, Medical Education Assistance Corporation d/b/a University Physicians Practice Group/ETSU Physicians and Associates, Howard Herrell, M.D., Alison Cronin, D.O., Belinda Reardon, M.D., Ann Rouse, M.D., Hans Haesslein, ETSU and Tennessee Claims Commission, Case No. 35208 (filed Feb. 3, 2016, Circuit Ct., Washington County, TN)

Plaintiff’s Complaint was filed February 3, 2016, after having served notice of intent to file a claim in accordance with Tenn. Code Ann. § 29- 26-121 on October 7, 2015, alleging a claim for negligence that occurred during the labor, delivery and ultimate birth of Nayeli Rodriguez on October 10, 2014. Plaintiff’s Complaint seeks an unspecified amount for damages. An Answer and Motion to Dismiss were served on behalf of JCMC on March 24, 2016. The Court granted the Motion to Dismiss filed by JCMC and the case was dismissed on May 19, 2016. The Plaintiff has one year within which to refile; however, the refiling will be limited to the claims of the child.

15. Christopher Cantrell and Donna Cantrell vs. Johnson City Medical Center, Case No. 2:15-CV-00324 (filed Dec. 9, 2015, U.S. District Ct., E.D. TN)

Plaintiffs’ Complaint claims Plaintiffs were discriminated against on the basis of their disability. An answer was filed January 5, 2016 on behalf of MSHA. The case was amicably resolved and a dismissal was entered on November 22, 2016.


Plaintiffs’ Complaint was filed August 19, 2016, after having served notice of intent to file a claim in accordance with Tenn. Code Ann. § 29- 26-121 on April 22, 2016, alleging a claim for negligence as a result of the death of Jennifer Jones on May 21, 2015, following an admission in JCMC beginning April 24, 2015. Plaintiffs allege the defendants failed to recognize signs and symptoms of septic shock, thereby failing to timely and appropriately treat same leading to the death of their daughter.
17. **Patricia Keller vs. United States Government, IRS, Department of Justice, City of Johnson City, TN, EPA, Johnson City Medical Center, ETSU Physicians, Texas Railroad Commission, Lifelock, and USDA, Case No. 2-16-CV-00241-HSM-MCL** (filed July 11, 2016, U.S. District Ct., E.D. TN)

Plaintiff’s Complaint was filed pro se July 11, 2016, in the United States District Court. It appears to allege identify theft. Once the Complaint has been properly served, a response will be filed on behalf of JCMC.

**FRANKLIN WOODS COMMUNITY HOSPITAL**

None.

**BLUE RIDGE MEDICAL MANAGEMENT CORPORATION**

1. **Richard Nix vs. David John Yeh, M.D., Case No. 2009-13163** (filed June 1, 2009, 22nd Judicial District Ct., Parish of St. Tammany, State of Louisiana)

   BRMMC is not a party to this litigation. BRMMC provided prior acts coverage to Dr. Yeh. Litigation relates to a malpractice claim. Matter closed March 28, 2016

2. **Anna R. Kennedy, individually and as Parent and Next Friend of Elizabeth Arlena Renfro, a minor, vs. Mountain States Health Alliance, Mountain States Properties, Inc. and Blue Ridge Medical Management Corporation, Case No. 31429** (filed Mar. 13, 2013, Circuit Ct., Washington County, TN)

   Plaintiff’s Complaint for personal injury was filed March 13, 2013. A response to the Complaint was filed on behalf of the Defendants. Trial was scheduled for March 31, 2016, but has been rescheduled for January 25, 2017.

3. **Tia Camille Hensley and husband, Bobby Gene Hensley vs. Culley Knolton Christensen, M.D., Johnson City Medical Center, Mountain States Health Alliance f/k/a Johnson City Medical Center, Inc., Blue Ridge Medical Management Corporation a/k/a Mountain States Medical Group, Affiliated Orthopedic Specialists I, P.L.C. and Affiliated Orthopedic Specialists II, P.L.C., Case No. 34421** (filed May 22, 2015, Circuit Ct., Washington County, TN)

   Plaintiffs' Complaint was filed after having given notice of intent to file a claim in accordance with T.C.A. §29-26-121 on January 23, 2015. An Answer was filed on behalf of JCMC and BRMMC on June 2, 2015. An Order of Dismissal submitted by the Plaintiffs to dismiss the claims of Bobby Hensley was entered by the Court on August 23, 2016.

4. **W. Christopher Gortney, as Executor and next of kin of Terry H. Gortney, deceased, vs. National Healthcare Corporation, NHC Healthcare/Johnson City, LLC, Inpatient Consultants of Tennessee, P.C., Provider Health Services, LLC, Blue Ridge Medical Management Corporation d/b/a Mountain States Medical Group, Hospital Internal Medicine, Shweta Kharalkar, M.D., Jenny B. Jones and Todd Markwalter, Case No. 34953** (filed Nov. 12, 2015, Circuit Ct., Washington County, TN)
Plaintiff’s Complaint was filed after having given amended notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on July 16, 2015. The claims against Dr. Kharalkar and BRMMC were dismissed on September 29, 2016.

5. Douglas J. Lester vs. Melissa Hartwell, P.A., Terry Puckett, M.D., Blue Ridge Medical Management Corporation and Mountain States Health Alliance, Case No. CL 15-696 (filed June 1, 2015, Circuit Ct., Washington County, VA)

Plaintiff’s Complaint alleges personal injury/malpractice. Answers were served December 30, 2015, on behalf of Dr. Puckett and Melissa Hartwell, P.A. Answers were served on behalf of BRMMC and MSHA on January 11, 2016.

6. Mona Lisa Taylor (now Mona Lisa Hunt), surviving spouse and administratrix of the Estate of Warren D. Taylor, deceased, vs. Blue Ridge Medical Management Corporation, Mountain States Health Alliance and Vipulkumar Rameshchandr Brahmbhatt, M.D., Case No. 35687 (filed June 8, 2016, Circuit Ct., Washington County, TN)

Plaintiff’s Complaint was filed June 8, 2016, after having served notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on March 28, 2016, alleging a claim for the wrongful death of Warren Taylor on April 10, 2015, following a non-emergent radiofrequency ablation. Plaintiff alleges that although Mr. Taylor was noted to have hypotension and hypoxia, he was transferred to a room from the cath lab where he continued in this condition. Plaintiff further alleges that an EKG performed revealed evidence of cardiac muscle ischemia which required an emergency cardiac cath when it was revealed a dissection of the left main coronary artery had occurred which ultimately led to Mr. Taylor’s death. An Answer was served on behalf of the Defendants on August 15, 2016.

7. Tamara Hogue, deceased, b/n/f/ William Reynolds as Administrator of the Estate vs. Wellmont Bristol Regional Medical Center, Wellmont Health System, Dr. Bruce N. Gibbon, Woodridge Psychiatric Hospital, Terry C. Borel, M.D., Sally A. Hyder, Mountain States Health Alliance d/b/a Woodridge Psychiatric Hospital, Northeast Tennessee Emergency Physicians, P.C. and Blue Ridge Medical Management Corporation, Case No. C15192(M) (filed Jan. 28, 2016, Circuit Ct., Sullivan County, TN)

Plaintiff’s Complaint was filed January 28, 2016, after having served notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on September 30, 2015, alleging a claim for negligence as a result of the death of Tamara Kay Hogue that occurred October 2, 2014, while a patient at Woodridge Psychiatric Hospital. Plaintiff alleges that on arrival to Woodridge on September 30, 2014, Ms. Hogue was unresponsive and continued to be very lethargic; however, she allegedly never received treatment or intervention. Plaintiff claims Ms. Hogue continued to be lethargic, catatonic and not eating or drinking and was found unresponsive on October 2, 2014, at which time she was transferred to JCMC where she was pronounced dead. An answer was served May 9, 2016 on behalf of Woodridge, BRMMC, Dr. Borel and Sally Hyder.

8. Caroline Ross Williams vs. East Tennessee OB/GYN Associates a/k/a Blue Ridge Medical Management Corporation d/b/a Mountain States Medical Group OB/GYN; Appalachian Emergency Physicians; Octavio Jose Pinell, M.D., Donald L. Roberts, M.D. and Indian Path Medical Center, Case No. C41648(C) (filed Sept. 20, 2016, Circuit Court, Sullivan County, TN)
Plaintiff’s Complaint was refiled September 20, 2016, after having served notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on July 13, 2016, alleging a claim for injuries sustained by Caroline Ross Williams following a c-section. (Claimant had previously served notice on January 19, 2016, with a subject lawsuit on April 13, 2016, however, it was determined that the notice was faulty and a dismissal of the Complaint was filed July 6, 2016.) Plaintiff alleges that on August 29, 2015, she suffered a postpartum hemorrhage requiring emergency medical transport to the hospital. Plaintiff claims Dr. Pinell refused to come to the emergency department after being contacted but elected to treat her from home without seeing her. Plaintiff alleges the delay placed her at significant risk for medical complications. Efforts to stop the hemorrhage with surgery were unsuccessful which required Plaintiff to undergo a total hysterectomy. Plaintiff alleges that during the emergency department visit, timely and appropriate care was not rendered which ultimately required her to undergo a total hysterectomy. At the time of the visit, Claimant was 30 years of age. A response will be filed on behalf of IPMC, Dr. Pinell and BRMMC.

9. Kevin Patrick Carter vs. Blue Ridge Medical Management Corporation d/b/a First Assist Urgent Care and Rasmiyah Jastan, M.D., Case No. 16-1050 (filed July 11, 2016, Circuit Ct., Tazewell County, VA)

Plaintiff’s Complaint was filed July 11, 2016, alleging that on September 19, 2014, Plaintiff presented to First Assist with complaints of nausea, gas and abdominal cramps/pain and he reported a history of diverticulosis. Plaintiff alleges he was diagnosed with acute abdominal pain and nausea, likely a stomach virus, and no further diagnostic tests were performed other than labs. As the Plaintiff’s condition worsened, he went to the emergency department on September 21, 2014, where he was diagnosed with a perforated sigmoid colon and acute diverticulitis for which surgery was required. Plaintiff claims the Defendants, through their employees, were negligent in failing to order appropriate testing to determine the cause of Plaintiff’s condition for which he has suffered serious bodily injury, physical pain, mental suffering, embarrassment, inconvenience, lost wages, and incurred medical expenses. A response will be filed on behalf of the Defendants.

10. Eula Jane Tuggle, Administratrix of the Estate of Thomas Harrison Crusenberry, deceased vs. Hibernian Nephrology Group, Inc. and Corridor Properties, LLC, Case No. 16-1088 (filed Oct. 6, 2015, Circuit Ct., Washington County, VA)

Plaintiff’s Complaint was filed alleging that on October 6, 2015, Plaintiff’s decedent had an appointment at the named nephrology clinic where he fell when attempting to utilize a safety hand rail in the restroom that broke and pulled from the wall. Plaintiff alleges Mr. Crusenberry sustained a left intertrochanteric fracture which caused him to remain bed ridden which led to bed sores and his ultimate death on January 7, 2016. It is believed that Mountain States Properties, Inc., as owner of the office space in question, may be added to this lawsuit in the near future.


Plaintiffs’ Complaint was filed September 13, 2016, claiming damages as a result of a fall on September 14, 2015, by Kathryn Carver on property located at 2002 Brookside Drive resulting in a fractured wrist and injuries to her head and other parts of her body. Plaintiffs claim it was a known dangerous condition that was allowed to exist on the premises. A response will be filed on behalf of BRMMC.
1. **Travis H. Nichols and wife, Belinda Nichols vs. Indian Path Medical Center, Case No. C39990(M) (filed Dec. 21, 2012, Circuit Court, Sullivan County, TN)**

Plaintiffs' Complaint was filed December 21, 2012, after having served notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on August 21, 2012. An Answer was filed February 4, 2013, on behalf of IPMC. Case dismissed on January 27, 2016.

2. **Patricia K. Herron vs. Indian Path Medical Center, Case No. C40277(M) (filed Aug. 12, 2013, Circuit Court, Sullivan County, TN)**

Plaintiff’s Complaint for personal injury was filed August 12, 2013. An Answer was filed September 10, 2013, on behalf of IPMC. Mediation scheduled for September 29, 2015, was canceled and it is anticipated that this case will be set for trial.

3. **Teresa Pauline Williams and husband, Albert Williams vs. Stanley Hodges, M.D., Shubha R. Chatra, M.D., Lapsley Hope, M.D., Anthony Evan Lewis, M.D., Sudhir Kumar Patel, M.D., Megan Copley, D.O., Dylan Joel Hughes, Pharmacist, Juli Hughes, Pharmacist, Brian Odle, Pharmacist, Edward Minor, III, Pharmacist, Tina Vanover Rose, Pharmacist and Blue Ridge Medical Management Corporation d/b/a Mountain States Physician Group and d/b/a Hospital Internal Medicine Associates and d/b/a MSMG Hospital Internal Medicine-IPMC, Indian Path Hospital, Inc., d/b/a Indian Path Medical Center and Mountain States Health Alliance, Case No. C40419(C) (filed Nov. 25, 2013, Circuit Court, Sullivan County, TN)**

Plaintiffs' Complaint was filed November 25, 2013, after having served notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on August 13, 2013. An Answer was filed December 31, 2013 on behalf of MSHA. Drs. Lewis and Hope were voluntarily dismissed by the Plaintiff on August 8, 2014.

4. **Amber Hobbs and Joshua Hobbs, Individually and as Parents for Hallie Hobbs, decedent vs. Indian Path Hospital, Dr. Donald Lovelace, and Mountain States Medical Group OB/GYN, Case No. C40855(M) (filed Dec. 16, 2014, Circuit Court, Sullivan County, TN)**

Plaintiffs' Complaint was filed December 16, 2014, after having given notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on August 25, 2014. An Answer was filed January 6, 2015, on behalf of IPMC and a response will be filed on behalf of Dr. Lovelace and his group. Trial has been scheduled for January 17, 2017.

5. **Rhonda Spellar vs. Stanley M. Hodges, M.D., Hospital Internal Medicine Associates, Blue Ridge Medical Management Corporation and Indian Path Medical Center, Case No. C41018(C) (filed Apr. 30, 2015, Circuit Court, Sullivan County, TN)**

Plaintiff’s Complaint was filed April 30, 2015, after having given notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on December 8, 2014. An Answer was filed June 1, 2015 on behalf of IPMC.
6. Charlotte Honeycutt and William Honeycutt vs. Indian Path Medical Center, Case No. C41004(M) (filed Apr. 23, 2015, Circuit Court, Sullivan County, TN)

Plaintiffs' Complaint was filed April 23, 2015, after having sent notice of intent to file a claim in accordance with Tenn. Code Ann. § 29-26-121 on December 23, 2014. An Answer was filed on behalf of IPMC on June 3, 2015.

CARTER COUNTY

None.

JOHNSON COUNTY COMMUNITY HOSPITAL

1. Kathy L. Pierce / Johnson County Community Hospital, Charge No. 25A-2015-00208 (filed June 9, 2015, EEOC)

On June 9, 2015, Claimant filed a Notice of Charge of Discrimination/EEOC complaint alleging discrimination and retaliation due to association with a disabled individual. A response was filed July 11, 2015, on behalf of JCCH. On March 21, 2016, the EEOC issued its Dismissal and Notice of Rights letter stating that following its investigation, it was unable to conclude that a violation occurred. The Claimant had 90 days within which to file a lawsuit. This matter was closed July 14, 2016.

UNICOI COUNTY

None.

SMYTH COUNTY COMMUNITY HOSPITAL

1. Robert Bruce Evans, M.D. vs. Linda Parks White, Individually and in her Official Capacity as CEO and President of SCCH and Smyth County Community Hospital, Case No. 13-921 (filed Aug. 6, 2013, Circuit Ct., Smyth County, VA)

Plaintiff’s Complaint was filed August 6, 2013, alleging defamation, slander and interference with contract. A response has been filed on behalf of the Defendants and discovery is ongoing.

2. Cassandra D. Buchanan / Smyth County Community Hospital / Francis Marion Manor, Charge No. 438-2015-00025 (filed Dec. 9, 2014, EEOC)

On December 9, 2014, Claimant filed a Notice of Charge of Discrimination/EEOC ADA complaint alleging that she was discriminated against due to a disability. A response was filed on behalf of SCCH/FMM on January 8, 2015. On April 19, 2016, the EEOC issued its determination that the Claimant’s allegations did not involve a disability as defined by the Americans With Disabilities Act. Accordingly, Claimant had 90 days within which to file a lawsuit. Matter closed July 20, 2016.
3. **Donna Carol Landel and Nature Boy Buddy Landel, as Co-Administrators of the Estate of Kolby Krystyna Debord, deceased, vs. Smyth County Community Hospital, Mountain States Health Alliance, Robert Rowley Bowman, Jr., M.D., Appalachian Emergency Physicians, Donald E. Taylor, R.N. and Linda Milanese, Case No. 7:15-CV-164 (filed Apr. 10, 2015, U.S. District Ct., W.D. VA)**

Plaintiffs’ Complaint for malpractice/wrongful death was filed April 10, 2015. A response was filed on behalf of MSHA, SCCH, Donald Taylor and Linda Milanese. The case was dismissed on May 3, 2016.

4. **Nathaniel Donald Ewing, Administrator of the Estate of Victoria Morris Ewing, deceased, vs. Smyth County Community Hospital, Mountain States Health Alliance, Frederick M. Moses, M.D. and Matthew Justus, PA-C, Case No. 16-0388 (filed Mar. 31, 2016, Circuit Ct., Smyth County, VA)**

Plaintiff’s Complaint was filed March 31, 2016, alleging that on or about April 4, 2014, Victoria Ewing presented to the emergency department at SCCH being 30 weeks pregnant with a complaint of abdominal pain. During this visit it was determined fetal demise and an intraplacental hemorrhage had occurred. Ms. Ewing was discharged with a plan to present to Johnston Memorial Hospital the following day for induction and delivery; however, while at home that evening Ms. Ewing suffered a massive hemorrhage and vaginal bleeding. Ms. Ewing was transferred to JMH, underwent emergency surgery for massive hemorrhage secondary to placental abruption. Plaintiff alleges that after all efforts failed, Ms. Ewing died on April 7, 2014, from complications of placental abruption and hemorrhage. A response will be filed on behalf of SCCH and MSHA.

**NORTON COMMUNITY HOSPITAL**

1. **Rorea Kinman, an infant, by her Father and next friend, Robert Kinman vs. Norton Community Hospital, Case No. 14-266 (filed May 5, 2014, Circuit Ct., Wise County, VA)**

   Plaintiff’s Complaint for negligence/personal injury was filed May 5, 2014. A response was filed on behalf of NCH.

2. **Robert Kinman vs. Norton Community Hospital, Case No. 14-264 (filed May 5, 2014, Circuit Ct., Wise County, VA)**

   Plaintiff’s Complaint for negligence/personal injury was filed May 5, 2014. A response was filed on behalf of NCH.

3. **Gloria Jean Rasnick vs. Norton Community Hospital and Mountain States Health Alliance, Case No. 14-139 (filed Mar. 7, 2014, Circuit Ct., Wise County, VA)**

   Plaintiff’s Complaint for personal injury was filed March 7, 2014. An Answer was filed on behalf of the Defendants. MSHA was dismissed June 18, 2014 as an improper party.


   On January 6, 2015, Claimant filed a Notice of Charge of Discrimination/EEOC complaint alleging that she was discriminated against due to her age. Plaintiff’s Complaint was filed May 31,
2016, after the EEOC issued its Dismissal and Notice of Rights letter at the request of the Claimant on March 4, 2016, alleging that she was discriminated against due to her age, as well as due to the fact that she was a member of a union which she claims MSHA openly opposed. A response was filed on behalf of MSHA and NCH on September 30, 2016.

5. **Violet Sturgill vs. Spyros Panos, M.D., Community Physicians Services Corporation, Norton Community Hospital and Norton Community Physician Services, LLC**, Case No. 15-59 (filed Jan. 30, 2015, Circuit Ct., Wise County, VA)

Plaintiff’s Complaint for negligence, malpractice, and negligent hiring, was refiled January 30, 2015, after having been dismissed on October 23, 2014. A response has been filed on behalf of CPSC, NCPS and NCH. On November 30, 2015, CPSC and NCPS were dismissed from this lawsuit.

**JOHNSTON MEMORIAL HOSPITAL**

1. **Verna L. Brundage vs. Johnston Memorial Hospital**, Case No. 13-1431 (filed July 18, 2013, Circuit Ct., Washington County, VA)

Plaintiff’s Complaint for personal injury/ negligence was filed July 18, 2013. The case was dismissed on May 19, 2016.

2. **Dennis G. Minnigh vs. Johnston Memorial Hospital, Tariku Ayalew, M.D., Dr. Joe Rupe, Dr. Jacqueline David and Hospitalist of Johnston Memorial Hospital a/k/a Johnston Memorial Hospitalists a/k/a AA Hospitalist of Johnston Memorial Hospital**, Case No. 14-1652 (filed Oct. 7, 2014, Circuit Ct., Washington County, VA)

Plaintiff’s Complaint for negligence was filed on or about October 7, 2014. A response will be filed on behalf of JMH, Dr. David and Dr. Rupe.

3. **Wanda Sue Beavers vs. Abingdon Physician Partners d/b/a Abingdon Family Practice and E. White**, Case No. 15-795 (filed June 26, 2015, Circuit Ct., Washington County, VA)

Plaintiff’s Complaint was refiled June 26, 2015, after having previously been dismissed; however, it was not served until June 9, 2016, alleging that on November 23, 2011, Ellen White, LPN improperly administered an injection that caused permanent nerve damage. Plaintiff alleges she has suffered great physical pain and mental anguish and has been permanently disabled.

4. **Chris L. Umberger vs. Washington County Post; Monica M. Gonzalez d/b/a Faletti & Gonzalez, P.C.; USA Today, Inc.; Commonwealth of Virginia; Royal Norwegian Embassy; Toni Dichiacchio; Johnston Memorial Hospital; and Buchanan General Hospital**, Case No. 16-C-462 (filed Sept. 8, 2016, Circuit Ct., Monongalia County, WV)

Plaintiff’s Complaint was filed in Monongalia, West Virginia, on or about September 8, 2016, alleging specific complaints as to JMH that on July 27, 2016, and August 7, 2016, after being assaulted at the correctional institution where he is currently housed, he was taken to JMH for treatment. Plaintiff alleges that JMH representatives had a duty to report his injuries of suspected abuse or neglect to proper authorities; however, they failed to do so. Plaintiff claims that JMH was negligent in its failure to file a police report in an effort to take steps to protect the Plaintiff. After
researching this matter, a response was filed on behalf of JMH and the complaint was subsequently dismissed.

5. **Brett A. Manthey vs. Johnston Memorial Hospital, Abingdon Obstetrics and Gynecology and Mountain States Health Alliance**, Case No. 16-1240 (filed July 26, 2016, Circuit Ct., Washington County, VA)

Plaintiff’s Complaint was filed July 26, 2016, although not served until October 13, 2016, alleging that during his employment with Abingdon OB/GYN, he relied upon his employer to provide professional liability insurance coverage during his employment for the years 2010-2015; however, he received notification from MSHA that his privileges to practice at JMH had been suspended on or about September 15, 2015, due to inability to verify appropriate insurance coverage. Plaintiff alleges he has been subjected to potential liability due to the lack of provision of professional liability insurance and that both his former employer and JMH are responsible for damages he suffered because of his detrimental reliance upon both entities to provide same.

**RUSSELL COUNTY MEDICAL CENTER**

1. **Betty Belcher / Russell County Medical Center**, Charge No. 438-2015-00344 (filed Jan. 28, 2015, EEOC)

On January 28, 2015, Claimant submitted a Charge of Discrimination/EEOC complaint alleging age discrimination. A response was filed on behalf of RCMC on March 5, 2015.


On February 12, 2015, Claimant submitted a Charge of Discrimination/EEOC complaint alleging age discrimination. The matter was closed on March 18, 2016.

3. **Jessica Lynn Tulip vs. Blue Ridge Medical Management Corporation d/b/a Mountain States Medical Group Behavioral Health and Alfredo Cervantes, M.D.**, Case No. 15-0360 (filed May 11, 2015, Circuit Ct., Russell County, VA)

Plaintiff’s complaint was filed May 11, 2015.

4. **Joann Hart vs. Misty Anderson, R.N. and Russell County Medical Center**, Case No. 15-844 (filed Nov. 5, 2015, Circuit Ct., Russell County, VA)

Plaintiff’s Complaint was filed November 5, 2015, but not served until October 3, 2016, as a result of a fall by Plaintiff on November 8, 3013 during an emergency department visit. Plaintiff claims the Defendants knew she was a fall risk due to her medical condition, but she was not assisted when asked for a urine sample resulting in her fall and a right shoulder fracture. A response will be filed on behalf of the Defendants.
29. **Litigation and Proceedings.** Attach as Appendix Z any and all complaints, pleadings, memoranda, orders, settlements, opinions, notices of investigation (including subpoenas, civil investigative demands or other requests for information), of any state, federal, local government department, court, agency, or any other governmental proceedings to which the Public Benefit Hospital and/or Acquirer was or is a party.

[***Following Materials are Confidential***]

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[***End of Confidential Materials***]
APPENDIX AA

30. Public Benefit Hospital Conveyance Transactions. Attach as Appendix AA a detailed analysis and explanation of the following:

   a. Whether the Public Benefit Hospital will receive full and fair market value for its charitable or social welfare assets;

      This question is not applicable because the Transaction is not a “sale,” does not involve the transfer of assets and will not generate any proceeds at closing. The Transaction involves the affiliation of two separate nonprofit entities – Mountain States Health Alliance and Wellmont Health System – by converting them into membership nonprofit corporations and creating a new nonprofit entity, Newco, that will be the sole member of each. Because the assets of Mountain States and Wellmont will remain within each nonprofit entity, neither entity will receive payment or other “value” for its assets. For these reasons, subsection (a) is not applicable to this Transaction.

   b. Whether the fair market value of the Public Benefit Hospital's assets to be transferred has been manipulated by the actions of the parties in a manner that causes the fair market value of the assets to decrease;

      This question is not applicable because the Transaction is not a “sale,” does not involve the transfer of assets and will not generate any proceeds at closing. The Transaction involves the affiliation of two separate nonprofit entities – Mountain States Health Alliance and Wellmont Health System – by converting them into membership nonprofit corporations and creating a new nonprofit entity, Newco, that will be the sole member of each. Because the assets of Mountain States and Wellmont will remain within each nonprofit entity, neither entity will receive payment or other “value” for its assets. For these reasons, subsection (b) is not applicable to this Transaction.

   c. Whether the proceeds of the Transaction will be used consistent with the trust under which the assets are held by the Public Benefit Hospital and whether the proceeds will be controlled as funds independently of the acquiring or related entities;

      This question is not applicable because the Transaction is not a “sale,” does not involve the transfer of assets and will not generate any proceeds at closing. The Transaction involves the affiliation of two separate nonprofit entities – Mountain States Health Alliance and Wellmont Health System – by converting them into membership nonprofit corporations and creating a new nonprofit entity, Newco, that will be the sole member of each. Because the assets of Mountain States and Wellmont will remain within each nonprofit entity, neither entity will receive payment or other “value” for its assets. For these reasons, subsection (c) is not applicable to this Transaction.

   d. Whether the proceeds are used by a county or municipality for general or special revenue obligations not expressly provided for when the hospital was established;

      This question is not applicable because the Transaction is not a “sale,” does not involve the transfer of assets and will not generate any proceeds at closing. The Transaction involves the affiliation of two separate nonprofit entities – Mountain States Health Alliance and Wellmont Health System – by converting them into membership nonprofit corporations and creating a new nonprofit entity, Newco, that will be the sole member of each. Because the assets of Mountain States and Wellmont will remain within

each nonprofit entity, neither entity will receive payment or other “value” for its assets. For these reasons, subsection (d) is not applicable to this Transaction.

e. Whether the proceeds will be controlled as funds independently of the acquiring or related entities; provided, however, no proceeds shall be returned to any county or municipal government except to the extent necessary to pay lawful obligations to such county or municipal government;

This question is not applicable because the Transaction is not a “sale,” does not involve the transfer of assets and will not generate any proceeds at closing. The Transaction involves the affiliation of two separate nonprofit entities – Mountain States Health Alliance and Wellmont Health System – by converting them into membership nonprofit corporations and creating a new nonprofit entity, Newco, that will be the sole member of each. Because the assets of Mountain States and Wellmont will remain within each nonprofit entity, neither entity will receive payment or other “value” for its assets. For these reasons, subsection (e) is not applicable to this Transaction.

f. Transaction will result in a breach of fiduciary duty, including conflicts of interest related to payments or benefits to officers, directors, board members, executives and experts employed or retained by the parties;

The Transaction will not result in a breach of fiduciary duty.

MSHA has a Conflict of Interest Policy and Code of Ethics and Business Conduct that are applicable to its directors and officers. Pursuant to the Master Affiliation Agreement, the Parties have drafted and adopted Interim Bylaws that govern Newco’s current operations and contain provisions governing fiduciary duties and conflict of interest and have drafted Amended and Restated Bylaws for Newco that will take effect at Closing and contain provisions dealing with board duties and conflicts of interest. Newco has made public filings with the IRS dealing with proposed officer compensation, conflict of interest policy, and interested transactions.

In negotiating the Term Sheet and Master Affiliation Agreement, the parties agreed to each nominate an equal number of existing board members to the Joint Board Task Force ("JBTF") and the initial Newco board and jointly to designate two other Newco board members who will not be incumbent members of either party’s board. The parties also agreed that Newco’s initial management team would include two officers from each party. MSHA President and CEO Alan Levine has been designated to serve as Newco Executive Chairman/President and MSHA Executive Vice President and COO Marvin Eichorn as Newco Chief Operating Officer.

The JBTF is directed by Section IX of the Term Sheet to develop and approve the form of Executive Chairman/President’s contract that will be executed upon closing the Transaction. Section IX of the Term Sheet further directs the Executive Chairman/President-elect to negotiate an employment agreement with the Chief Executive Officer-elect for ratification by the JBTF and execution upon closing.

In July 2015, the JBTF retained the Hay Group, an expert consultant, to assist with negotiating the employment agreements to ensure the terms were fair and appropriate in light of Newco’s size and scope and the job responsibilities of each position, and the JBTF appointed an Executive Compensation Committee to negotiate the contracts. Alan Levine and Bart Hove each retained outside counsel to represent them in negotiations. The Committee reported to the JBTF regularly on the status of the negotiations, and the Integration Council also received a status report. Following due deliberation, the MSHA Board of Directors adopted a resolution on December 15, 2015, authorizing MSHA’s representatives on the JBTF to approve the Levine and Hove employment agreements. On February 9, 2016, the JBTF approved both agreements.
g. Whether the governing body of the Public Benefit Hospital exercised due diligence in deciding to dispose of the Public Benefit Hospital's assets, selecting the Acquirer, and negotiating the terms and conditions of the disposition;

The Mountain States Health Alliance Board of Directors exercised due diligence in deciding to pursue an affiliation with Wellmont Health System and in negotiating the terms of the Master Affiliation Agreement, including the decision to convert Mountain States and Wellmont into membership nonprofit corporations and create a new nonprofit entity, Newco, that will be the sole member of each. In making these decisions, the Board relied upon the expert counsel and advice from its senior management, outside transactional, healthcare and antitrust counsel and numerous independent advisors and consultants. The Board received regular and thorough briefings on the terms and status of the Transaction. In numerous formal and informal meetings over the course of many months, the Board evaluated and weighed the potential benefits of the Transaction against its potential risks and uncertainties and unanimously concluded that the Transaction was in the best interests of Mountain States Health Alliance and the public constituencies that it serves.

h. Whether the Transaction will result in private inurement to any person;

The Transaction will not result in private inurement to any person.
i. Whether healthcare providers will be offered the opportunity to invest or own an interest in the Acquirer or its affiliates, and whether procedures or safeguards are in place to avoid conflict of interest in patient referrals;

Healthcare providers will not be offered the opportunity to invest or own an interest in Newco or its affiliates. Mountain States Health Alliance and Wellmont Health System currently have robust procedures and safeguards in place to avoid conflicts of interest in patient referrals, and these procedures and safeguards will be unaffected by the Transaction.

j. Whether the terms of any management or services contract negotiated in conjunction with the Transaction are reasonable;

The Joint Board Task Force ("JBTF") is directed by Section IX of the Term Sheet to develop and approve the form of Executive Chairman/President’s contract that will be executed upon closing the Transaction. Section IX of the Term Sheet further directs the Executive Chairman/President-elect to negotiate an employment agreement with the Chief Executive Officer-elect for ratification by the JBTF and execution upon closing.

In July 2015, the JBTF retained the Hay Group, an expert consultant, to assist with negotiating the employment agreements to ensure the terms were fair and appropriate in light of Newco’s size and scope and the job responsibilities of each position, and the JBTF appointed an Executive Compensation Committee to negotiate the contracts. Alan Levine and Bart Hove each retained outside counsel to represent them in negotiations. The Committee reported to the JBTF regularly on the status of the negotiations, and the Integration Council also received a status report. Following due deliberation, the MSHA Board of Directors adopted a resolution on December 15, 2015, authorizing MSHA’s representatives on the JBTF to approve the Levine and Hove employment agreements. On February 9, 2016, the JBTF approved both agreements.

[***Following Materials are Confidential***]

[This section left intentionally blank.]

[***End of Confidential Materials***]
k. Whether any foundation established to hold the proceeds of the Transaction will be broadly based in the community and be representative of the affected community, taking into consideration the structure and governance of the foundation.

This question is not applicable because the Transaction is not a “sale,” does not involve the transfer of assets and will not generate any proceeds at closing. The Transaction involves the affiliation of two separate nonprofit entities – Mountain States Health Alliance and Wellmont Health System – by converting them into membership nonprofit corporations and creating a new nonprofit entity, Newco, that will be the sole member of each. Because the assets of Mountain States and Wellmont will remain within each nonprofit entity, neither entity will receive payment or other “value” for its assets. For these reasons, subsection (k) is not applicable to this Transaction.
APPENDIX BB

31. **Effect on Availability of Healthcare Services.** Attach as Appendix BB a detailed account of the community benefits provided by the Public Benefit Hospital, and an analysis of the impact of the Transaction on those benefits, including, but not limited to:

   a. Whether the Transaction will include sufficient safeguards to ensure access to affordable healthcare in the affected community;

   b. Whether the Transaction will create or have the likelihood of creating an adverse effect on the access to or availability or cost of healthcare services to the community;

   c. Whether the Acquirer has made a commitment, at least comparable to the Public Benefit Hospital, to provide healthcare to the disadvantaged, the uninsured and the underinsured, and to provide benefits to the affected community to promote improved healthcare;

   d. Whether the Transaction will result in the revocation of hospital privileges;

   e. Whether sufficient safeguards are included to maintain appropriate capacity for health science research and healthcare provider education; and

   f. Whether the Transaction demonstrates that the public interest will be served considering the essential medical services needed to provide safe and adequate treatment, appropriate access and balanced healthcare delivery to the community.

Mountain States strongly believes in directly supporting the communities it serves. In FY2015, Mountain States demonstrated a direct community benefit of more than $84 million. Part of Mountain States’ mission is to serve people who cannot afford to pay for their care. This includes the uninsured and the underinsured. For FY2015, the total unreimbursed care provided by Mountain States was $34,670,254 and the total charity care was $20,604,666. Some of this free and subsidized care is provided at Mountain States’ rural health clinics such as Johnson County Community Hospital Specialty Clinic in Mountain City, Tennessee.

Mountain States also provided nearly $4.5 million in FY2015 in community health improvement services, such as health education classes and seminars offered to the public free of charge through the Health Resources Center in Johnson City and Kingsport, and the Respond hotline offering 24/7 help for individuals experiencing mental health crises. As a teaching health system, Mountain States is also committed to helping educate the next generation of doctors and other health professionals by working with a number of colleges and medical schools and offering resident physician and nursing training opportunities. Overall, it is and will continue to be important for Mountain States to be a good steward while ensuring that it continues to support the needs of its patients and the families who rely on its services. Mountain States’ community benefits work is described further at:

Impact of the Transaction on Community Benefits

Mountain States and Wellmont have made a variety of shared commitments to ensure that the New Health System enhances and preserves the full array of each hospital system’s community benefits. The Parties have signed a Shared Vision and Guiding Principles statement, which is incorporated as Exhibit B to the Master Affiliation Agreement (Question 16/Appendix H). The purpose of this statement is to ensure the ongoing success of the New Health System and to ensure the system is a model of high-level care that effectively benefits the community while maintaining financial stability. The statement promotes and ensures the New Health System’s commitment to operating the new system as a public benefit corporation, in accordance with the “community benefit standard” applicable to the operation of 501(c)(3) hospital nonprofit corporations.

In furtherance of these goals, the Parties have committed that the New Health System will: (i) accept all Medicare and Medicaid patients; (ii) accept all emergency patients without regard to ability to pay; (iii) maintain an open medical staff; (iv) provide public health programs of educational benefit to the community; and (v) generally promote the public health, wellness, and welfare of the community through the provision of healthcare at a reasonable cost.

To ensure continuity in the services provided to the community, the Parties have also made numerous community commitments as part of their Application for a Certificate of Public Advantage to the State of Tennessee (the “Application”). The savings realized through the affiliation will remain within the geographic area and will be reinvested in ways that will significantly benefit the community. The purpose of these commitments is to reduce cost growth, improve the quality of services and access to care, and enhance the overall health of the community.

In putting this objective into action, the New Health System will: (1) invest not less than $75 million over ten years towards improving the health of the population; (2) invest not less than $140 million over a ten-year period to improve mental health, addiction recovery, and substance abuse prevention; develop children’s health; meet physician’s needs and address service gaps; and expand rural healthcare services; (3) invest not less than $85 million over ten years to develop and grow academic and research opportunities, support healthcare provider education and training, and strengthen the pipeline and preparation of nurses and allied health professions; and (4) invest approximately $50 million over ten years to facilitate the regional exchange of health information among participating providers and establish an electronic health record system within the New Health System that ensures a common platform and interoperability among its hospitals, physicians, and related services.

Safeguards for and Improvements to Healthcare Access

Mountain States and Wellmont anticipate not only safeguarding access to healthcare for patients, but significantly improving access to healthcare under the Affiliation Agreement. The Affiliation Agreement will allow the hospitals the opportunity to continue to offer programs and services that are now unprofitable and otherwise may have to be reduced or cancelled due to lack of funding. As stated above, the New Health System will commit to spending at least $140 million over ten years pursuing specialty services. Specifically, the New Health System will create new capacity for residential addiction recovery services; develop community-based mental health resources, such as mobile health crisis management teams and intensive outpatient treatment and addiction resources for adults, children, and adolescents; ensure recruitment and retention of pediatric sub-specialists; and develop pediatric specialty centers and emergency rooms in Kingsport and Bristol, with further deployment of pediatric telemedicine.
and rotating specialty clinics in rural hospitals. These initiatives would not be sustainable in the region without the financial support created by the merger.

Maintaining Mountain States’ Commitment to Care for the Uninsured and Underinsured

The New Health System will maintain the Parties’ existing or equivalent community benefit and education programs and services in effect as of the closing. Both Parties currently provide significant amounts of charity care to the vulnerable populations in the geographic service areas that they serve and will continue to do so in the future. If the State of Tennessee grants the Parties the Certificate of Public Advantage, the Parties intend that the New Health System will adopt a charity care policy that is substantially similar to and no less generous than the existing policies of both Parties and consistent with the IRS's final 501(r) rule.

The uninsured population will also be the target of several inter-related health strategies outlined in the Application. For example, the Parties intend to encourage all uninsured individuals to seek coverage from the federal health marketplaces from plans offered in the service area. The Parties intend to work with charitable clinics in the area to improve access for the uninsured population to patient-centered medical homes, federally qualified health centers, and other physician services. These efforts will help ensure that the uninsured population has a front door for non-emergent care and seeks care at the appropriate locations. The New Health System intends to create an organized delivery model for the uninsured that relies upon the medical home as the key entry point and that also encourages individual responsibility for determinants of poor health.

Keeping Hospital Facilities Operational

To ensure continuity of healthcare services in the community, the Parties committed in the Application to preserve hospital facilities in geographical proximity to the communities traditionally served by those facilities. All hospitals in operation at closing will remain operational as clinical and healthcare institutions for at least five years. After this time, the New Health System will continue to provide access to healthcare services in the community, which may include continued operation of the hospitals, new services, and continued investment in healthcare and preventive services based on the demonstrated need of the community. The New Health System will maintain the three full-service tertiary hospitals in Johnson City, Kingsport, and Bristol to ensure higher level services are available in close proximity to where the population lives.

Continuity of Hospital Staff and Medical Staff Privileges

To ensure continuity in the workforce, the Affiliation Agreement provides that all active employees of Mountain States, Wellmont and their affiliates will continue their employment at-will after closing. The terms of such employment will be substantially the same with respect to wages, job duties, titles, and responsibilities. However, after closing, the New Health System may identify certain positions that are redundant, which may be eliminated. Additionally, all members of the medical staff of both Mountain States and Wellmont will maintain their privileges after closing. All medical staff bylaws will remain in effect after closing.

Community Health Work Groups

In cooperation with the College of Public Health at ETSU, the Parties have launched the region’s most substantial community health improvement assessment effort to date. Four Community Health Work Groups have been created to specifically focus on medical needs of the medically underserved, identify the root causes of poor health in this region, and identify actionable interventions the New Health System can target to achieve a generational shift in health trends. As described above, the Parties have jointly
sponsored and funded these four Work Groups only as part of the Parties' goal to improve healthcare services through their affiliation.

The four Community Health Work Groups are:

- Mental Health & Addiction
- Healthy Children & Families
- Population Health & Healthy Communities
- Research & Academics

The Community Health Work Groups met during the Fall of 2015 in public meetings throughout Northeast Tennessee and Southwest Virginia to seek community input. The Parties have jointly engaged ETSU to analyze the community input received at these Community Health Work Group meetings and to develop a ten-year plan for addressing these community health opportunities for improvement.

**Public Health Needs Assessment**

The Affiliation Agreement provides that after closing, the New Health System will conduct, in partnership with ETSU and other academic partners, a public health needs assessment to identify and prioritize measurable health needs and initiatives. Such initiatives may include, but are not limited to:

- Establishment of a long-term strategy for improving the health status of the region served by the merged system that supports both the Tennessee and Virginia state health plans;
- Improvement of behavioral health services, mental health, addiction recovery, and services for people with developmental disabilities;
- Enhancement of programs to reduce drug abuse in the region, specifically among women in child-bearing years;
- Establishment of programs to improve health literacy;
- Development of programs to improve child wellness, both physical and emotional;
- Growth of medical research programs; and
- Expansion of academic opportunities, to include, but not be limited to, expansion of new fellowships and other opportunities to allow physicians and allied health professionals to train and serve in health professional shortage areas within the region served by the New Health System and its affiliates.

**No Likelihood of Adverse Impact of Transaction**

The Parties do not foresee any adverse impacts on population health, quality, access, availability, or cost of healthcare to patients and payers as a result of the Transaction. Rather, the Parties foresee the Transaction resulting in significant benefits as detailed in this response.

**Additional Information**

The Parties’ Application to the State of Tennessee for a Certificate of Public Advantage, which has been filed separately with the Tennessee Attorney General’s Office, includes more detailed information regarding the Transaction’s impact on the community benefits that Mountain States and Wellmont provide, including, but not limited to, the particular areas identified in Question 31.a.-f.